ISSN No:-2456-2165

MMK: ACE
SMT.MITHIBAI MOTIRAM KUNDNANI: ACCOUNTANCY COMMERCE ECONOMICS

ISSUE NO: 3 VOLUME NO: 1 YEARLY PUBLICATION

DECEMBER 2023	***PROF.CA KISHORE PESHORI***	***Dr. AASHISH S. JANI***
STUDENT'S SPECIAL ISSUE	***(PRINCIPAL)***	***(EXECUTIVE-EDITOR)***

ISSN No:-2456-2165

FROM THE DESK OF THE EDITOR…!

After Covid-19 the education world has been changing very fast with drastic majorchanges in the research dimensions. UGC and MHRD have launched many virtual platforms with online depositories, e-books and other online teaching/learning materials. Combination of the traditional technologies' with mobile/web technologies to a single platform with depositories would enhance better accessibility and flexibility to education.

The main objectives of NEP 2020 clearly define the pivotal role in catalysing interdisciplinary /multi-disciplinary research culture at UG level.

Students' research at undergraduate and post graduate level is the key to success towards real life education. Implementation of this student centric research requires establishment of the Academic Bank of Credits (ABC), a national level facility which will be a bank for academic purposes with students as academic account holders. A minimum of 20 credits of the 160 credits in four years undergraduate degree programmes will be earned via research activities according to guidelines prepared under NEP 2020.

Further, it will encourage and make it possible for all students to open an academic bank account to commute credits to award any degree/research fellowship/certificates.

The ability to integrate classroom knowledge with practical problems is important to decide research problems of the real world and to provide realistic solutions for the same. Four years Undergraduate bachelor's degree programme objectives are clearly defined in these directions. This calls for developing research experiences in students and developing system of offering real life research projects with keen interest towards pursuing realistic research projects. Here role of research organisations, higher institutions or research centre can support research internships as providers.

Keeping such ideas in mind, I feel humbled to bring out the Third students special Issue of our reputed E-Journal "MMK: ACE", including research papers for the first time from students' community at various undergraduate, post graduate and Doctoral level Programmes of our College. This volume develops the fact finding empirical approach among students community at higher education.

I extend my sincere gratitude to the Management of H.S.N.C. Board and our respected Principal Prof. Dr. CA Kishore Peshori for their constant support and motivation towards a strong Research foundation.

Finally, a big thank you to the Peer-reviewers and Publishing House for helping us in publishing this E-Journal. I invite feedback and suggestions from our Readers, Researchers and Academicians for further improvement in our E-Journal "MMK: ACE".

Dr. Aashish S. Jani
Vice-Principal & Executive Editor

ISSN No:-2456-2165

PRINCIPAL'S MESSAGE…!

Dear Members of the Academia,

It brings me immense joy and pride to witness the continued growth of SMT. M.M.K. College, especially in the realm of research, as evidenced by the expansion of our esteemed Research Centre in Commerce (Business Policy & Administration) and the recent approval in Accountancy.

I extend my heartfelt gratitude to the dynamic editorial team, led by Dr. Aashish Jani, Vice Principal, for their unwavering commitment and dedication to advancing the cause of research at our institution. Their tireless efforts have played a pivotal role in steering our academic community toward the frontiers of knowledge.

In the spirit of our rich cultural heritage, I am pleased to include a Sanskrit shloka in this research endeavour, symbolizing the fusion of tradition and progress in our scholarly pursuits:

"चरैवेतिचरैवेति…"
"Keep Walking, Keep Walking",

The present focus on student-centric research in this Third edition of MMK: ACE is indeed a commendable initiative taken at the opportune moment. It reflects our collective commitment to nurturing the research acumen of our students, a vital aspect of our academic mission.

I express my sincere appreciation to the Research Committee, whose proactive approach has not only fostered the development of new faculty but has also provided a platform for meaningful research at both undergraduate and postgraduate levels. The previous volumes of MMK: ACE have been well-received by the academic community, and I am confident that this edition, emphasizing student research, will further elevate our standing.

Kudos to the editorial team for curating diverse themes that delve into various facets of the Economy and Education sector. I extend my appreciation to the Course Coordinators, specialized students, academicians, research guides, and scholars whose valuable contributions have enriched the content of this journal.

