

Institute of Human Resources Development

(Established by Government of Kerala)

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നമ്പർ.ഇഎ1/14400/2010/എച്ച്.ആർ.ഡി

തീയതി, 26.11.2019

പരിപത്രം

വിഷയം :- ഐ. എച്ച്. ആർ. ഡി.- ജീവനക്കാർക്കു വേണ്ടി സർക്കാരിലേയ്ക്ക് സമർപ്പിക്കുവാൻ തയ്യാറാക്കിയ പെൻഷൻ പദ്ധതിയുടെ കരട് - ജീവനക്കാരുടെ അറിവിലേയ്ക്കായി പ്രസിദ്ധീകരിക്കുന്നത് - സംബന്ധിച്ച്.

- സൂചന :-**
- 1 27.05.2019, 20.11.2019 തീയതികളിൽ സംഘടനാ പ്രതിനിധികളുമായി നടത്തിയ ചർച്ചയുടെ തീരുമാനം
 - 2 21.02.2019-ാം തീയതിയിലെ ജെ1/68/2017-ഉ.വി.വ നമ്പർ സർക്കാർ കത്ത്

സർക്കാർ ധനസഹായത്തോടു കൂടി ഐ.എച്ച്. ആർ.ഡി.യിൽ ഒരു പെൻഷൻ പദ്ധതി നടപ്പിലാക്കുക എന്ന ഉദ്ദേശത്തോടു കൂടി സർക്കാരിലേയ്ക്ക് സമർപ്പിച്ച പെൻഷന്റെ കരട് രൂപരേഖ പരിശോധിച്ച സർക്കാർ, പദ്ധതിയിൽ മാറ്റങ്ങൾ വരുത്തി സർക്കാരിന് സാമ്പത്തിക ബാധ്യത ഒഴിവാക്കിക്കൊണ്ട് ജീവനക്കാരനു ഗുണകരമായുള്ള ഭേദഗതികളോട് കൂടി പുതുക്കിയ പെൻഷൻ പദ്ധതി നടപ്പിലാക്കുന്നതിന് വേണ്ട നിർദ്ദേശങ്ങൾ സൂചനയിലെ സർക്കാർ കത്ത് പ്രകാരം നൽകിയിരുന്നു. ഇതിന്റെ അടിസ്ഥാനത്തിൽ തയ്യാറാക്കിയ പദ്ധതി രൂപരേഖ സംബന്ധിച്ച് ഐ.എച്ച്.ആർ.ഡി.യിലെ വിവിധ സംഘടനാ പ്രതിനിധികളുമായി 27.05.2019-നും 20.11.2019-നും ചർച്ച നടത്തിയിരുന്നു. ഭേദഗതികളോടെ തയ്യാറാക്കിയ പുതുക്കിയ പെൻഷൻ പദ്ധതിയുടെ കരട് രൂപ രേഖ പ്രസ്തുത ചർച്ചയുടെ അടിസ്ഥാനത്തിൽ ഐ.എച്ച്.ആർ.ഡി.യുടെ എല്ലാ ജീവനക്കാരുടെയും അറിവിലേയ്ക്കായി പ്രസിദ്ധീകരിക്കുന്നു. ഈ രൂപരേഖ ഐ.എച്ച്.ആർ.ഡി.യുടെ വെബ് സൈറ്റിൽ ലഭ്യമായിരിക്കും. ആയത് സ്ഥാപനമേധാവികൾ എല്ലാ ജീവനക്കാരുടെ ഇടയിലും സർക്കുലേറ്റ് ചെയ്യുകയും ആക്ഷേപങ്ങളോ പരാതികളോ അഭിപ്രായങ്ങളോ ഉണ്ടെങ്കിൽ ആയത് അവരിൽ നിന്നും എഴുതി വാങ്ങിയ ശേഷം ഹെഡ് ഓഫീസിലേയ്ക്ക് അയയ്ക്കേണ്ടതാണ്. ജീവനക്കാർ സ്ഥാപനമേധാവിക്ക് പരാതികൾ അഭിപ്രായങ്ങൾ എന്നിവ എഴുതി നൽകേണ്ട അവസാന തീയതി 07.12.2019 ആണ്. സ്ഥാപനമേധാവിയിൽ നിന്നും ആയത് ലഭിക്കേണ്ട അവസാന തീയതി 10.12.2019 ആയിരിക്കും ജീവനക്കാർ പരാതികൾ എഴുതി നൽകാത്ത സാഹചര്യത്തിൽ സ്ഥാപനമേധാവി NIL റിപ്പോർട്ട് അയയ്ക്കേണ്ടതാണ്. സ്ഥാപനമേധാവികളിൽ നിന്നും 10.12.2019 - നോ അതിന് മുമ്പോ റിപ്പോർട്ട് ലഭിക്കാത്ത സാഹചര്യത്തിൽ പ്രസ്തുത സ്ഥാപനങ്ങളിലെ ജീവനക്കാർക്ക് പരാതികൾ ഒന്നും തന്നെ ഇല്ല എന്ന അനുമാനത്തിൽ തുടർനടപടികൾ കൈക്കൊള്ളുന്നതാണ്.



