CHAPTER 4

PENETRATION OF RETIREMENT PROGRAMMES IN ASSAM
4.1 Introduction

In Assam, like other parts of India, aged people have traditionally been supported by the economically active members in a joint family system. This has been a pervasive social security system for the aged. Nevertheless, the most of the formal sector employees are covered by pensions and provident funds which constitute their social security cover. In Chapter-3, retirement benefits of the private sector employees, unorganized sector workers and private retirement schemes for the country as a whole, were discussed. Along with the rest of the country, these are applicable to Assam also. This chapter analyses the retirement benefits of Assam government employees and the pattern of public expenditures in these programmes, retirement benefit schemes of tea garden workers of Assam, additional old age security schemes of the Government of Assam and the penetration of various schemes and plans with the use of both primary and secondary data.

4.2 Retirement Benefits of the Government Employees of Assam

In Assam, along with the state government offices, there are different offices of the central government and central government autonomous bodies. Therefore, the government employees of Assam belong to either the central government or the state government of Assam. The central government employees of Assam receive same retirement benefits as the central government employees in other parts of India as discussed in Chapter-3.

The Directorate of Pension, Government of Assam looks after the pensions of the employees of provincialised schools and the Panchayati Raj institutions of the state while that of the other state government employees including the employees of the provincialised colleges are taken care of by the Office of the Principal Accountant General (A & E) Assam.

The retirement benefits of the employees of Assam government, who joined the service before 1st February, 2005 are determined by the Assam Services (Pension) Rules, 1969. In accordance with this Rule, pension is received after completion of 10 years of
service, but for receiving full pension, qualifying service of 25 years or more is needed with effect from 1st January, 2006. Service gratuity is provided in place of superannuation pension if an employee retires before completing 10 years of qualifying service. The amount of full pension of the retired Assam government employees is determined at the rate of half of last 10 months’ average emoluments or half of last month’s emolument, whichever is more. Emoluments for the calculation of pension include basic pay including stagnation increment. The minimum amount of full pension is Rs. 3000 per month and the maximum amount is Rs. 27500 per month with effect from 01.01.2006. After the death of the employee, family pension is granted to the dependent family members. With effect from 01.01.2006, minimum amount of family pension is fixed at Rs. 1800 per month.

By Assam Services (Commutation of Pension) Rules, 1965, an Assam Government employee can commute one-third of the pension as a lump sum payment. However, a government servant or pensioner, against whom a judicial or a departmental proceeding has been introduced, is not permitted to commute any portion of his or her pension.

An Assam Government employee after completing five years’ of service is entitled to an additional gratuity at the time of retirement, known as Death-Cum-Retirement Gratuity. The amount of Death Cum Retirement Gratuity is one fourth of the monthly emolument for each completed six monthly period of qualifying service. However, an upper limit of gratuity is imposed at the 16½ times of the monthly emoluments of an employee and the maximum amount of gratuity is fixed at Rs. 7 lakhs, with effect from 01.04.2009.

Like the central government employees, Assam Government employees also receive Group Insurance benefits. While in service, the employee monthly contributes to a saving fund and after retirement, receives the benefits which include interests up to the date of retirement.

The state government employees are also covered by General Provident Fund (G.P.F.). After continuous service of one year, any employee of The Government of Assam, even if he or she is a temporary employee can subscribe to the G.P.F. Moreover, apprentices, probationers and re-employed government servants except those who are
eligible for the Contributory Provident Fund can subscribe to the General Provident Fund. Every month the head of each office sends to the Accountant General a list containing the relevant information of employees who have joined the office in the preceding month and who are eligible to join the GPF. For each subscriber, the Accountant General, Assam allots the GPF account number with a prefix which indicates the department of the subscriber. In the name of each subscriber, an account is prepared which shows the amount of his or her subscription with interest thereon. The minimum amount of subscription is 6.25 per cent of the employee’s emoluments with reference to the salary for the month of March, payable in April. The rate of subscription can be enhanced twice and reduced once in a year. The subscriber monthly subscribes except during the

i. Period of suspension, if such situation arises.
ii. Last three months of service before retirement.
iii. Period which is treated as ‘Dies-non’. Dies-non refers to a period of unauthorized absence which calls for the disciplinary actions by the authority on the principle of ‘no work no pay’.

