

Effects of social protection and occupational pensions in Kerala: A study from Kasaragod district

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Abstract

Old age social security plays a pivotal role in welfare state and one of the major components of it is pension. The developed countries generally provide pension to those who contribute for pension whereas in majority of the developing countries pensions are provided in a discretionary manner which reduces the coverage of pension. Pensions are essential to ensuring rights, dignity and income security for older persons. The right to income security in old age, as grounded in human rights instruments and international labour standards, includes the right to an adequate pension. However, nearly half of all people over pensionable age do not receive a pension and many are not adequate. As a result, majority of world's older women and men have no income security, have no right to retire and have to continue working as long as they can. The main purposes are mitigating longevity risks, poverty and inter-generational inequality. The present study analyzed the social protection and occupational pension schemes and its effectiveness in the rural households of Kerala.

Keywords: Effects, Social protection, Occupational pensions, Rural households, Kerala.

Introduction

Social protection consists of policies and programmes designed to reduce poverty and vulnerability by promoting efficient labour markets, diminishing people's exposure to risks and enhancing their capacity to manage economic and social risks, such as unemployment, exclusion, sickness, disability and old age. It also enhances the productive capabilities of poor, reducing inequality and stimulating pro-poor growth and is mainly two types, social insurance and social assistance (Anchancho Abia Elisabeth, 2016). Social insurance includes contributor pension schemes, health insurance, unemployment insurance, disability insurance and work injury insurance. Social assistance included child support grants, school feeding programmes, work fare programmes, employment guarantee schemes, and cash transfer programmes, income guarantee schemes, food and other old age benefits (Castillo Juan Carlos, et al, 2019).

A pension may be defined as benefit plan, where a fixed sum is paid regularly to a person or a defined contribution plan under which a fixed sum is invested and then becomes available at retirement age (Simon Stellen, 2011). Retirement plans may be set up by employers, insurance companies, the government or other institutions such as employer associations or trade unions. A pension created by an employer for the benefit of an employee is commonly referred to as an occupational pension (Dutta Pura Vasudeva, 2008). Labour unions, the government or other organizations may also fund pensions. Occupational pensions are a form of deferred compensation, usually advantageous to employee and employer for tax reasons and

are contributory or non-contributory, funded or unfunded and defined benefit or defined contribution (Gupta R, 2002).

Global view on social and occupational pensions

Social protection is a policy tool traditionally used to protect people or households from income shortfall or poverty when confronted with contingencies like illness, job loss or the impact of an economic crisis (Palacios Robert and Mark Dorfman, 2012). Various types of social assistance programmes, which are a form of social protection, introduced over the past decade now reach more than 150 million households in developing countries (Simonovits Andras, 2015). Coverage is expanding in some of the world's most populous countries, including China, India and Indonesia. Occupational pension mainly constitutes arrangements that complement the statutory security, and they are often referred to as supplementary pensions (Palacios Robert and Oleksiy Sluchynsky, 2006). In countries where the occupational pensions are based on legislation, coverage has been regulated by law as mandatory, forming a fixed package with the statutory public pensions (Srinivas P S and Susan Thomas, 2003).

Social and occupational pensions in India

In India 29 percent of the world population enjoy comprehensive social protection (ILO Report, 2019). Most social protection programmes are aimed at addressing capability deprivation like inadequate nutrition, lack of employment, low educational attainment, rather than providing safety nets to deal with contingency risks like

health shocks, death and disability (Rao Madava P, 2005). Contingent social security covers mostly organized sector workers, who comprise only 8 percent of India's workforce.

At present, major retirement schemes in India include provident fund, gratuity and pension plans. The government of India actively promotes various pension schemes for the citizen. Tax deductions are offered on pension schemes in order to encourage people to save money in pension fund. The prominent pension schemes run by the government of India at present are Swatantra Sainik Samman Pension Scheme, Defined Contribution Pension Scheme, National Social Assistance Programme, etc. In 2009, Pension Fund Regulatory and Development Authority launched National Pension Scheme (NPS) for all citizens in the age group of 18 to 55. There are several pension schemes in the corporate sector that are created specially by the employers for the benefit of their employees. Many pensions also contain an insurance aspect, since they often pay benefits to beneficiaries (Royston Sam, 2018).

