PENSION BULLETIN

AUGUST 2024

Volume XIII

Issue VIII

पेंशन बुलेटिन

अगस्त 2024

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Acknowledgment

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प्रमाणन

पेंशन बुलेटिन प्रत्येक महीने नीति अनुसंधान, मार्केट वॉच और सिस्टमिक रिस्क विभाग द्वारा, पेंशन बुलेटिन संपादकीय समिति के निर्देशन में जारी किया जाता है। समिति और पीएफआरडीए व्याख्याओं और प्रकट किए गए मतों के लिए उत्तरदायी नहीं हैं। लेखों के मामले में, जिम्मेदारी लेखक की होती है, न कि पीएफआरडीए की।

तिप्पणियाँ और अवलोकन कृपया विभाग को market.watch@pfrda.org.in पर अग्रेषित किए जा सकते हैं।

Glossary

AA	Account Aggregators
AIF	Alternative Investment Fund
DPDP Act	Digital Personal Data Protection Act, 2023
APY	Atal Pension Yojana
ASP	Annuity Service Provider
AUM	Asset Under Management
CAGR	Compounded Annualized Growth Rate
CDD	Client Due Diligence
CFT	Combating the Financing of Terrorism
CIP	Customer Identification Procedures
CKYCR	Central KYC Records Registry
CRA	Central Recordkeeping Agency
CPI	Consumer Price Index
DC	Defined Contribution
Debt-VRR	Debt Voluntary Retention Route
E	Equity and Related Instruments
EPF	Employees Provident Fund
EPFO	Employees Provident Fund Organization
ETF	Exchange-Traded Fund
EU	European Union
FAR	Fully Accessible Route
FBIL	Financial Benchmark India Pvt. Ltd.
FII/FPI	Foreign Institutional Investors/Foreign Portfolio Investors
FIP	Financial Information Providers
FIU	Financial Information Users
FSDC	Financial Stability and Development Council
G	Government Bonds and Related Instruments

G-sec	Government securities
GBP	Pound Sterling
GDP	Gross Domestic Product
GST	Goods and Service Tax
GSTN	Goods and Services Tax Network
HDFC	HDFC Pension Management Company Limited
IGB	Indian Government Bonds
INR	Indian Rupee
IIP	Industrial Production Index
IRDAI	Insurance Regulatory and Development Authority of India
IT Act	Information Technology Act, 2011
KYC	Know Your Customer
LTCG	Long Term Capital Gain
NBFC	Non-Banking Finance Company
NPS	National Pension System
OECD	Organization for Economic Cooperation and Development
PIPE	Private Investment in Public Equity Fund
PoP	Points of Presence
RBI	Reserve Bank of India
REIT	Real Estate Investment Trust
SBI	SBI Pension Funds Private Limited
STCG	Short Term Capital Gain
TATA	Tata Pension Management Limited
USD	United States Dollar
UTI	UTI Retirement Solutions Limited
VCF	Venture Capital Fund
WPI	Wholesale Price Index