Every subscriber has to nominate one or more family members who can receive the benefits of GPF in his or her absence. In case of more than one nominee, their respective shares are also to be clearly mentioned in the prescribed form. Nominations can be changed or cancelled in the subsequent period also. If there is no nominee at the time of death of the subscriber, payment of GPF fund is made to the claimant according to the succession certificate issued by a competent civil court.

The individual GPF accounts of about 5 lakhs employees of Government of Assam including the employees of provincialised schools and the All India Service (AIS) officers of Assam and Meghalaya cadre are maintained by the Accountant General (A & E). The fund is governed by the General Provident Fund (Assam Services) Rules, 1937 and the All India Services ( Provident Fund) Rules, 1955. In the year 2014, the Office of the Principal Accountant General (A & E) Assam issued 15810 GPF Final Payment Authorities in respect of state government employees on retirement or death.
The rate of interest on GPF varies according to the notifications of the Government. In conformity with the rates fixed by the Government of India, the Government of Assam also adjusts the rates of GPF. Rates of GPF in Assam from 1987-88 onwards is shown in table 4.1.

### Table 4.1: Rates of GPF

<table>
<thead>
<tr>
<th>Period</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987-88 to 1999-2000</td>
<td>12%</td>
</tr>
<tr>
<td>2000-2001</td>
<td>11%</td>
</tr>
<tr>
<td>2001-2002</td>
<td>9.5%</td>
</tr>
<tr>
<td>2002-2003</td>
<td>9%</td>
</tr>
<tr>
<td>2003-2004 to 2010-2011</td>
<td>8%</td>
</tr>
<tr>
<td>2011-2012(01.04.11 to 30.11.11)</td>
<td>8%</td>
</tr>
<tr>
<td>2011-2012(01.12.11 to 31.03.12)</td>
<td>8.6%</td>
</tr>
<tr>
<td>2012-2013</td>
<td>8.8%</td>
</tr>
<tr>
<td>2013-2014</td>
<td>8.7%</td>
</tr>
</tbody>
</table>

Source: Office of the Principal Accountant General (A & E) Assam

At the discretion of the appropriate authority, temporary advances can be granted to the subscriber of GPF from the amount available to his or her credit. However, such advances are made only if the authority is satisfied with the applicant’s plea on the ground of financial constraints. Except for some special reasons, the temporary advances should not exceed 50 per cent of the balance standing to the applicant’s credit. The advances are recovered in equal monthly installments, but such installments should not be more than 24.

Non Refundable Advances (NRA) can also be sanctioned for some special purposes after completion of 15 years of service or within 10 years before the date of retirement whichever is earlier. Up to 75 per cent of the amount credited in GPF account can be sanctioned as Non Refundable Advances. Number of GPF Non Refundable Advance...
cases authorized by Principal Accountant General (A&E) Assam in the first seven months of 2015 was 6891.

General Provident Fund Rules are applicable to the pensionable employees, but for the employees who are non-pensionable, the *Contributory Provident Fund Rules (India), 1962* are applicable. A subscriber subscribes monthly to the Contributory Provident Fund (CPF), except during the period of suspension. Rates of subscription are not less than 10 per cent of the emoluments and not more than the total emoluments of the employee. The government also contributes to the Fund at the rate of 10 per cent which is credited to the subscriber’s account. Rate of interest of CPF is 8 per cent compounded annually. The subscriber may not subscribe to the Fund during the period of leave if it is a without pay leave or if the leave salary is equal to or less than half pay or half average pay.

Along with the nationwide restructuring of the pension system, the Government of Assam introduced contributory National Pension System (NPS) for the employees joining the state government services on or after 1\textsuperscript{st} February, 2005. It is now mandatory for all new employees appointed on or after 1\textsuperscript{st} February, 2005 to become members of the new scheme. *The Assam Services (Pension) Rules, 1969* and amendments made from time to time thereon are not applicable to these government servants. However, the new scheme is not applicable to the employees on deputation from central or any other state government services. The deduction of the employee’s contribution towards the pension scheme was affected from the salary of the month of January, 2010. However, for the government servants joining in service on or after 1\textsuperscript{st} February, 2005 and before January, 2010, the mode of payment of the arrear contribution towards NPS was made optional. They may pay their entire arrear contribution from the month following the month of their date of joining at a time or in monthly installment basis. Government would pay the matching contributions to the arrear contributions but no matching contribution would be paid by the government for the employees who do not pay the arrear contribution.
The NPS, which replaced the previous defined benefit pension system, is of two tiers: Tier-I and Tier-II. Tier-I is mandatory for all government employees joining government services on or after 01.02.2005., but Tier-II is optional as the government employees can take the decision of joining at their discretion. In Tier-I the employees make a monthly contribution at the rate of 10 per cent of his/her basic pay, dearness allowances plus dearness pay and non-practicing allowances, if any. The concerned Drawing and Disbursement Officer (DDO) deducts the contributing amount from the salary bill of the employee every month. The government makes an equal matching contribution to the Tier-I through the Director of Accounts & Treasuries, Assam after issue of necessary sanction.

