Aging And Social Security in India

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Abstract

One of the basic problems for a large number of age all over the world is the protection against insecurity-economic, social and psychological-during the later years of life. Old age has always been accompanied by handicaps but their nature has never been as complex and extensive as we find it in the present times. Earlier the family and kin groups were the main agencies to provide security and protection to the aged. With the growth in the processes of industrialization and urbanisation, family and kinship organizations are fast changing. The inadequacy of the traditional arrangements for providing security and services to the aged is also becoming apparent now. The alternative is the form of social security has been recognized as the only viable answer.

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Introduction

Old age is a universal phenomenon. The number of old people is increasing all over the world, both, in absolute termsand proportion to the population. The changes in the demographic structure of societies during the last few decades, particularly since the beginning of the present century, have made the aged a socially more visible section of the population. Similarly, social and economic changes brought about by the dual processes of industrialization and urbanisation have created a relative uncertainty about the traditional status, role and significance of the older people in the society. The challenges of old age come from various other sources as well. There are signs of the aged being pushed to a relatively insignificant social position as modern society is increasingly getting youth-oriented, where utility, productive capacity, health, independence, individualism, and achievement are the dominant values.Old age is generally accompanied by a number of problems that the aged have to face and adjust to varying degrees. These problems may range from ensured and sufficient income to support themselves (the aged) and their dependents, to sound health, creative use of free time, social security, love and recognition, social participation, dignity and self-respect.

Concept of Social Security

Social security is the security that society provides through appropriate organization against certain risks to which its members are exposed. Social security measures are generally grouped under two broad categories, namely, social assistance measures and social insurance measures. The distinction between the two depends on the condition of whether the recipients have contributed to such benefits through their savings or not.

Social assistance

Social assistance consists of any help that society provides to needy persons without requiring them to share the burden of maintaining such programs. The extent and form of assistance are determined mainly by the circumstances of the needy. Social assistance can be seen as a device to ensure a minimum level of living for the members of society.

Social Insurance

Social insurance, on the other hand, is the joint venture on the part of the individual beneficiary, the employers and the state to provide for economic security and other benefits in specific situations, such as unemployment, sickness, old age and retirement and other contingencies in accordance with the prevailing procedures and practices. Social insurance, like social assistance, aims is at maintaining a certain level of life through savings, contributions, or investments for the future. The important thing about social insurance is the idea that individuals postpone utilization of part of their present income for future needs in situations where they would no longer be able to earn enough to meet them. The benefits accruing to the individuals through social insurance programs are normally more than their actual contributions.

Importance of Social Security

Social security measures have a great significance in all modern and developing societies. They provide an important mechanism to achieve the goals of a welfare state by ensuring protection against want and personal inabilities to look after oneself. They also serve as a basic tool for diverting part of national incomes to the benefits of such groups and sections of the society that are unable to share the increase in national progress and prosperity on accounts of certain personal and social limitations.

Old Age Social Security in India

The social security measures in India have mainly been confined to the employees in the organized sector and public servants employed in government and semi government organizations. Article 41 of the Constitution of India lays down, as one of the Directive Principles of State Policy, that "the State shall, within the limits of its economic capacity and development, make effective assistance in cases of unemployment, old age, sickness and disablement, and in other cases of undeserved want". However, the programs in this direction have been far less than satisfactory. A large number of pieces of legislation have also been enacted providing for social security and welfare measures for the employees and their dependents but the number of beneficiaries covered by them forms only a fraction of the country's population in need of social security. Comparatively weaker and more vulnerable sections of the Indian populations, such as agricultural labor, domestic servants, persons employed in small business and other undertakings and self-employed ones, have practically no social security available to them. Some of the schemes providing social assistance to the aged and other social security schemes recently introduced in India are described below:

Old Age Pension

India has not so far developed any comprehensive and universal old-age security system. A few states in India, such as Uttar Pradesh, Kerala, Andhra Pradesh, Tamil Nadu, Punjab, West Bengal and Rajasthan, have instituted old age pension schemes. The benefits under these schemes are like social assistance to old and infirm people. Moreover, these schemes have no statutory backing. The old age

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pension schemes of the various states provide pension to destitute aged 60 years and above with no source of income and no relatives bound by custom or usage to support them Old age pension to the poorest among the poor, constitutes a basic strategy to reach the poor and provide them assistance and protection so that they may pull themselves out of the miserable existence of want and neglect. By including old age pensions to the needy, the government has made a beginning in recognizing the economic needs of the aged in our society.