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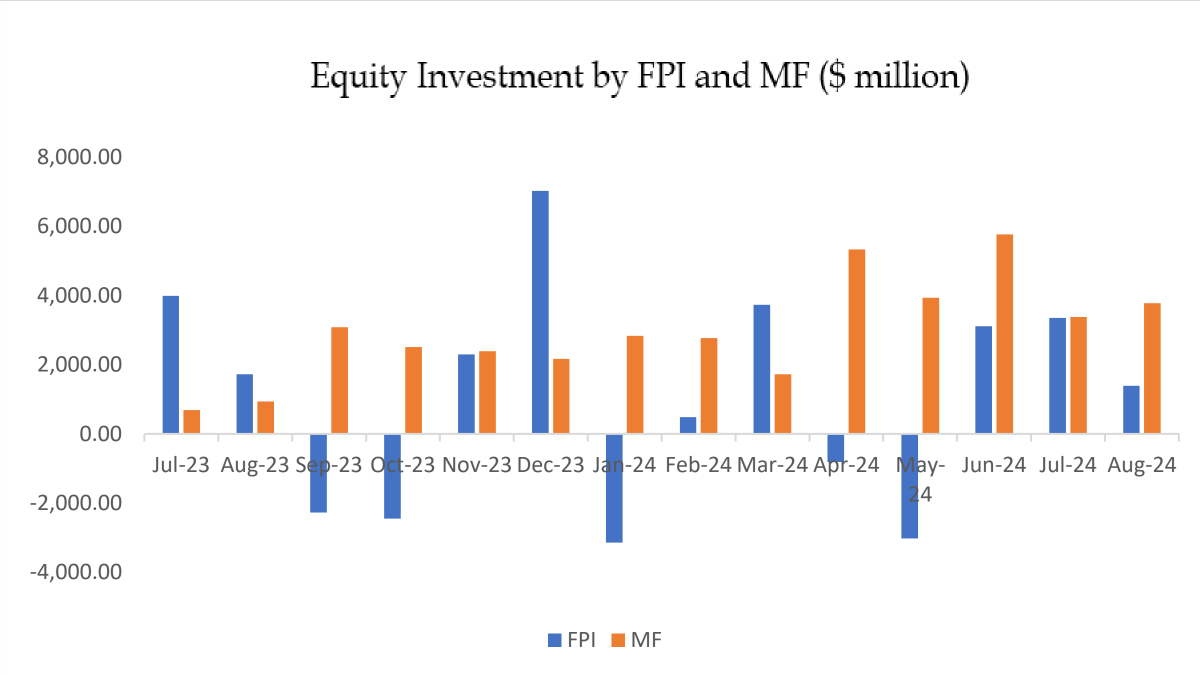
Section 1/खंड 1

Economy/ अर्थव्यवस्था

Indian Economy[1]

Capital Market

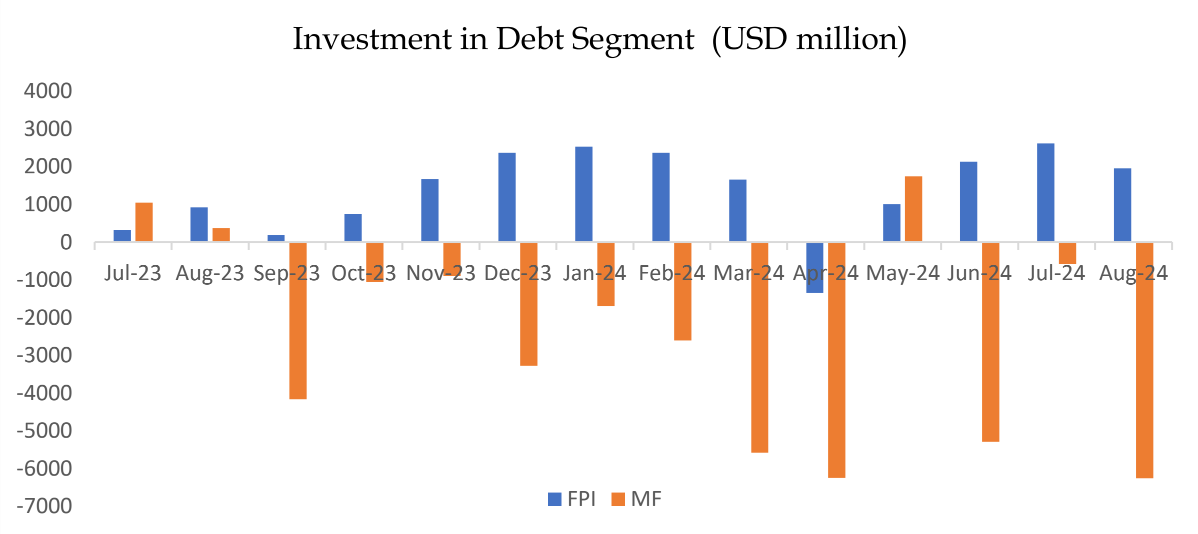
For the third consecutive month, foreign portfolio investors (FPIs) were net purchasers in the Indian capital markets, with inflows seen in both the debt and equity sectors. In August, total FPI inflows were USD 3.2 billion. The inflows were less than the average monthly inflows of USD 5.2 billion for the previous two months. The equity segment saw inflows of USD 1.2 billion. These were less than the USD 5.3 billion and USD 5.2 billion monthly averages for the months of June and July, respectively.