For Tier-II separate account is maintained. Tier-II is optional and withdraw able and government does not make any contribution towards it. The Directorate of Accounts & Treasuries, Assam is the nodal office which maintains the accounts of the NPS. The Director is the State Nodal Officer (SNO) and treasury officers are Nodal Officers (NO) cum Drawing and Disbursing Officers (DDO) for NPS. Permanent Retirement Account Number (PRAN) and Permanent Pension Account Number (PPAN) are issued by the Directorate in favour of each employee for crediting his or her contribution along with state government’s matching contribution. This is done only after receiving information from the DDO concerned in prescribed form annexed to the NPS. Separate types of series are maintained for Permanent Pension Account Numbers of government employees, teaching and non-teaching employees of provincialized educational institutions and employees of Panchayat. Subscribers get the annual account statements directly from National Securities Depository Limited (NSDL) in their address which can also be accessed online. NPS contribution for every month along with the government share is transferred to the Trustee Bank within 7 days of the following month. All the pay drawing officers submit pay bill with NPS contribution in respective treasuries within 7 days of next month positively to avoid missing credit of the contribution.

Contributions under Tier-I and the investment returns is kept in a non-withdrawable pension account. The contributions under Tier-I cannot be withdrawn till the date of
superannuation or the date of leaving the scheme before attaining the age of superannuation. The amount of employees’ contribution recovered through pay bill is credited in the Current Bank Account of the Director of Accounts & Treasuries, Assam by the DDOs in respect of the employees. At treasuries employees’ contributions are entered in the computer system against each employee’s Personal Ledger Account. The Director of Accounts & Treasuries, Assam after receiving the credit of the employee’s contribution through Computerized Treasury Management Information System (CTMIS) confirms the correctness of the amount and thereafter draws an equal amount of government’s matching contribution. The fund is then credited to the public accounts of the State under some interest bearing head of accounts.

The National Security Depository Limited (NSDL), Mumbai, is the Central Recordkeeping Agency (CRA) of NPS and there are three Pension Fund Managers (PFM) namely, LIC (Life Insurance Corporation of India), SBI (State Bank of India) and UTI (Unit Trust of India). The contributions of the government servants and the equal matching contributions of the government are finally transferred to the Pension Fund Managers for investment through Pension Fund Regulatory and Development Authority (PFRDA). Till the accumulated funds are transferred to the PFRDA, the amount of contribution deducted from employee’s salary are kept in the public account of the state government of Assam and the government pays an interest from the Consolidated Fund of the state.

After attaining the age of superannuation, a government servant can exit from the Tier-I of NPS. At the time of exit, it is mandatory for him or her to invest 40 per cent of the corpus for purchase of an annuity from an insurance company which is authorized by the Insurance Regulatory and Development Authority (IRDA) and which will also provide life insurance coverage. The annuity will provide for pensions for the lifetime of the employee. For the government servants who are required to leave the scheme before attaining the age of superannuation, the mandatory annuitisation is 80 per cent of the pension wealth.
The Tier-II of the National Pension Scheme is an optional account which provides voluntary savings facilities to the participants that can be used to meet financial contingencies in future. Under this account, at the end of a financial year unlimited number of withdrawals depending upon requirements can be made provided a minimum balance of Rs. 2000 is maintained. There are six Pension Fund Managers for Tier-II, which are:

- SBI Pension Funds Private Limited
- ICICI Prudential Pension Funds Management Company Ltd.
- Kotak Mahindra Pension Fund Limited
- Reliance Capital Pension Fund Limited
- UTI Retirement Solutions Limited
- IDFC Pension Fund Management Company Limited

Tier-II of NPS offers two investment options:

(i) Active Choice: Under this, the subscribers decide the asset allocation for their investments. However, investment in equity and equity related instrument should not exceed 50 per cent of the total investments.

(ii) Auto Choice: Under this option, asset allocation is automatically guided according to subscriber’s age.