I applaud the continuous efforts of the editorial board in cultivating and promoting a robust Research Culture across all multidisciplinary programs. Your dedication is instrumental in inspiring our faculty and students to embrace the role of researchers and critical thinkers.

As we embark on this intellectual journey through the pages of MMK: ACE, I wish the entire team the very best. May the ideas shared in this volume pave the way for positive outcomes and catalyze many more students and teachers to embark on the rewarding path of research and scholarly exploration.

With warm regards,

Prof. Dr. CA Kishore Peshori
(Principal)

ISSN No:-2456-2165

CONTENTS
RESEARCH PAPERS & ARTICLES ON ACCOUNTANCY

CONTENTS

ISSN No:-2456-2165

RESEARCH PAPERS & ARTICLES ON COMMERCE

CONTENTS

RESEARCH PAPERS & ARTICLES ON ECONOMICS

ISSN No:-2456-2165

A Study of Various Social Security Measures of the Government with Special Reference to Retirement Schemes

MMK: ACE VOLUME 3: PAPER NO.06

Dr. Aashish S. Jani
Research Guide and Vice Principal
Smt. M.M.K College of Commerce and Economics, Mumbai, Maharashtra, India

Mamta Meghnani
Research Scholar, Smt. M.M.K College of Commerce and Economics, Mumbai, Maharashtra, India
Working as Assistant Professor in the Shree Narayana Guru College of Commerce. Chembur, Mumbai, Maharashtra, India

Abstract:- Social Security of the people is one of the major concern today since there are many who are employed in the unorganized sector and thus are deprived of the various social security benefits. This major concern can be addressed with various initiatives & efforts by the government and government has been doing this effectively by introducing various schemes. Social Security benefits includes retirement income, disability income, death & survivorship benefits and Medicare etc.But this study is restricted to social security schemes providing retirement benefits only. This study is based on retirement schemes like National Pension System, Employees' Provident Fund Organisation, Atal Pension Yojna, Pradhan Mantri Vaya Vandana Yojana. Reforms introduced in these various schemes have been studied through this research.

I. INTRODUCTION

Social security is the cover or protection that society provides to people for their health care, well-being and also to assure security of income especially in the cases of old age, unemployment, sickness, invalidity, injury at work, maternity benefits or loss of an earning member in the family. Social security protection is clearly defined in ILO agreement and UN instruments as a basic human right – although one that a small proportion of the people on our planet actually enjoy.

Social Security includes retirement, healthcare, disability, childcare, gratuity, provident fund and insurance schemes mostly governed by the Code on Social Security, 202, majority of these are compulsory for all Indian and foreign employees employed in India. This research will emphasize only on the retirement schemes.

A. National Pension System

This is to be considered as national pension system of India which replaced the civil servant's pension system. Civil Servants who joined service prior to 2004 are eligible to the Civil Service Pension Scheme and the General Provident Fund which were established in 1972 and 1981 respectively. It was a defined benefit system wherein no contribution had to be made by the employees but it was funded through general state budget. In order to receive pension, one must have been in service for minimum 10 years and the pensionable age has to be 58. Under this system, the retired person receives 50% of his/her last salary as monthly pension but later this turned to be a severe financial burden on government finances. Thus, later it was decided to abolish the same for new civil service employees joining post 2004 and replaced by National Pension System. The National Pension System (NPS) is a defined contribution pension system administered and regulated by the Pension Fund Regulatory and Development Authority (PFRDA), created by an Act of the Parliament of India. Under this, the employee contributes 10% of his/her gross salary to the system while the employer contributes an equal amount. Then at the age of retirement, the employee can withdraw 60% of the amount as a lump sum while 40% needs to be compulsorily utilized to buy annuity that will be used to pay a monthly pension. The system tries to achieve a target of 50% of the last salary of the employee. This system has been made compulsory for all civil servants but voluntary for others. Under the General Provident Fund Scheme, the employee needs to contribute minimum 6% of his gross salary and there is an assured return of 8%. The employee can withdraw the lump sum amount when he/she retires.