Additionally, FPI investments in debt instruments decreased, falling to USD 1.9 billion in August from over USD 2 billion in each of the previous two months.

Domestic Institutional Investors (DIIs) demonstrated a revived interest in the secondary capital markets in contrast to the decreased FPI inflows in August. August saw a rise in net inflows by DIIs to USD 5.8 billion from USD 2.8 billion in July.

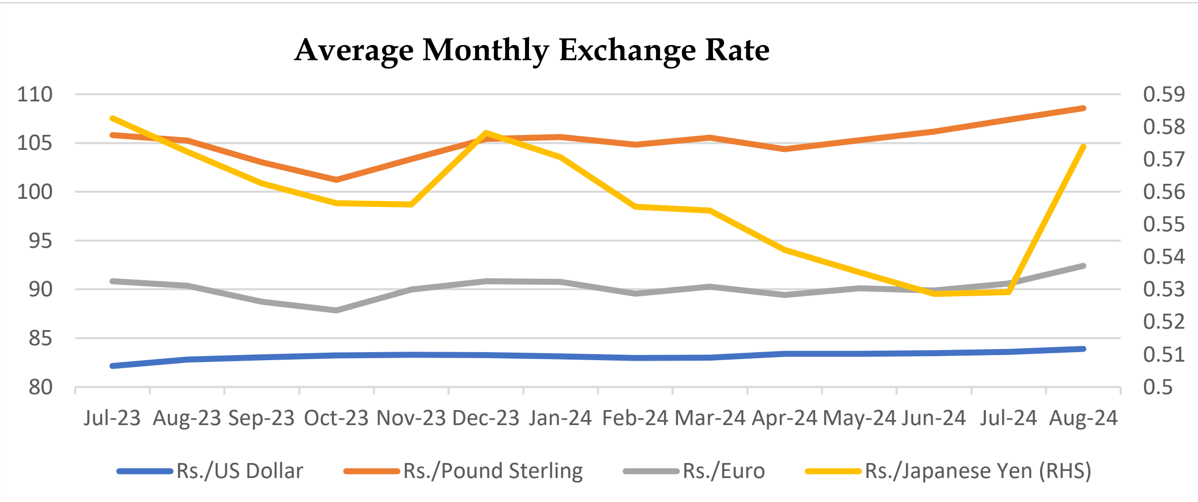
[1] The data used in this section has been taken from CMIE's Economic Outlook and MOSPI.



Currency Market

The value of the Indian Rupee (INR) fell in August to an all-time low compared to the main world currencies, including the US dollar (USD), the British pound (GBP), the euro, and the Japanese yen (JPY). During the month, the INR averaged Rs. 83.90 per USD, a record low. It peaked in the middle of August, staying between Rs. 83.73 and Rs. 83.97 per USD for the duration of the month. It was the third consecutive month that the value of the Indian rupee fell against the US dollar, declining by 0.37 percent in comparison to July's exchange rate. In April and May, the INR had held steady at Rs. 83.40 per USD, but over the next three months, it progressively declined in value.

In relation to the other major currencies, the INR lost 1.1% of its value in relation to the Pound Sterling, averaging Rs. 108.57 per GBP. In a similar vein, the INR fell to its lowest level in relation to the Euro. The INR had a sharp two percent decline, ending at Rs. 92.41 per Euro. INR averaged Rs. 0.5739 per JPY against the Japanese yen in August, following a sharp 7.8% decline.