Employees of the non-government colleges of Assam did not have any pension scheme till the provincialisation of these colleges in 2010. Only retirement cover to these employees was given by the Contributory Provident Funds (CPF). With a view to introduce pension scheme to the employees of non-government colleges, the Government of Assam passed The Assam Non-Govt. (Deficit) College Central Pension and Provident Fund Act, 1997, but that could not be executed and was cancelled. In 2004, the government decided that the total fund already accumulated in the CPF can be invested in other saving schemes like National Saving Certificate (NSC) and Indira Vikash Patra which are operated by the post offices. After that the employees of the 295 non government (provincialised) colleges of Assam are covered by existing pension rules of the government by The Assam Non-Govt. (Deficit) College Central Pension and
Provident Fund Act and The Assam College Employees (Provincialisation) Act, 2005. Employees, who retired or died prior to 1st January, 2005 are given only superannuation pension or the family pension, whichever is applicable under the existing pension rules of the government. They did not receive any other pension benefits. Moreover, the payment of such superannuation or family pension was subject to refund of the government's share of their CPF within six months from the date of enforcement of the Act.

The pension cases in respect of Assam Government employees, received in the Office of the Principal Accountant General (A & E) Assam during the period 2011-12 to 2014-15 and their disposal are shown in the table 4.2:

Table 4.2: Receipt and Disposal of Pension Cases in Respect of Assam Government Employees

<table>
<thead>
<tr>
<th>Year</th>
<th>Opening Balance</th>
<th>Receipt of Pension Cases</th>
<th>Total</th>
<th>Disposal of Pension Cases</th>
<th>Closing Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011-12</td>
<td>217</td>
<td>10960</td>
<td>11177</td>
<td>11021</td>
<td>156</td>
</tr>
<tr>
<td>2012-13</td>
<td>156</td>
<td>9704</td>
<td>9860</td>
<td>9686</td>
<td>174</td>
</tr>
<tr>
<td>2013-14</td>
<td>174</td>
<td>10389</td>
<td>10563</td>
<td>10255</td>
<td>308</td>
</tr>
<tr>
<td>2014-15</td>
<td>308</td>
<td>11244</td>
<td>11552</td>
<td>11318</td>
<td>234</td>
</tr>
</tbody>
</table>

Source: Office of the Principal Accountant General (A & E) Assam, Unpublished Data

Although the total number of state government pensioners is not available, the table shows that every year there is an addition of about 10000 pensioners to the pool of total state government pensioners of Assam which puts a heavy burden on the state exchequer.

4.3 Public Expenditure on Retirement Benefits by Government of Assam

Due to the increasing numbers of government pensioners, expenditures of the Government of Assam on retirement benefits are increasing over the years. Public expenditures on different types of retirement benefits in Assam during the period 1998-1999 to 2011-2012 are shown in table 4.3:
### Table 4.3: Public Expenditure on Pensions and Other Retirement Benefits (Revenue Account), Govt. of Assam (in Lakhs of Rupees)