Special social security schemes

A few State Governments and commercial banks in the country have come forward with special schemes purporting to provide old age security to the citizens. The Tamil Nadu Government has inaugurated a special security scheme, stated to be the most comprehensive in the country, in November 1974. The scheme is open to all citizens. It enables an individual to earn a monthly pension for 20 years in return for a small monthly payment during his working life. In addition to it, he gets a lump sum at the end of the pension period. The scheme has no age bar.

The Andhra Pradesh Government has launched the Employees' Benefits Scheme in 1974. Under the scheme, class IV staff will contribute Rs. 5/- per month and others Rs. 10/- to the Fund. When an employee dies while in service, the family of class IV employees will get Rs. 7500/- and that of others Rs. 19,000/ Employees who have put in two years of service are eligible for the benefit. The employees would get the contribution with interest at the time of their retirement. The scheme thus provides lifeinsurance benefits at a more liberal scale.

Pensions and other benefits available to governmentemployees

The employees of the Central and State Governments in India are entitled to non-contributory pensions as part of the service conditions. The pensions are paid to the retired employees in accordance with the rules governing the grant of such pensions. There are four types of pensions presently available to public servants whose terms and conditions of service entitle them to pensionary benefits, namely, (i) compensation pension, (ii) invalid pension, (iii) superannuation pension, and (iv) retiring pension. Compensation pension is paid to an employee who is selected for discharge owing to the abolition of his permanent post and the employee is not absorbed in another pensionable post. Invalid pension is granted to a Government servant who retires from service on account of his physical or mental infirmity leading to permanent incapacity for the public service or for the particular branch of it to which he belongs. A superannuation pension isgranted to a Government servant who retires from the service on attaining the age of superannuation. The age of superannuation is fixed by the Central and the State Governments for their respective employees. For the Central civil servants, it is 58 years, and in the different States, it is either 60 years or 58 years. The age of superannuation is liable to be changed by the concerned Governments. The employees' retirement is governed by the government rules as they exist from time to time, and not by those who were in operation at the time of their initial recruitment. A retiring pension is granted to an employee who opts for retirement after completing the minimum qualifying service.

The amount of pension

The amount of pension granted to a retired public servant isdetermined by two main factors, namely, (i) his pay at the time of retirement or the average pay drawn during a certain number of months immediately before his retirement, according to the rules of the concerned government, and (ii) the length of his qualifying service. The qualifying service counted for purposes determining the pension amount of a retiree varies, generally, from 10 years to 30 years. Thus, the government servant must put in certain minimum years of service, but, the length of his service would not enhance the amount of pension beyond the maximum limit fixed by the government for the purpose. The rules, as obtainable at present, generally, enable a retired employee to replace nearly 40 percent to 50 percent of his pay, subject to the maximum amount of pension fixed from time to time.

Death cumretirement gratuity

A government servant who has completed five years qualifying service (in the case of the Rajasthan Government) may be granted an additional gratuity in accordance with the existing rules. The amount of gratuity is generally one-fourth of the emoluments of a government servant for each completed six-monthly period of qualifying service, subject to a maximum of sixteen and half times the emolument, provided that in no case it shall exceed Rs. 30,000/ The rate of gratuity has been enhanced recently (from October 31, 1974, in Rajasthan). In the event of the death of the government servant, who has completed five years qualifying service, the amount of gratuity is paid to his dependents in accordances with rules.

Family Pension

There is a provision for the payment of family pension to the widow/children of the government servant who dies on or after the Ist March 1964, while in service, after completion of not less than one year's service or after retirement, if at the time of the death he received compensation, invalid, retiring or superannuation pension. The new family pension rules apply to all government servants on the pensionable establishment, whether permanent or temporary, who are in service on Ist March

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1964, or enter service after that date. But, persons who retired before that date, or persons paid from contingencies, work-charge staff, casual labor and contract appointments, are left out of the purview of the revised rules.

Extra-ordinary pension

The rules relating to the extra-ordinary pension apply to all persons appointed by the concerned Central or State Government to services and posts under the administrative control or in connection with affairs of the concerned government, other than those to whom the Workmen's Compensation Act applies, whether the appointment of such persons is permanent or temporary, on a time scale of pay or fixed pay, or piece-work rate. Extra-ordinary pension is admissible on account of death or injury, permanent disability and disease, etc. of the government servant rendering him incapacitated from performing his normal duties. The amount of extra-ordinary pension, including gratuity, is decided under the rules as applicable to the employees from time to time.