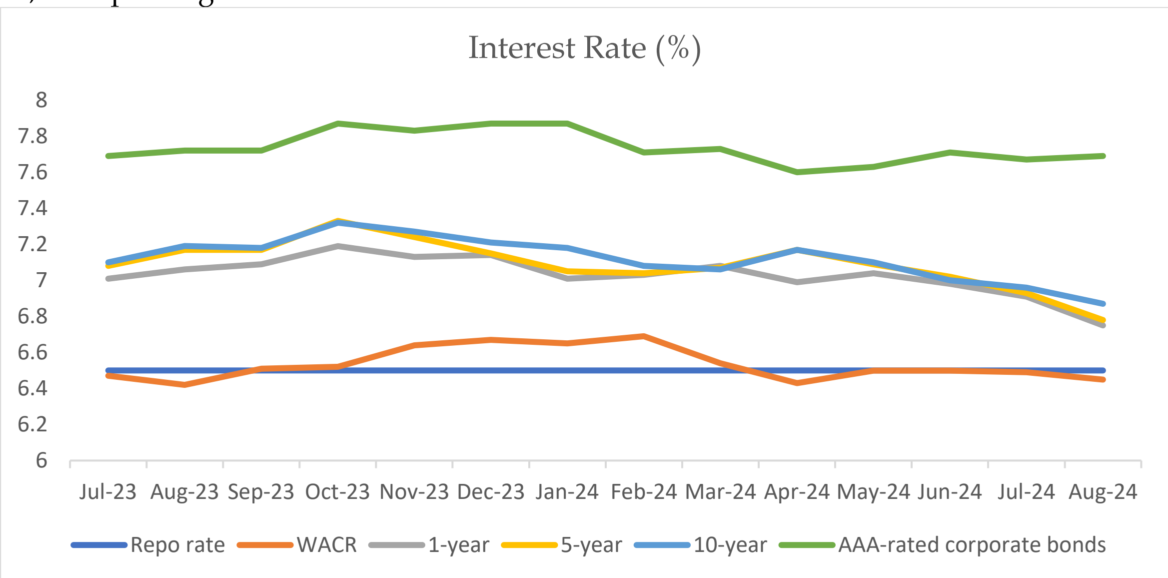
Commodity Market

After a slight increase in July, the price of crude oil in the Indian basket fell by 7.1% in August 2024. From average price of USD 84.2 per barrel in July the price decreased to average of USD 78.2 per barrel. August saw a one-year low in the pricing. Over the course of the month, the price per barrel varied between USD 75 and USD 80.8. The sharp decline in crude oil prices is mostly attributable to the weak demand from large economies like the US and China.

On the other hand, global gold prices rose to record highs in August. In the London Bullion Market, the average price of gold increased by 3% to USD 2,468 per troy ounce. With the price of gold reaching an all-time daily high of USD 2,513.4 per troy ounce on the final day of the month, this was the second consecutive month that prices had increased.
In the domestic arena, the average price of gold per 10 grams on the BSE spot market fell to Rs. 70,369.6 in August from Rs. 71,438.4 in July. Domestic gold prices dropped for the third consecutive month in spite of the global rise, mostly as a result of the ongoing impact of the customs duty fall from 15% to 6% that was announced in the Union Budget in July. August saw a 1.5% decline in domestic gold prices, which by month's end had plummeted to Rs. 71,170.8 per 10 grams.