<table>
<thead>
<tr>
<th>Year</th>
<th>Super-annuation and Retirement Allowances</th>
<th>Commuted Value of Pensions</th>
<th>Gratuities</th>
<th>Family Pensions</th>
<th>Pension to Legislators</th>
<th>Leave Encashment Benefit</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998-1999</td>
<td>21507.35</td>
<td>1040.08</td>
<td>3280.37</td>
<td>4439.88</td>
<td>67.55</td>
<td>------------------------</td>
<td>30335.23</td>
</tr>
<tr>
<td>1999-2000</td>
<td>32391.42</td>
<td>1467.88</td>
<td>11672.94</td>
<td>6235.59</td>
<td>56.94</td>
<td>------------------------</td>
<td>51824.76</td>
</tr>
<tr>
<td>2000-2001</td>
<td>39218.38</td>
<td>2012.40</td>
<td>12717.95</td>
<td>10188.86</td>
<td>81.73</td>
<td>3091.56</td>
<td>73070.09</td>
</tr>
<tr>
<td>2001-2002</td>
<td>46425.77</td>
<td>2409.47</td>
<td>11840.95</td>
<td>8463.33</td>
<td>247.57</td>
<td>3683.00</td>
<td>77599.68</td>
</tr>
<tr>
<td>2002-2003</td>
<td>51379.86</td>
<td>1177.60</td>
<td>12427.38</td>
<td>8843.35</td>
<td>68.21</td>
<td>4462.44</td>
<td>90871.55</td>
</tr>
<tr>
<td>2003-2004</td>
<td>61761.63</td>
<td>1813.95</td>
<td>12744.30</td>
<td>103.42</td>
<td>5604.90</td>
<td>3091.56</td>
<td>106239.38</td>
</tr>
<tr>
<td>2004-2005</td>
<td>75289.37</td>
<td>2020.21</td>
<td>12950.45</td>
<td>9904.13</td>
<td>65.65</td>
<td>6009.57</td>
<td>101147.67</td>
</tr>
<tr>
<td>2005-2006</td>
<td>78669.85</td>
<td>1816.28</td>
<td>6595.66</td>
<td>10937.69</td>
<td>56.07</td>
<td>3072.14</td>
<td>117786.21</td>
</tr>
<tr>
<td>2006-2007</td>
<td>86689.83</td>
<td>1112.13</td>
<td>10490.31</td>
<td>13210.11</td>
<td>79.33</td>
<td>6204.50</td>
<td>134067.59</td>
</tr>
<tr>
<td>2007-2008</td>
<td>97565.04</td>
<td>1203.83</td>
<td>15002.41</td>
<td>12541.08</td>
<td>75.66</td>
<td>7679.57</td>
<td>134067.59</td>
</tr>
<tr>
<td>2008-2009</td>
<td>107711.10</td>
<td>805.48</td>
<td>9746.20</td>
<td>20908.00</td>
<td>164.87</td>
<td>4401.02</td>
<td>143736.67</td>
</tr>
<tr>
<td>2009-2010</td>
<td>119222.94</td>
<td>364.00</td>
<td>16200.39</td>
<td>32967.61</td>
<td>461.51</td>
<td>7711.44</td>
<td>176927.89</td>
</tr>
<tr>
<td>2010-2011</td>
<td>158698.87</td>
<td>305.23</td>
<td>29574.36</td>
<td>33136.54</td>
<td>288.09</td>
<td>16449.50</td>
<td>238452.59</td>
</tr>
<tr>
<td>2011-2012</td>
<td>207355.48</td>
<td>181.24</td>
<td>41982.17</td>
<td>41855.64</td>
<td>1233.52</td>
<td>20998.75</td>
<td>313606.80</td>
</tr>
</tbody>
</table>

Source: Finance Accounts, Govt. of Assam
Expenditure on superannuation and retirement allowances increased from Rs.21507.35 lakhs in 1998-99 to Rs.75289.37 lakhs in 2004-2005 and further to Rs.207355.48 lakhs in 2011-2012. This means that from 1998-99 to 2011-2012, expenditures on superannuation and retirement allowances have increased by 864.11 per cent. The trend of growth of public expenditures on superannuation and retirement allowances is depicted by Fig.4.1:

**Fig. 4.1 Public Expenditure on Superannuation and Retirement Allowances by Govt. of Assam (in Lakhs of Rupees)**

Source: Finance Accounts, Govt. of Assam

Expenditures on gratuities have increased from Rs. 3280.37 lakhs in 1998-1999 to Rs. 41982.17 lakhs in 2011-2012. During the same period, expenditures on family pensions have increased from Rs. 4439.88 lakhs to Rs.41855.64 lakhs. Percentagewise, this increase is 1179.8 per cent for gratuities and 842.72 per cent for family pension during
the same period. Trends of public expenditures on gratuities and family pension by Government of Assam are shown in Fig.4.2.

**Fig. 4.2 Public Expenditure on Gratuities and Family Pension by Govt. of Assam (in Lakhs of Rupees)**

Source: Finance Accounts, Govt. of Assam

4.4 Old Age Security Programmes (for non-government beneficiaries) of Assam Government

The Government of Assam has some welfare programmes which are aimed at providing old age security to the senior citizens who were not government employees. Directorate of Social Welfare Assam introduced a scheme named ‘Health Care for the Aged’ in 2004-05. The scheme provides onetime financial assistance of Rs.700 for purchase of medicines to the needy senior citizens aged 70 years or more. During 2013-14, an amount of Rs. 400 lakhs was sanctioned and released for this scheme (Statistical Handbook Assam, 2014).