ഐ.എച്ച്.ആർ.ഡി.യിലെ വിവിധ സംഘടനകൾക്കും അവരുടെ അഭിപ്രായങ്ങളോ നിർദ്ദേശങ്ങളോ നേരിട്ട് ഡയറക്ടർക്ക് 10.12.2019-ന് മുമ്പായി രേഖാമൂലം നൽകാവുന്നതാണ്. അല്ലാത്ത പക്ഷം സംഘടനയ്ക്ക് അഭിപ്രായങ്ങളോ നിർദ്ദേശങ്ങളോ ഇല്ല എന്ന അനുമാനത്തിൽ തുടർനടപടികൾ സ്വീകരിക്കുന്നതാണ്.

പരിപത്രം കൈപ്പറ്റിയ വിവരം മടക്കത്തപാലിൽ ഇ-മെയിൽ സന്ദേശമായി എല്ലാ സ്ഥാപനമേധാവികളും അറിയിക്കേണ്ടതാണ്.

ഒപ്പ്
ഡോ.പി.സുരേഷ് കുമാർ
ഡയറക്ടർ

ഉള്ളടക്കം:- കരട് രൂപരേഖ

പകർപ്പ്: -

1. ഐ.എച്ച്.ആർ.ഡി.യിലെ എല്ലാ ജീവനക്കാർക്കും (സ്ഥാപനമേധാവിമുഖാന്തിരം)
2. എല്ലാ സ്ഥാപനമേധാവികൾക്കും
3. അഡീഷണൽ ഡയറക്ടർ
4. ഡെപ്യൂട്ടി ഡയറക്ടർ
5. അഡ്മിനിസ്ട്രേറ്റീവ് ഓഫീസർ
6. ഫിനാൻസ് ഓഫീസർ
7. അസിസ്റ്റന്റ് എക്സിക്യൂട്ടീവ് എഞ്ചിനീയർ
8. സി.എ 1 സി.എ2
9. എല്ലാ സെക്ഷൻമേധാവികൾക്കും
10. കരുതൽ ഫയൽ
11. ഓഫീസ് പകർപ്പ്

അംഗീകാരത്തോടെ

അഡ്മിനിസ്ട്രേറ്റീവ് ഓഫീസർ

REPORT ON PENSION SCHEME FOR IHRD STAFF -2020.

1. The Executive Committee in its 94th Meeting resolved to work out a pension scheme for IHRD staff and accordingly a proposal was forwarded to Government but it was instructed to clarify whether it would be sustainable without Government's support. A revised proposal again was submitted to the Government but it was also not agreed to as Government's contribution was also envisaged. The Government insisted on working on a Pension scheme without any financial commitment to it. Further, it was directed to work out a pension scheme by enhancing Employer Contribution to 15% (now it is 12%) and with an Employee subscription of 6%.
2. The matter was discussed with employees' representatives and it was broadly agreed to as below-
 - i. The Employer's contribution may form part of the Pension Scheme and
 - ii. The Employees' subscription will continue to be part of Provident Fund.
3. As such the existing IHRD Employees' Contributory Provident Fund Rules will have to be amended to incorporate rules regarding Pension Scheme. It is better to have a common rule for both Provident Fund and Pension schemes and may be called as "The IHRD Employees' Contributory Provident **and Pension** Fund Rules".
4. **Basics of the Scheme:**
 - A. The existing fund lying under the Employees' subscription along with interest accrued will continue to form part of the Provident Fund. As on 30.09.2019, Rs.81.13 crore (including interest) is lying as balance towards employee subscription. Henceforth, only Employees' Subscription will form part of Provident Fund. The rules will be suitably modified to exclude Employer's contribution from the PF.
 - B. The fund accrued under Employers Contribution along with interest will be transferred to Pension Fund. The accrued fund as on 30.09.2019 was Rs.121.56 crore (including interest). It is estimated that the opening balance as on 01.04.2020 may be at Rs.125 crore. Henceforth, Employer's Contribution will form part of Pension Fund.