B. Employees' Provident Fund Organisation

It is the most important social security body governed by the Code on Social Security, 2020. It covers maximum employees in India and provides the benefit of social protection. It is one form of retirement scheme which further provides three social security schemes for workers and employees across India. It is compulsory for every private and self-employee (civil servants are covered by the Civil Servant's Pension System) under The Employees' Provident Funds and Miscellaneous Provisions Act, 1952. Under this statutory act, an employee or a worker contributes 12% of his or her monthly salary and his or her employer contributes an equal amount, while the government contributes 1% of the employees' salary, with a total contribution of 25% of the employee's gross salary. This entire contribution is made towards three social security schemes which includes the compulsory provident fund, a pension scheme & a disability and life insurance. The entire 12% share made by the employee goes towards the

ISSN No:-2456-2165

Employees' Provident Fund Scheme (EPF), while from the employer's share of 12%, 3.67% goes to the Employees' Provident Fund and 8.33% goes towards the Employees' Pension Scheme (EPS) along with 1% contribution of the government while 0.5% contribution of the employer goes to the Employees' Deposit-Linked Insurance (EDLI). The employee is allowed to withdraw the amount deposited for the provident fund along with the accumulated interest once the employee reaches the statutory retirement age. In situation of death or disability at work, the dependent or the disabled employee is eligible to get a monthly pension throughout their life. The pension schemes assure a basic minimum pension for the employees' life after retirement. Retirement age currently stands at 60 in all establishments covered by the EPFO.Overall, the system tries achieving at least 50% of the employee's last salary.

C. Atal Pension Yojna

It is an optional fundamental supplementary pension scheme which is mainly aimed for giving security to daily wage earners, people doing small jobs or doing temporary jobs. This scheme is open to all post/ bank saving account holdersfalling in the age bracket of 18- 40years and the contributions will differ based on the pension amount. Beneficiaries would receive the assured minimum monthly pension of Rs. 1,000 or Rs. 2,000 or Rs. 3,000 or Rs. 4,000 or Rs. 5,000 at the age of 60 years. Under APY, the monthly pension would be available to the subscriber, and after him to his/her spouse and after their death, the pension corpus, as accumulated at age 60 of the subscriber, would be returned to the nominee of the subscriber. The minimum pension would be assured by the Government, i.e., if the accumulated corpus based on contributions earns a lower return than estimated return on investment and is not sufficient to provide the minimum assured pension, the Central Government would fund such inadequacy from the general budget. Alternatively, if the returns on investment are higher, the subscribers would get enhanced pensionary benefits.

D. Pradhan Mantri Vaya Vandana Yojana

After the success and popularity of Varishtha Pension Bima Yojana 2003 (VPBY-2003), Varishtha Pension Bima Yojana 2014 (VPBY-2014) schemes, and to safeguard elderly persons aged 60 years and above against a future fall in their interest income due to the uncertain market conditions, as also to provide social security during old age, it is decided to launch a simplified scheme of guaranteed pension of 8% called the Pradhan Mantri Vaya Vandana Yojana is being implemented through Life Insurance Corporation (LIC) of India. Under this scheme, on payment of an initial lump sum amount of Rs. 1, 50,000/- subscriber will be eligible for a minimum pension of Rs 1000/- per month and on payment of a lump sum amount of Rs. 7, 50,000/-subscriber will be eligible for maximum pension of Rs. 5,000/- per month, subscribers will get a guaranteed pension based on a guaranteed rate of return of 8% per annum, payable monthly.

II. OBJECTIVES OF STUDY

- To study the selected social security measures of the government with special reference to retirement schemes.
- To study the reforms introduced in these schemes.

III. RESEARCH METHODOLOGY

- **Methods of Data Collection-** Secondary data will be collected from the internet, government sites. Some of the court rulings too would be studied & analyzed with regards to the same.
- **Methods for Data Analysis-** Reforms made in the policies have been analyzed.

IV. LIMITATIONS OF THE STUDY

- Study has been restricted to only those social security policies which gives protection during retirement.
- Firsthand information is not collected.

V. DATA ANALYSIS

A. Reforms introduced in the National Pension System Rules

The pension fund has revised the entry age into NPS which was earlier 65 years and has now increased to 70 years. This means that any Indian or Overseas Citizen of India falling in the age bracket of 65- 70 years can join NPS and then continue till the age of 75 years as per revised PFRDA circular.