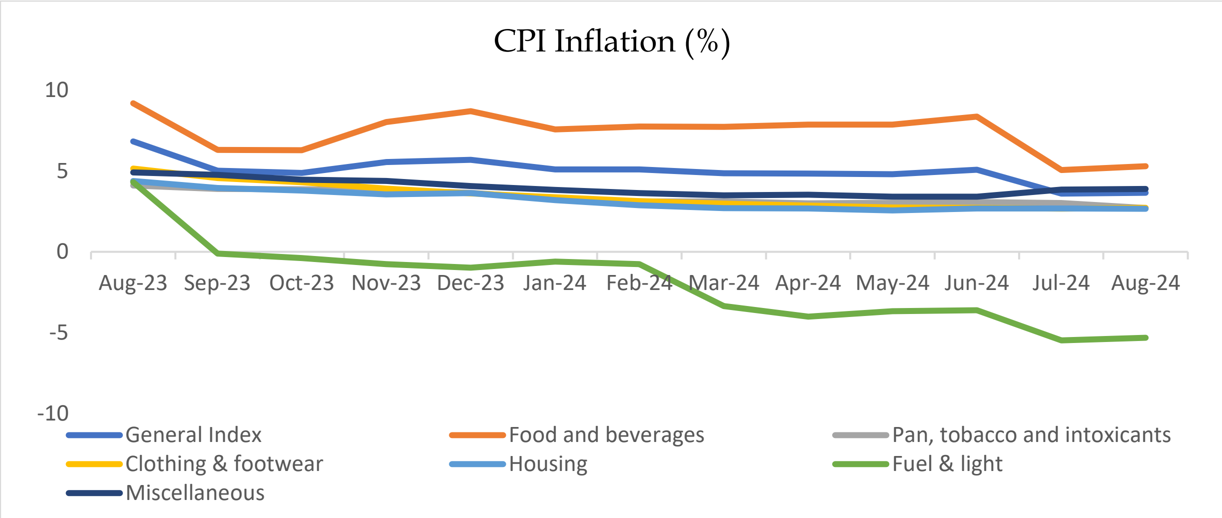
Bond Market

For the third consecutive month, government security (G-sec) rates declined, hitting their lowest points since September 2022 across all maturities. 1 year G-sec rates fell by 16 basis points (bps) to 6.75%. Along with this decline, the yields on the three- and five-year G-secs also decreased by 15 basis points, ending at 6.76 and 6.78 percent, respectively. The benchmark 10-year G-sec yield fell to 6.87 percent by nine basis points.
Short- and long-term AAA-rated corporate bond yields dropped as well, with the exception of the 10-year bond, which witnessed a very slight uptick. Corporate bond rates fell by 16 basis points to 7.81 percent for one-year bonds, and by 3 and 11 basis points to 7.51 percent and 7.52 percent on average for three- and five-year bonds, respectively. On the other hand, in August, the yield on a 10-year AAA corporate bond increased by two basis points to 6.92 percent.



CPI Inflation

Based on the All India Consumer Price Index (CPI) for the month of August 2024, the year-over-year inflation rate (3.65%) is the second lowest in the previous five years. Inflation is declined in the segments of "Meat and Fish," "Pulses and Products," and "Spices," among others. August 2024 witnessed the second-lowest rate of food inflation since June 2023. For August 2024, the All India Consumer Food Price Index (CFPI) data indicated a year-over-year inflation rate of 5.66% (Provisional).