Social and occupational pensions in Kerala

Kerala has several achievements in introducing social protection measures to the vulnerable groups like persons with disabilities, women and children in difficult circumstances (Surendra Dave, 2006). The Department of Social Justice and its allied agencies are involved in addressing the problems of social security and welfare. The local governments formulated social protection floor consisting in six dimensions of social protection: (a) Primary education, nutritional status and health of children; (b) Employment and livelihood security with the MGNREGS in the central place; (c) Social pensions for the elderly (Indira Gandhi National old age pension), Widows (Indira Gandhi National widow pension scheme), Person with disabilities (Indira Gandhi National Disability Pension Scheme-physically and mentally challenged) and Agricultural Labour Pension; (d) Health protection; (e) Food security; (f) Housing, water and sanitation.

Kerala is known for its widespread and popular social security schemes especially for the aged. They constitute about half of the elderly (49 percent) in the state. Early retirement age along with increasing longevity in the state has triggered problems for elderly employed in formal sector. At present the state Kerala is having 40 social security schemes implemented either directly through government departments or welfare boards. The major schemes financed fully by the state are Kerala Destitute and widow pension scheme, old age pension to craftsman and journalist welfare fund scheme. The schemes that are financed partly with state's support include Kerala

construction workers welfare fund, Kerala fishermen welfare fund scheme and Kerala Khadi workers welfare fund. The schemes that are financed by respective boards include Kerala head load workers fund, Kerala toddy workers welfare fund and Kerala Abkari workers welfare fund.

Social protection and occupational pensions plays an important role in realizing the human right to social security for older persons, in ensuring income security and access to essential services including health care services in a way that promotes their rights and dignity (Sanyal Ayanendu and Saran Singh, 2013). The transition in the social protection as represented by the occupational pension system is one that has an "insecured" rather than secured livelihoods of those that depend on it. The occupational pensions are not help to meet their need in the present society. The day to day expenditure after retirement of the persons could not satisfy their all wants by the occupational pensions. It provides a least benefit for older persons and their dependency and debt is increasing their life and faced different problems. So the present study aims to analyze the effects of the social protection and occupational pension schemes and issues in Kerala.

Methods

The study used both primary and secondary data. Primary data were collected from the Kinanoor-Karindalam Panchayath of Kasargod district; secondary data were from published and unpublished reports. For primary data, 60 rural households were selected from four wards; 30 households under the category of social protection and 30 households under occupational pension schemes respectively. Out of 30 social protection pension beneficiaries, 10 households are under old age pension, 10 households under widow pension beneficiaries, 5 households under agriculture-labour pension beneficiaries and 5 households are under disability pension beneficiaries. Among 30 households under occupational pension beneficiaries, 5 households are central government pension beneficiaries, 10 households are co-operative pension beneficiaries and 15 households are state government pension beneficiaries. Among social protection pension beneficiaries, 10 are male and 20 female and out of occupational pension schemes 20 male and 15 female.

Results and Discussion

Among the beneficiaries (Figure.1), 30 percent of male and 20 percent of female benefited agriculture labour pension, 50 percent of female beneficiaries received widow pension, 20 percent of male and 15 percent of female benefited

disability pension and 50 percent of male and 25 percent of female benefited old age pensions.

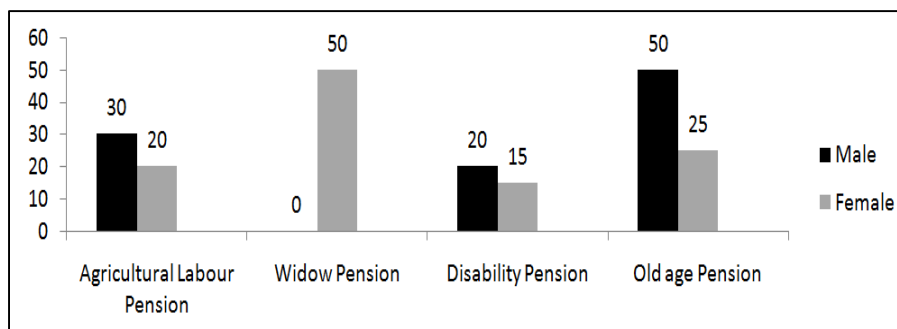


Fig. 1: Beneficiaries in social protection pension schemes

Distribution of beneficiaries on the basis of occupational pension schemes (Fig. 2) shows that, 25 percent of male benefited central government pension scheme, 50 percent state government pension and 25 percent co-operative pensions.