- C. Though both the schemes will have a common rule, separate accounts, including bank accounts will be maintained for both. In short, the two streams will be financially independent of each other.
5. As the Provident Fund Rules can be modified without much difficulty, the emphasis in this Report is regarding the implementation of a Pension Scheme.

6. **Pension Scheme:**

- i. The Scheme is prepared with the retirement age taken at 60. At present, Government employees who come under the National Pension System retire at the age of 60. As the proposed Pension Scheme of IHRD is based on returns from Pension Fund, it is more or less similar to the NPS. Also, the pension commitment will be less if the retirement age is pushed to 60. It is under these circumstances, it is proposed to fix the retirement age of IHRD staff at 60.
- ii. It will be operational as soon as the Rules are approved.
- iii. The Scheme is limited to Regular staff/faculty of IHRD. Those who had already retired before the implementation of the proposed pension scheme will also be given the option to join the scheme provided they remit the employer's contribution including the interest portion together with interest, up to the date of remittance.
- iv. About 1050 staff is expected to benefit from the scheme.
- v. For calculating qualifying service and Pension, the basic pay at 60 years will be taken. The Employer's Contribution at 15% and Employees' subscription at 12% will continue till the age of 60.
- vi. **Only Pension and Family Pension** will be provided under the Scheme. No commutation of pension will be admissible. Family Pension will be available only to spouse.
- vii. The concept of One Rank One Pension cannot be considered now as the quantum of pension will be much lower than eligible as per KSRs.
- viii. Expenditure on pension is worked out, first by arriving at the basic pay of the employee at 60 years and then fixing his/her basic pension in accordance with qualifying service. Pay/Pension

Revisions at 5 year for staff/pensioners coming under State Scales and at 10 year for staff/pensioners coming under AICTE/UGC are provided for. Also, DA and DR are estimated on salary as well as pension. Details of the premises may be seen at Annexure I and details of expenditure on pension at Annexure II.

- ix. A **Pension Fund** with a corpus formed by Employer's contributions is envisaged. Currently, the funds are invested in fixed deposits and the average rate of return is about 8.5%. As rate of interest on Fixed Deposits are going down, it is proposed to invest in Government Bonds and Securities, equities etc. The investments are expected to fetch an average rate of return of more than 9.5%. The investments will be done by strictly adopting the pattern of the National Pension System, which will ensure safety of the funds.
- x. **Fund Management:** A Professional Fund Manager of repute will be appointed to diligently look after the fund. Both the Pension and Provident Funds may be entrusted to them.
- xi. A projection of cash inflow and outflow of the Pension Fund by including all existing regular employees has been worked out (Annx II). The pension scheme is based on collective sharing of the proceeds in proportion to the Basic Pension plus Dearness Relief. Pension revision shall be implemented whenever Pay revision is implemented. However, no arrears will accrue on pension revision as the same is not projected upon.
- xii. **Calculation of pension:** The calculation of an individual's pension may be arrived at as follows-
 - a. The total proceeds that can be shared may be arrived at by keeping a minimum margin of 1% for variations in projections and unforeseen issues. For instance if the average rate of return for a particular period is 9.5%, the total amount that can be shared as pension may be restricted to 8.5%. A higher margin may be considered taking into account various aspects of long term risk involved, by the Trust.
 - b. Basic Pension of a retired employee may be arrived at as per rules in KSRs. Maximum qualifying service will be restricted to

30 years. It will be based at the average emoluments at 60 years.

Basic Pension =

Qualifying Service x Average emoluments /30x2

- c. Future Pension revisions as well as dearness relief will be based on the Basic Pension.
- d. The proposed Pension Fund may not be sufficient to pay pension at par with rates fixed in KSRs. It will be limited within the proceeds available. The current average rate of return on investments is about 8.5% and it is expected that once the funds are invested in Bonds and securities, it may fetch at least a ROR of 9.5%. However, as a mark of caution it is proposed that the initial expected divisible rate of return may be pegged at 8%. This may be reviewed after two years taking into account how the projections have fared with actual. At a divisible rate of 8%, the maximum pension that could be provided is 34% of the normal pension. The following example will make it clear-

Basic Pension as on 4/2021:	Rs.66,000
Dearness Relief @ 35%:	Rs.23,100
Normal Pension:	Rs.89,100
Divisible pension @ 34%:	Rs.30,294

- e. The calculation of Family Pension will also be on the same lines as above. No distinction is made between Pension and Family Pension as in KSRs for two reasons - (1) available pension rate is comparatively low vis-à-vis the rates specified in KSRs and (2) the pension fund is infact created by funds belonging to the employees. Also, projections have been made taking into account the above fact.
- f. Dearness Relief for the State Scale and AICTE/UGC employees have been provided for separately mainly because the State revisions comes in 5 years where as it is 10 years in the other case. DR at projected rates shall be provided on every 1st January irrespective of whether DR has been declared by the State

Government or not. This is because the divisible proceeds have been calculated by including DR also.