Few changes have been made in the exit norms which stated that normal exit will be after 3 years for subscribers joining post 65 years. The subscriber will be required to utilise minimum 40 % of the corpus for purchase of annuity and the balance can be withdrawn as a lump sum amount. However, if the corpus is equal to or less than ₹5,00,000, the subscriber may opt to withdraw the entire accumulated pension as a lump sum amount.

In order to make NPS more attractive for the subscribers joining post 65 years of age, the PFRDA has allowed them to allocate up to 50 % of the funds into equity.

PFRDA further stated that if exit takes place before completion of 3 years will be considered as 'premature exit'. Under premature exit, the "subscriber can utilise at least 80 % of the corpus for purchase of annuity and the balance can be withdrawn in alump sum". In the case of premature exit, if the corpus is less than ₹2,50,000, the subscriber may opt to withdraw the entire accumulated amount at once.

NPS subscribers have been allowed to carry forward their account up to the age of 75 years.

PFRDA recently extended the online and paperless process of exit to the subscribers of the Government Sector which was earlier only enjoyed by the non-government sector.

ISSN No:-2456-2165

B. Reforms introduced in the EPFO Rules

As a part of the Atmanirbhar Bharat Package, in order to provide relief to the employers and also to increase the monthly take-home pay of employees, the EPF contribution was reduced from 12% to 10% for both employers and employees.

In the union budget 2018, the EPF contribution rate for the newly appointed female employees has been reduced from 12% to 8%. This benefit will be available to the new female employees for the initial 3 years of employment.

The Central Board of Direct Taxes (CBDT) had recently announced a new set of guideline regarding the taxation on the interest for the excess of Employee Provident Fund (EPF) contributions. As per the new set of guideline, if an individual's EPF contribution exceeds Rs. 2,50,000 in a given financial year, they will need to have two separate Provident Fund (PF) accounts. Two different accounts have to be maintained for showing taxable and non- taxable contributions.

EPFO in the year April, 2021 increased the death insurance benefits for employees' deposit-linked insurance (EDLI) scheme subscribers, during the second wave of the COVID-19 Pandemic. The retirement fund body had increased the minimum death insurance benefit to Rs 2, 50,000while the maximum benefits have been increased to Rs 7,00,000 from the previous limits of Rs 2,00,000 and Rs 6,00,000 respectively.

With effect from November 30, 2021, EPFO has made it compulsory to link UANs with Aadhaar numbers.

All the EPF members are given the benefit to file a new nomination to replace the existing nomination, which would be treated as final. Also, e- nomination service can be availed online for the same.

C. Reforms in Pradhan Mantri Vaya Vandana Yojana

Under the revised PMVVY, the maximum investment limit has been changed from per family to per citizen per year. The maximum investment limit has been raised to Rs.15,00,000/- from 7,50,000/- earlier.

VI. RESULTS

Government has taken efforts to understand the social security needs of the people.

EPFO took various initiatives during the covid -19 situation in order to reduce the financial burden of the employers and also to increase the take home salary of the employees.

Facilities are now provided in an online mode to the subscribers.

Social security of females too has been given a priority.

Under EPFO, 2 different accounts have to be maintained for bifurcating taxable & non- taxable contributions.

To ensure safety & security of funds under EPFO, UAN linking with Aadhaar and appointing and changing current nomination have been made.

VII. CONCLUSION

Social Security is of a major concern and government has taken tremendous efforts in introducing various schemes in that aspect. But Government alone won't be successful in making people socially secured. Government will require assistance from the corporates too. So, here the Human Resource Team has an active role to play.

Also, Social Security is a big concern for those who are employed in the unorganized sector because they are the ones who receive very less salaries/ wages and thus don't save much for their future or retirement needs.

REFERENCES

[1]. http://hdl.handle.net/10603/101034- Accessed on 28th July, 2022
[2]. https://sjsa.maharashtra.gov.in/en/schemes-page?scheme_nature=39- Accessed on 28th July, 2022
[3]. https://pune.gov.in/schemes/-Accessed on 29th July, 2022