Mukhya Mantri Jiban Jyoti Bima Asoni covers all the persons residing in Assam who are in the age group 03-80 years and provides financial assistance to the eligible persons for both medical purpose and for accidental injury. Moreover, Assam government provides Rs. 100 per month as disability pension to disabled males who are 65 years or more and to disabled females aged 60 or more. Government of Assam has also notified the Maintenance and Welfare of Parents and Senior Citizen Act 2007 which put legal bindings on the children to take care of their elderly parents or grandparents. In 2013-14, Rs. 30 lakhs were released in Assam for implementation of this Act (Statistical Handbook Assam, 2014). A government old age home was inaugurated at Bamunigaon in Boko of Kamrup district.

The National Social Assistance Programme (NSAP) was introduced in India with an aim to fulfill the directives of Article 41 of the Indian Constitution under Directive Principles of State Policy. The Article says that “The State shall, within the limits of its economic capacity and development, make effective provision for securing the right to work, to education and to public assistance in cases of unemployment, old age, sickness and disablement, and in other cases of undeserved want.” The NSAP has five schemes under it namely, Indira Gandhi National Old Age Pension Scheme (IGNOAPS), Indira Gandhi National Widow Pension Scheme (IGNWPS), Indira Gandhi National Disability Pension Scheme (IGNDPS), National Family Benefit Scheme (NFBS) and Annapurna. In Assam, the Rural Development Department looks after the schemes under NSAP.
Indira Gandhi National Old Age Pension Scheme (IGNOAPS) is applicable to all Indians aged 60 or more and living below the poverty line. In 2013-14, beneficiaries in the age group 60-79 years received Rs. 250 per month while the beneficiaries aged 80 or more received Rs. 550 per month. Under the Annapurna scheme, the heads of the families who are aged 65 or more and who are not covered by IGNOAPS were given at least 10 Kg. of rice without any cost.

During 2013-14, total number of beneficiaries in Assam under IGNOAPS was 742854 in the age group 60-79 and 42982 in the age group 80 years or above. Total expenditure incurred under this scheme was Rs. 109.63 crores for 60-79 age group and Rs. 8.94 crores for 80 years and above. Out of the total expenditures of Rs. 118.57 crores, about 90.73 per cent was funded by the central government and the rest by the state government of Assam (Statistical Handbook Assam, 2014).

4.5 Retirement Benefits in the Private Sector of Assam

Like other parts of the country most of the employees of the organized private sector of Assam are covered by The Employees’ Provident Fund and Miscellaneous Act, 1952. The retirement benefits offered by this Act and the Employees Provident Fund Organisation (EPFO) have been discussed in Chapter-3.

In Assam, the Office of the Regional Provident Fund Commissioner EPFO, situated at Bhangagarh, Guwahati has the administrative control over all the Sub Regional Offices (SROs), inspectorates and service centres of North Eastern Region (NER). However, for the implementation of the Act and schemes, the jurisdiction of this regional office is spread over the state of Manipur, Nagaland, Arunachal Pradesh and Assam except Dibrugarh, Tinsukia, Jorhat, Sibsagar and Golaghat districts of Assam and Tirap, Changlang, Lohit, Dibang Valley Upper, Dibang Valley Lower and Anjan districts of Arunachal Pradesh. Segregated data for Assam is not available, but the table 4.4 shows the year-wise status of EPF membership under the jurisdiction of Regional Office, Guwahati.
### Table 4.4: Year-wise Status of EPF Membership under the Jurisdiction of Regional Office, Guwahati

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Number of Members</th>
<th>Total Number of Pensioners</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Employees’ Provident Fund (EPF)</td>
<td>Employees’ Pension Scheme (EPS)</td>
</tr>
<tr>
<td>2009-2010</td>
<td>215944</td>
<td>202622</td>
</tr>
<tr>
<td>2010-2011</td>
<td>254186</td>
<td>242013</td>
</tr>
<tr>
<td>2011-2012</td>
<td>258830</td>
<td>247016</td>
</tr>
<tr>
<td>2012-2013</td>
<td>268247</td>
<td>256492</td>
</tr>
<tr>
<td>2013-2014</td>
<td>388778</td>
<td>377023</td>
</tr>
<tr>
<td>2014-2015</td>
<td>445773</td>
<td>434421</td>
</tr>
<tr>
<td>2015-2016</td>
<td>512163</td>
<td>500801</td>
</tr>
</tbody>
</table>

Source: Unpublished Data, Office of the Regional Provident Fund Commissioner EPFO, Guwahati

The table shows that the memberships of all the three funds have increased substantially in the past few years. In spite of tough competition from National Pension Scheme (NPS), total members of Employees' Provident Fund (EPF) have increased by about 237 per cent in the period 2009-2010 and 2015-2016. During the same period, the members of Employees’ Pension Scheme (EPS) and Employees’ Deposit Linked Insurance (EDLI) Fund increased by about 247 per cent and 240 per cent respectively. But the increase in the number of pensioners is somewhat less which recorded about 143 per cent increase in the same period.