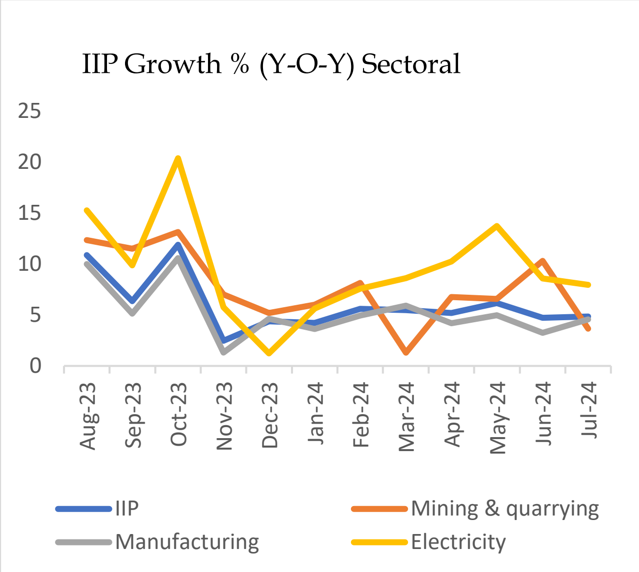


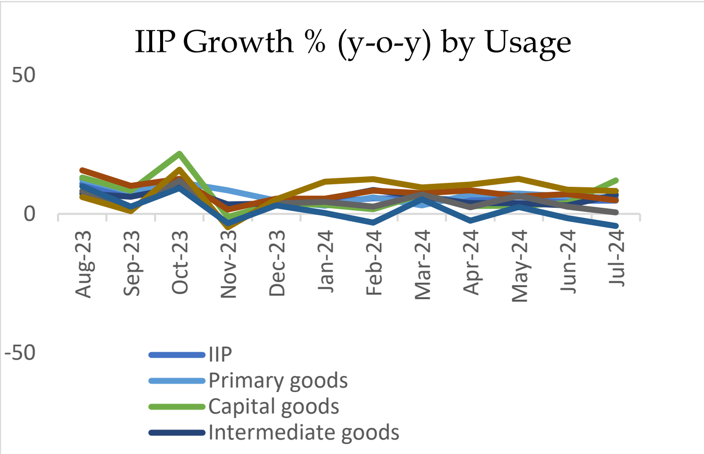
For the month of August, 2024, the yearly rate of inflation based on the Wholesale Price Index (WPI) number is 1.31% (Provisional). The main causes of positive rate of inflation in August 2024 include increases in the costs of food items, processed foods, other manufacturing, textile production, machinery and equipment manufacturing, etc.

IIP Growth

The IIP growth rate for the month of July 2024 is 4.8 percent which was 4.7 per cent in the month of June 2024. The growth rates of the three sectors, Mining, Manufacturing and Electricity for the month of July 2024 are 3.7 percent, 4.6 percent and 7.9 percent respectively.

Within the manufacturing sector, top three positive contributors for the month of July 2024 are – "Manufacture of basic metals" (6.4%), "Manufacture of coke and refined petroleum products" (6.9%), and "Manufacture of electrical equipment" (28.3%). The corresponding growth rates of IIP as per Use-based classification in July 2024 over July 2023 are 5.9 percent in Primary goods, 12.0 percent in Capital goods, 6.8 percent in Intermediate goods, 4.9 percent in Infrastructure/ Construction Goods, 8.2 percent in Consumer durables and -4.4 percent in Consumer non-durables). Based on use-based classification, top three positive contributors to the growth of IIP for the month of July 2024 are – Primary goods, Intermediate goods and Consumer durables.