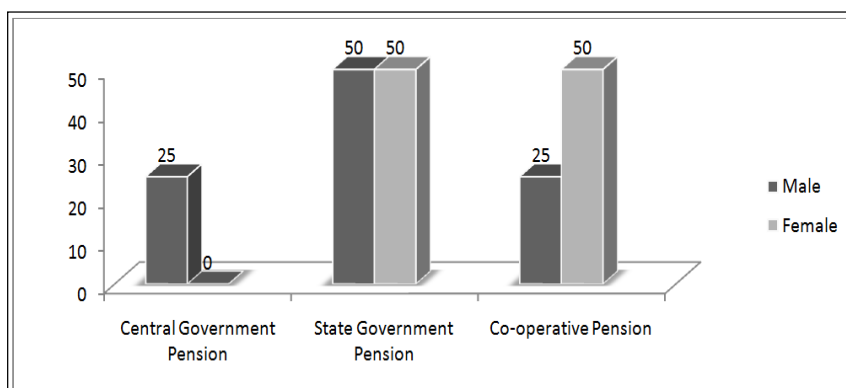


Fig. 2: Beneficiaries in occupational pension schemes

Table 1: Age of pension beneficiaries (in %)

Age group in years	Social Protection Pension					Occupational Pension			
	Agriculture Labour	Widow	Disability	Old age	Total	Central Govt.	State Govt.	Co-operative	Total
60-65	40	30	20	30	30	40	27	37	37
65-70	20	20	40	20	23	20	27	23	23
70-75	20	20	0	20	17	20	20	20	20
75-80	20	20	40	10	20	0	13	13	13
80-85	0	10	0	20	10	10	13	7	7
Total	100	100	100	100	100	100	100	100	100

Source: Primary data

Age wise classification of social protection pension in table1 shows that 60 percent of beneficiaries are in the age class of 65-80 in agriculture labour pension. Among the widow pension, 30 percent of beneficiaries are distributed among the age class 60-65. In disability pension, 40 percent of beneficiaries are among the age group 65-70 and 75-80. 30 percent of old age pension beneficiaries are in 60-65 age class. 40 percent of occupational pension beneficiaries are distributed among the age class of 60-65, 20 percent each in 65-70, 70-75 and 75-80 in central government pensions. Among state pension, 27 percent are in 60-65 and 65-70, 13percent in 75-80 and 80-85 age class. 50 percent of co-operative pension are distributed among the age class of 60-65.

Table 2: Purpose of using pension amount (in %)

Social Protection Pension				Occupational Pension		
Purpose	Male	Female	Total	Male	Female	Total
Basic Needs	20	35	30	35	40	37
Loan payments	20	15	17	15	10	13
Needs of the family members	10	10	10	20	20	20
Medicines	50	40	43	30	30	30
Total	100	100	100	100	100	100

Source: Primary data

Table 2 shows the purpose of using social protection and occupational pension amount. 73 percent of social protection pension amount is used for basic needs and medicine; in the case of occupational pensions it is 67 percent.

Table 3: Dependents of pension beneficiaries for their needs (in %)

Social Protection Pension						Occupational Pension			
Number of dependents	Agriculture Labour	Widow	Disability	Old age	Total	Central Govt.	State Govt.	Co-operative	Total
One	20	10	0	20	10	40	7	10	13
Two	20	0	0	0	4	0	7	0	4
Three and above	0	0	0	0	0	0	0	0	0
Nil	60	90	100	80	86	60	86	90	83
Total	100	100	100	100	100	100	100	100	100

Source: Primary data

Usually dependency of elderly on younger generations is very relevant. There are a few cases in the study area where family members depend on the pension beneficiaries for their needs (Table 3). 20 percent of agriculture labour pensioners have one and two dependent and 60 percent have no dependents. Among the widow pensioners 80 percent have no dependents and 100 percent of disability pensioners have no dependence. Dependence in occupational pension schemes also has fewer dependents. Table 4 shows the current work participation of beneficiaries among social protection and occupational pension schemes and majority are unemployed.

Table 4: Current work participation of pension beneficiaries (in %)

Social Protection Pension						Occupational Pension			
Work Participation	Agriculture Labour	Widow	Disability	Old age	Total	Central Govt.	State Govt.	Co-operative	Total
Employed	0	20	0	0	7	40	33	20	30
Unemployed	100	80	100	100	93	60	67	80	70
Total	100	100	100	100	100	100	100	100	100

Source: Primary data

Table 5 shows the number of beneficiaries has access to saving and majority of social protection pensioners (13 percent) have no access to saving and 43 percentages of occupational pensioners have access to saving.