*The Employees’ Provident Fund and Miscellaneous Act, 1952* is not applicable to the employees of Tea Industry of Assam, which occupies a prominent place in Assam's economy. More than half of India’s total tea production is produced by Assam alone. The total area under tea gardens in Assam is 322 thousand hectares. In 2013, the
estimated production of tea in the state was 629.1 thousand tonnes. Assam’s tea industry provides average daily employment to more than 6.86 lakh persons in the state. It is approximately 50 per cent of the total average daily number of labourers employed in India as on an average, 11.1 lakh labourers are employed per day in the country.

The institutionalized social security cover to the tea garden workers of Assam is provided mainly by The Assam Tea Plantations Provident Fund and Pension Fund Scheme, which came into force with effect from 12.09.1955. After introduction of this Scheme, some other schemes and acts were also taken in subsequent times, which added some more benefits. These were the Pension Scheme 1967, Family Pension Scheme 1972, Deposit Linked Insurance Scheme 1984 and the Assam Tea Plantations Provident Fund and Pension Fund and Deposit Linked Insurance Fund Scheme (Amendment) Act, 2005. The Assam Tea Employees Provident Fund Organisation looks after the matters related to the pension and provident fund of the tea garden workers of Assam.

All the permanent and temporary workers working in the tea gardens and receiving not more than Rs. 6500 per month are covered by the provident fund scheme. Total number of subscribers to this fund was 865180 on 31st March, 2014. The employees contribute 12 per cent of their wages to this fund and the employers also make matching contribution at the same rate and the total contributions are deposited in any branch of State Bank of India, Central Bank of India or United Bank of India. The provident fund members automatically become the beneficiaries of the pension cum family pension scheme. At the time of retirement, the members get the benefits which are linked to their age, provident fund balances and duration of membership of the fund at the time of retirement. If a worker dies during the service period the family gets the family pension. In addition to a lump sum payment of Rs. 2000, family pension is provided at the rate of Rs.175 to Rs.450 per month in 2013-14.
4.6 Operational Retirement Benefit Programmes in Assam: Coverage, Expenditure and Preference

Different aspects of the penetration of retirement benefit programmes in Assam as well as the people’s response towards these programmes are studied by using the field survey data. For studying some responses two sets of data, one for the senior citizens and one for the workers are used. The senior citizens covered by retirement programmes are already receiving benefits and enjoying the luxury of hindsight whether the current working population has expectations from these programmes. Attempt is made to find out whether the choice from hindsight and the choice from expectations match.

The coverage of retirement plans is very low, especially in rural areas. Only 9.7 per cent of the senior citizens of rural areas are found to be covered by any retirement plan (Fig. 4.3). On the other hand in the urban areas, 21.23 per cent of senior citizens have retirement plan coverage (Fig.4.4). This implies that penetration of retirement benefit plans in the rural areas of Assam is far less in comparison to the urban areas.
Fig 4.3 Coverage of Senior Citizens of Rural Area by Retirement Plan

Source: Primary Data

Fig 4.4 Coverage of Senior Citizens of Urban Area by Retirement Plan

Source: Primary Data
Most of the senior citizens covered by retirement plans are covered by government plans. In the rural areas 82.41 per cent of the total senior citizens covered by retirement plans are beneficiaries of government plans (Fig. 4.5).

**Fig 4.5: Senior Citizens in Rural Area with Retirement Plans**

Source: Primary Data

Even in the urban area, coverage of private retirement plans constitutes only 38.14 per cent of total retirement plan coverage. Out of the total coverage, 61.86 per cent belong to the government plans (Fig. 4.6).
One of the causes of low coverage of retirement plans among senior citizens is the low percentage share of contributions to retirement benefit schemes in the total monthly expenditures of workers as revealed by Fig. 4.7. Workers spend only 2.97 per cent of their monthly expenditures as contribution to retirement plans. Saving in banks constitute 10.01 per cent of total monthly expenditures while investments in fixed and financial assets taken together constitute another 4.83 per cent. Apart from fulfilling other objectives, saving in banks and investment in assets give financial security in the old age. Thus, field survey data reveals that in comparison to retirement plans, the workers give more importance to savings in banks and investments in assets to secure their post retirement years.
The workers revealed different causes of their non-subscription to retirement plans, the major being unawareness about retirement plans (48.56 %) [Fig.4.8]. Due to widespread illiteracy among workers, mainly in the unorganized sector and inability of the plan providers to reach the poor illiterate workers, many workers have not even heard about the retirement plans.

