

Micro Pension Plan: Indian Perspective

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Abstract

The process of economic liberalization in India started in July 1991 and resulted in significant changes in the functioning of several sectors in the economy. Presently, the Indian economy is growing with the growth of national income and per capita income, while society is facing the problem of an increasing number of persons in old age and the gradual erosion of the joint family system. The existing social security schemes do not cover the large mass of the working population. Therefore, India needs micro-pension plans that cover the large segment of people from the unorganized sector. A small amount of contribution from each such member would generate a large chunk of funds that may be useful for the growth of the national economy, development of infrastructure and to reduce the volatility in the stock market. The accumulation of a large amount of funds will be consumed as the regular income to these working people when they attain the age of retirement. The most gratifying achievement would be that these people may be saved from the threat of poverty during their old age, although many of them are maintaining a satisfactory standard of living during their working life.