Table 5: Number of beneficiaries has access to saving (in %)

Social Protection Pension						Occupational Pension			
Saving	Agriculture Labour	Widow	Disability	Old age	Total	Central Govt.	State Govt.	Co-operative	Total
Yes	0	0	20	40	13	40	47	40	43
No	100	100	80	60	67	60	53	60	57
Total	100	100	100	100	100	100	100	100	100

Source: Primary data

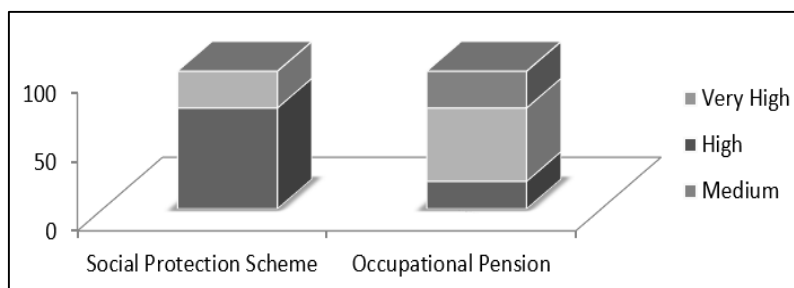


Fig. 3: Satisfaction level of social and occupational pensions to beneficiaries

Table 6: Income sufficiency of beneficiaries (in %)

Income Sufficiency	Social Protection Pension					Occupational Pension			
	Agriculture Labour	Widow	Disability	Old age	Total	Central Govt.	State Govt.	Co-operative	Total
More sufficient	0	0	0	0	0	40	7	10	13
Sufficient	20	0	10	0	10	40	80	70	70
Less sufficient	80	100	90	100	90	20	13	20	17
Total	100	100	100	100	100	100	100	100	100

Source: Primary data

Table 6 shows the sufficiency of pension amount in social protection pension and occupational pension schemes in rural households. 90 percent of beneficiaries have less income sufficiency and 10 percent of beneficiaries have sufficient income in disability pension scheme and 100 percent of beneficiaries have less income sufficiency in old age and widow pension schemes. In occupational pension schemes table.6 shows that in central government pension schemes, 40 percent of beneficiaries have sufficient and more and 20 percent have less income sufficiency. Among state government pension schemes 7 percent of beneficiaries have more sufficient, 80 percent sufficient and 13 percent have less income sufficiency. Among co-operative pension schemes, 13 percent of beneficiaries have more sufficient, 70 percent sufficient and 17 percent have less income sufficiency.

Table 7: Problems faced by pension beneficiaries (in %)

Major Problems	Social Protection Pension					Occupational Pension			
	Agriculture Labour	Widow	Disability	Old age	Total	Central Govt.	State Govt.	Co-operative	Total
Financial	80	70	40	60	63	60	67	60	62
Health	20	30	20	20	23	40	13	30	28
Loneliness	0	0	0	10	2	0	7	10	6
Physical Immobility	0	0	40	10	12	0	13	0	4
Total	100	100	100	100	100	100	100	100	100

Source: Primary data

Pensioners’ satisfaction on schemes in rural households is shown in Fig. 3 and majority is highly satisfied. Table 7 shows that, among social protection pension beneficiaries, 80 percent agricultural labour faced financial problems and 20 percent faced health problems. Among widow, 70 percent of beneficiaries faced financial problems and 30 percent faced health problems. 40 percent of disability pension beneficiaries and 60 percent of old age pension beneficiaries have financial problems. 62 percent of

occupational pension beneficiaries also have financial problems.

Conclusion

Pensions are essential to ensure rights, dignity and income security for older persons. Provision of economic security to aged is the main challenge faced by the state in the present century. Though pension amount is the major source of income for elderly, its adequacy and sustainability is

questioned. Majority of the pensioners do have at least one dependent indicating that they continue to carry burden even after retirement. This draws attention to raise the social security amount without creating a fiscal burden to the government. Hence policies are needed to ensure and satisfy social, financial and emotional needs of elderly.

Source of Funding

None

Conflict of Interest

None

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