- g. The quantum and rate of pension may vary depending on the returns on investment ie, it may go up as well as down. But drastic variations are not foreseen.

7. **Pros and cons of the scheme**

Pros

- a. The Pension will be based on the salary drawn.
- b. Basic Pension + Dearness Relief, including future Pension Revision and DR revisions will be available.
- c. Family pension will be available at Pension rates. Enhanced Employer Contribution at 15%.
- d. Better management of funds and higher rate of returns.

Cons

- a. The divisible rate of return of Pension Fund is calculated at 8%. Falling interest rates/ returns on investments will adversely affect the scheme.
- b. A part of the pension fund may have to be invested in mutual funds, returns of which are subject to change.
- c. Employees will not have the upfront cushion of a significant fund at the time of retirement.
- d. Retirees who can manage funds better than IHRD may not benefit.
- e. No fund will revert to the family after the death of pensioner and spouse.

8. **Review every two year:** The Pension scheme is to be run on the returns of the Pension Fund and hence will have to be limited within the returns. As the estimates are prepared on various premises, the scheme shall be reviewed every two years and also whenever Pay/Pension Revisions are implemented. This will enable in suitably modifying the scheme in accordance with the variations. It will ensure the long term sustainability of the scheme.

[Handwritten Signature]
15.11.19
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Annexure I**PENSION SCHEME FOR IHRD STAFF – REVISED SCHEME - BASIC
ASSUMPTIONS**

1. The longevity of Keralites is currently at 74.9. As such, Pension is worked out till the age of 75 and additional 5 year is provided for family pension. In short, pension is provided for an average of 20 years. The calculations are based on the data of 1007 employees.

2. **Salary projection - State Scale:**
Pay Revision 2019:
 - i. First revise pay to 2014 Pay Revision Orders as issued to Govt employees.
 - ii. Then as below –
 - Basic Pay as on 01.07.2019
 - Merge DA at 25%
 - Fitment at 8% of BP
 - Weightage at 0.5% per-maximum 15% - on the BP
 - Yearly Increment at 2.5% of the revised pay will be added till the next PR.

3. **Future Pay revisions:**

The trend from 01.07.2014 to 01.07.2018 shows an annual increase of 5% in DA in the 2014 scales. As such, DA at 25% (100% neutralization) will be merged and Fitment benefit at 8%. All other conditions remain the same.

4. Due to financial crunch, IHRD was not able to grant Pay revisions or DA in time. Pay Revisions are lagging at about 5 years and as the chances of providing arrears to the employees are slim, the projections need to reckon the same. The presumption is that the 2014 revisions will be available during 2019-20 and further revisions after 5 years.

5. **Calculation of Pension – State Scale:**
 - i. 50% of Basic Pay at the age of 60 subject to qualifying service.
 - ii. Dearness relief at the above DA rates will be applied.

- iii. Pension Revision for 2014 may be as given to Govt employees.
Merge 80% DR +18% fitment on Basic pension.
- iv. Pension revision for 2019 – Merge DR at 25% + 14% fitment.
- v. Further revisions: Merge DR at 25%+14% fitment
- vi. Yearly DR at 5%.
- vii. The presumption is that the 2014 revisions will be available during 2019-20 and further revisions after 5 years.

6. **AICTE/UGC SALARY REVISION**

- i. 2016 Revision: (BP+GP)*2.67
- ii. Increment at 3%
- iii. DA as below.
- iv. The presumption is that the 2016 revisions will be available during 2021 and further revisions thereafter every 10 years.

7. **2026 Revision and future revisions: (Total Pay) x 1.6**

BP +DA = 142%

Revision benefit = 18%

Total =160% (1.6)

Increment 3%

DA as below.

8. **AICTE/UGC PENSION REVISION**

2026 and future revisions:

- i. Merge 42% with Basic Pension +12% fitment
- ii. The presumption is that the 2016 revisions will be available during 2021 and further revisions thereafter every 10 years.