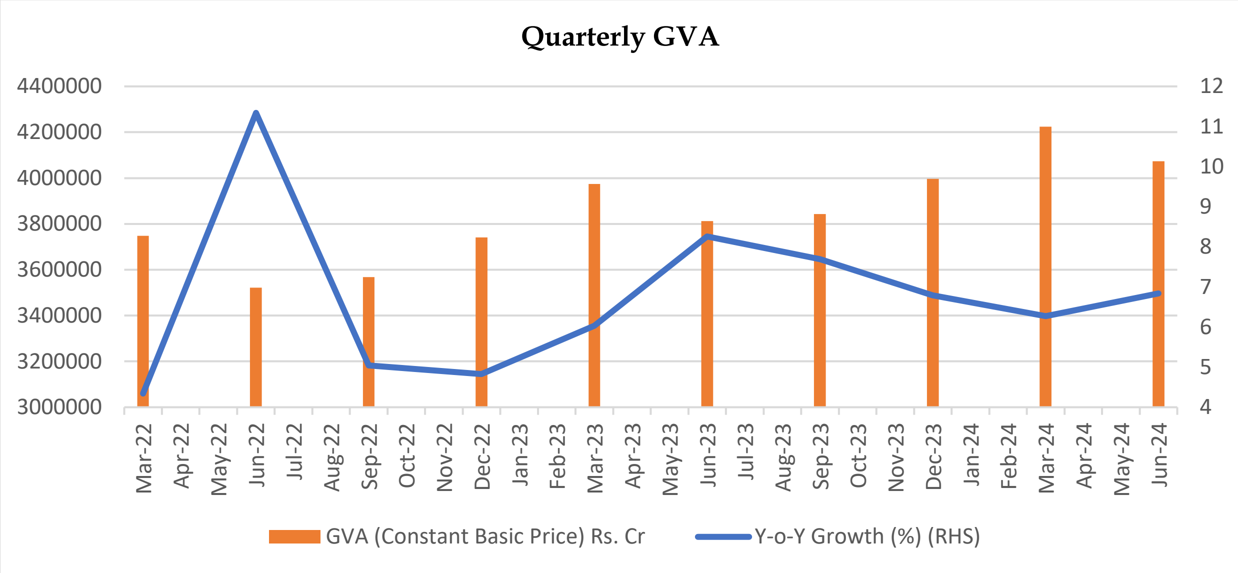




GDP Growth: 1st Quarter 2024-25

Real GDP has been estimated to grow by 6.7% in Q1 of FY 2024-25 over the growth rate of 8.2% in Q1 of FY 2023-24. Nominal GDP has witnessed a growth rate of 9.7% in Q1 of FY 2024-25 as compared to the growth rate of 8.5% in Q1 of FY 2023-24.

Real GVA has grown by 6.8% in Q1 of FY 2024-25 over the growth rate of 8.3% in Q1 of the previous financial year. This GVA growth in the Q1 of FY 2024-25 has been driven by significant growth in the Secondary Sector (8.4%), comprising of Construction (10.5%), Electricity, Gas, Water Supply & Other Utility Services (10.4%) and Manufacturing (7.0%) sectors. Growth rate in Nominal GVA for Q1 of FY 2024-25 have been estimated at 9.8% over 8.2% growth rate in Q1 of FY 2023-24. Private Final Consumption Expenditure (PFCE) and Gross Fixed Capital Formation (GFCF), at Constant Prices, have witnessed growth rates of 7.4% and 7.5% respectively in Q1 of FY 2024-25.



Economic Indicators

Indicators	Aug-23	Jul-24	Aug-24	YoY change (% / bps)
FII Equity Investments (USD billion)	1.73	3.35	1.39	-19.7
Rupees per dollar*	82.79	83.59	83.9	1.3
Rupees per Pound Sterling*	105.25	107.37	108.57	3.2
Rupees per Euro*	90.37	90.59	92.41	2.3
Rupees per Japanese Yen*	0.5723	0.5292	0.5739	0.3
Gold (USD/troy ounce*)	1920	2395.3	2468	28.5
Crude Oil (USD/Barrel*)	86.4	84.2	78.2	-9.5
Weighted Average Call rate (%)	6.42	6.49	6.45	3
Market repo rate (%)	6.5	6.5	6.5	0
G sec 1-year (%)	7.06	6.91	6.75	-31
G sec 10-year (%)	7.19	6.96	6.87	-32
AAA rated corporate bond 10-year (%)	7.72	7.67	7.69	-3
CPI Inflation (%)	6.83	3.60	3.65	-318
WPI Inflation (%)	-0.46	2.04	1.31	177
IIP* (%)	6.2	4.7	4.8	-140

** IIP data as on May 2023, June 2024 and July 2024 respectively.*

 # Average Monthly Exchange Rate

Section 2/खंड 2

Management Speaks/ प्रबंधन का वक्तव्य

Keynote address in the session on "From a Nation of Savers to a Nation of Investors: The Transition"[2]

I thank CII for this opportunity to be in the midst of such distinguished gathering. The topic 'Transition from a Nation of Savers to Investors' straddles economic and financial fabric of our country. The transition that we are evidencing is not just a change in financial behavior of the people, rather a shift in belief of how we are viewing wealth, economic growth and financial wellbeing.