Limitations of old age social security

The preceding description of the pensionary and other benefits available to the retired public servants in India and old age security measures in some other countries shows the limitations of the entire system of old-age social security and benefits to the public servants in India. There are gaps and contradictions in the pensionary and other benefits available to the retired public servants. Some of the significant points concerning such issues are discussed as under-

Retirement benefits are not related to the needs of old

The existing pensionary and other benefits have no relationship with the specific needs of the government employees. Thus, the retirees would get the same amount of pension, etc. irrespective of their liability to provide education to their dependent children, marry their daughters or sons, support their widow daughters and look after their old parents. For the majority of the low-paid retirees, pensionary benefits are no more than a fringe of the old age financial security needed by them.

The minimum amount of pension fixed by the governments has no relevance to the cost of living

The pension amount in the case of most of the low paid employees is not adequate to ensure them and their wives a level of living above what may be regarded as the poverty level. The pensioners' community in the country has been pressing upon the governments to fix the minimum amount of pension taking into consideration the basic needs of the retirees.

There is no effective system to protect the purchasing power of the pension amount

One of the most dangerous enemies of the non-earningmembers and the pensioners all over the world is 'inflation'. Pensioners and others who live on fixed incomes have to reduce their consumption level every time the purchasing power of the money at their command is reduced through inflation. In most of the advanced countries, as we have already noted, there are periodical reviews and revisions of the pensionary benefits which make good the losses through effective state action. There is no such system presently available in India and the pensioners have to remain at the mercy of the concerned governments to get additional pensionary benefits, whenever the price level goes up.

Older pensioners are excluded from the additional benefits given to the relatively new pensioners

The amount of pension is fixed by the Government under the rules and regulations framed from time to time. The benefits provided under successive revisions of the rules are made available to those public servants who retire on or after a specified date, thereby depriving a large section of the old retirees of such benefits more or less permanently. Thus, the Railway employees who retired before April 1957, were denied regular pensions. The ex-gratia pension to such retirees was granted with effect from September 1969 only. The new family pension rules introduced with effect from March 1954 do not apply to all those retirees who retired before the Ist day of March 1964 (Rajasthan Service Rules, Rule 268 (a). Similarly, the increase in the family pension amount recently announced by the State Government of Rajasthan has excluded all those cases where the employees have expired before October 31, 1974 (R. S. R. 268, 3 (i).

There are difficulties on account of the retirement policies of the Government also

The old age social and economic security available to public servants is intimately related to the recruitment and retirement policies of the Government. The Centre and State Governments are empowered to change, enhance or reduce, the retirement age of their employees as and when they deem it necessary. While increasing the age of superannuation leaves a choice with the employees to seek early retirement and follow their old age plans if any, a sudden and unexpected reduction in the retirement age disturbs the adjustment possibilities of most of the employees. Thus, when the State Government of Rajasthan reduced the age of retirement of its employees from 58 years to 55 years in 1957, many of the older

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employees got a shock.

Suggestions for improving social security measures and services to the retirees and the aged in general

The following suggestions are offered for improvement in the existing arrangements and provisions for old age social security and other benefits to the retirees and the aged in India :

(i) The amount of pension should be fixed taking into consideration the basic needs of the retirees and should, in no case, be less than the lowest minimum wage fixed for a serving employee.

(ii) In addition to the general pension paid to the various categories of pensioners, there should be special provisions for old age benefits to the public servants in deserving cases. Thus, special allowance for children's education, economic support to the dependents of the pensioners (widowed daughters, daughters-in-law, grandchildren, old and dependent parents, etc.) should be provided.

(iii) There should be an efficient system of review and revision of pensionary and other old-age benefits. This is necessary to protect the pensioners living on fixed income against inflation.

(iv) Attempts should be made, at the governmental level, to chalk out a broad scheme for providing jobs, on a whole-time or part-time basis, to physically fit retirees, who are keen to take up such jobs for economic or other reasons. Some of the possible areas where they can be more usefully engaged are the teaching jobs, clearance of the backlog of governmental work, social welfare agencies, cooperative undertakings, etc.

(v) There is a great need to impart education for old age and retired life to the serving employees. Many retirees fail to plan for the exigencies of old age and retired life primarily for want of adequate knowledge when they could have done something. Such education is especially important for the low-paid employees who retire without adequate savings to meet their individual and family needs in retired life. Education for old age should also cover such aspects of human life as cultivation of creative hobbies and the utilization of free time and leisure time, planning the savings and family life, etc. for old age.

(vi) Like all other phases of human life, old age and retirement are also filled with situations and circumstances where the individuals need guidance from others. It is, therefore, necessary that special units are established by the government to look after the welfare of the retirees and the aged persons in India.

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