9. **DA/DR Projections**

YEAR	STATE	AICTE/UGC C	YEAR	STATE	AICTE/UGC
2020	30	168	2049	30	70
2021	35	24	2050	35	75
2022	40	29	2051	40	30
2023	45	34	2052	45	35
2024	30	39	2053	50	40
2025	35	44	2054	30	45
2026	40	49	2055	35	50

2027	45	54	2056	40	55
2028	50	59	2057	45	60
2029	30	64	2058	50	65
2030	35	69	2059	30	70
2031	40	30	2060	35	75
2032	45	35	2061	40	30
2033	50	40	2062	45	35
2034	30	45	2063	50	40
2035	35	50	2064	30	45
2036	40	55	2065	35	50
2037	45	60	2066	40	55
2038	50	65	2067	45	60
2039	30	70	2068	50	65
2040	35	75	2069	30	70
2041	40	30			
2042	45	35			
2043	50	40			
2044	30	45			
2045	35	50			
2046	40	55			
2047	45	60			
2048	50	65			

(The Pay Revisions are seen implemented in IHRD after a lapse of 5 years. The DA/DR is projected taking into account this fact)

10. The above salary/pension projections are based on current trend of inflation and Pay revision Orders. Any change in the trend will have a proportionate effect on the projections. The projections will have to be modified every two years in accordance with actual and trend.


 12/11/19
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ANNEXURE-II

IHRD PENSION COMMITMENT 2020-2069

Employer contribution as on 01.04.2020 125.00

Employer Contribution 15.00%

Anticipated divisible ROR % 8.00%

% of divisible pension 34.00%

YEAR	EC 15%	NET AMOUNT	RETURNS	TOTAL+RETURNS	NORMAL PENSION	DIVISIBLE PENSION
DEPOSIT	125.00					
2020	12.68	137.68	11.01	148.69	0.00	0.00
2021	14.56	163.16	13.05	176.21	0.27	0.09
2022	15.51	191.51	15.32	206.83	0.63	0.21
2023	16.29	222.49	17.80	240.29	1.86	0.63
2024	19.10	258.25	20.66	278.91	3.36	1.14
2025	19.90	296.78	23.74	320.52	5.96	2.03
2026	20.28	337.66	27.01	364.67	9.23	3.14
2027	20.82	380.29	30.42	410.71	15.28	5.20
2028	20.20	423.36	33.87	457.23	22.20	7.55
2029	22.54	469.18	37.53	506.71	31.15	10.59
2030	21.63	514.64	41.17	555.81	40.29	13.70
2031	19.08	556.08	44.49	600.57	55.32	18.81
2032	16.92	594.62	47.57	642.19	67.25	22.87
2033	14.71	630.78	50.46	681.24	76.81	26.12
2034	16.28	663.38	53.07	716.45	100.42	34.14
2035	13.65	691.59	55.33	746.92	113.25	38.51
2036	11.79	715.53	57.24	772.77	127.01	43.18
2037	9.53	734.69	58.78	793.47	140.04	47.61
2038	7.34	750.54	60.04	810.58	147.84	50.27
2039	7.79	758.40	60.67	819.07	176.39	59.97
2040	6.27	761.38	60.91	822.29	188.12	63.96
2041	5.02	756.24	60.50	816.74	209.03	71.07
2042	3.36	744.85	59.59	804.44	221.32	75.25
2043	1.91	728.45	58.28	786.73	229.11	77.90

2044	1.43	699.71	55.98	755.69	260.14	88.45
2045	1.06	665.62	53.25	718.87	268.03	91.13
2046	0.39	626.23	50.10	676.33	273.61	93.03
2047	0.18	583.68	46.69	630.37	273.03	92.83
2048	0.19	539.29	43.14	582.43	268.43	91.27
2049	0.17	482.99	38.64	521.63	292.98	99.61
2050		423.75	33.90	457.65	287.88	97.88
2051		359.45	28.76	388.21	288.82	98.20
2052		311.10	24.89	335.99	226.8	77.11
2053		266.57	21.33	287.90	204.18	69.42
2054		217.46	17.40	234.86	207.19	70.44
2055		176.96	14.16	191.12	170.28	57.90
2056		142.07	11.37	153.44	144.27	49.05
2057		114.86	9.19	124.05	113.46	38.58
2058		95.30	7.62	102.92	84.57	28.75
2059		74.54	5.96	80.50	83.46	28.38
2060		57.64	4.61	62.25	67.23	22.86
2061		43.12	3.45	46.57	56.25	19.13
2062		34.32	2.75	37.07	36.03	12.25
2063		30.15	2.41	32.56	20.34	6.92
2064		27.37	2.19	29.56	15.26	5.19
2065		25.75	2.06	27.81	11.21	3.81
2066		26.44	2.12	28.56	4.04	1.37
2067		27.95	2.24	30.19	1.79	0.61
2068		29.56	2.36	31.92	1.85	0.63
2069		31.16	2.49	33.65	2.23	0.76


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