Source: Primary Data
High rate of premiums is another important cause (21.77%) that discourages the workers from subscribing to retirement plans. Again, the workers hesitate to subscribe to the retirement plans if they feel that the rates of returns of these plans are low (14.24%) and they have already invested in other forms of investments (9.22%). A section of the workers consisting mainly female workers do not subscribe to retirement plans as they are already covered by their spouses (6.21%).

Subscription to retirement plans is related to workers’ expectations from such plans. At the time of field survey, workers were asked to rank in order of preference four expectations from retirement plans. Workers give more importance to assured returns when choosing a retirement plan as 48.22 per cent workers gave 1st rank to assured returns followed by certainty (22.10%), minimal contribution (16.78 %) and convenience (12.9%) [Fig.4.9].

Source: Primary Data
Fig. 4.9: Expectations of Workers from Retirement Plans

According to most of the senior citizens and workers, an ideal premium plan is based on daily payment option as 40.37 per cent of senior citizens and 35.2 per cent of workers are in favour of it (Fig. 4.10 & Fig 4.11). A sizable portion of workers belong to the unorganized sector that receives daily wage and prefers the daily payment option. As compared to senior citizens, large number of workers (32.54%) find the flexible payment option more convenient.
Fig. 4.10: Ideal Premium Plan According to Senior Citizens

Source: Primary Data

Fig. 4.11: Ideal Premium Plan According to Workers

Source: Primary Data
Those retirement benefit plans which also have life insurance coverage are preferred by both senior citizens and workers. Out of the total senior citizens covered by the field survey, 45.05 per cent like retirement benefit plans with life insurance coverage. As with increasing age, medical expenses also increase, a large portion of senior citizens (40.89 %) is in favour of retirement plans with medical coverage (Fig. 4.12).

**Fig. 4.12: Revealed Social Security Mix for Senior Citizens**

![Pie chart showing the preference of senior citizens for different retirement plans.]

Source: Primary Data

Preference for retirement plans with life insurance coverage is higher among the current workers (56.62%). Only 8.94 per cent are in favour of purely retirement plans while 34.44 per cent like retirement plans with medical coverage (Fig. 4.13).
Regarding the forms of returns from retirement benefit plans, a vast majority of senior citizens (91.2%) prefers to have the monthly returns because such returns provide stable income in the post retirement years. Of the total senior citizens 4.4 per cent are in favour of returns in the form of lump sum or onetime payment while 2.5 per cent and only 1.9 per cent prefer annual and six monthly returns respectively (Fig. 4.14).

**Fig. 4.14: Return Preference of Senior Citizens**

Source: Primary Data
Return preference of workers are shown by Fig. 4.15. Like the senior citizens, most of the workers (86.24%) prefer the monthly returns. Lump sum or onetime payment is preferred by 7.11 per cent of the total workers while 4.91 per cent and only 1.74 per cent prefer six monthly and annual returns respectively.

4.7 Conclusion

Like central government employees, employees of the Assam government also enjoy various retirement benefits like superannuation pension, gratuity and commutation of pensions. The government expenditures on these benefits are increasing over the years indicating mounting financial pressure on the government. The EPFO is also providing retirement benefits to the organized private sector workers of Assam along with the rest of the country. As the tea garden workers are not covered by EPFO, they have separate retirement benefit schemes. Government of Assam has some special schemes also for the welfare of the senior citizens. But in spite of all these retirement benefit plans and schemes, their coverage is not at all satisfactory, especially in rural areas. Again, coverage by private plans is much lower in comparison to the government plans in both
urban and rural areas. Unawareness of people about retirement plans is the main cause of less coverage of such plans.

Workers give more preference to assured returns while selecting a retirement plan and most of them like to get the benefits as monthly returns. According to the senior citizens also monthly return is the preferred benefit option. Most of the senior citizens as well as workers regard plans with daily premium payment option as the ideal plans and they prefer the retirement plans with life insurance coverage. However, a high percentage of senior citizens are also in favour of retirement plans with medical coverage. Thus, preferences of senior citizens as well as workers regarding different aspects of retirement benefits are known from this study which can help in effective policy formulation.