Traditionally, households save a part of their income to meet tomorrow's unforeseen expenditure and a part in physical assets such as gold and house, so to leave those behind for the next generation. In the 1970s, unwinding from the informal financial sector, citizens reposed faith in government-owned banks, financial institutions and insurance companies for depositing their savings which offered decent returns. These savings would then get deployed in the productive sectors for economic activity. Stock markets were perceived as a place for traders dealing with speculation and not as a common man's platform for making investments. However, financial attitude seems to be changing.

Components of household gross financial assets indicate that during the years 2000-16, on an average 81 percent of the financial assets were held in cash and bank deposits with investment in bond and equity averaging 3 percent. In more recent years, 2017-22, the share of cash and bank deposits has declined to 46 percent and that of bond and equity has risen to 7 percent. Financial saving for social security such as in insurance, pension and small savings has shown a steady increase.

As we aspire to be a high–income country over the next 25-years we need to be growing on an average around 8.0 percent per annum. This will require commensurate levels of investment. In this context, efficient conversion of savings to capital formation is crucial.

For instance, to achieve an annual GDP growth rate of 8 percent, we need an investment rate of around 36 percentage of GDP per annum, assuming a capital output ratio of 4.5. This has to largely emanate from domestic saving. Of course, we can afford capital from abroad, which we have been doing for years, but there is a limit as it has an implication for our external balance.

The economic and financial liberalization initiated in the early 1990s was the turning point for opening up the economy and positioning India as an investment-friendly destination. We saw emergence of private sector banks, financial institutions, private sector insurance, development of capital markets, exchanges and mutual funds. Financial system underwent technological modernisation, anonymous electronic trading and fund transfers, strengthening of regulatory frameworks for good governance practices, transparency and investor protection.

The institutional foundations of the financial markets were reinforced with regulators in capital market, insurance, competition, pension, insolvency, and Companies Act in 2013 strengthening corporate governance, transparency and accountability for companies. The widening of investment opportunities in a trusted regulatory environment offered citizens to earn returns commensurate to their risk appetite and diversify their investments across instruments and sectors.

This secured environment in addition, facilitated demand for long-term debt instruments and in particular from insurance and pension entities.

[2] Keynote address by Dr. Deepak Mohanty, Chairperson, Pension Fund Regulatory and Development Authority (PFRDA) at CII – Financing 3.0 Summit – Preparing for Viksit Bharat, 2nd - 3rd Sept 2024 at Mumbai, September 03, 2024.

Currently the retirement-savings sector investment is around Rs 50 lakh crore, over 16 percent of GDP. The pension sector that we regulate, covering NPS and APY, has investment of Rs 13 lakh crore, out of which infrastructure investments is about Rs 2 lakh crore and equity investment is about Rs 2.6 lakh crore. As our income levels rise, this sector is poised for growth as in advance countries such as in OECD countries, pension assets average about 87 percent of their total GDP.

The financial inclusion drive of the Governments played a pivotal role in making formal finance accessible to all, as reflected in 53.20 crore Jan Dhan bank accounts of low income and underprivileged people with deposits of Rs 2.3 lakh crore. It also helped to improve financial literacy. Technology lowered the barrier to entry to financial markets and reduced costs. Urge to earn better returns over traditional deposits, fuelled with smartphone usage, households owning smartphones increased from 36 percent in 2018 to 74 percent in 2022, and rise of Fintech, facilitating easier access to financial information, investment opportunities and artificial intelligence driven portfolio management tools, the avenues of investments have expanded with increased affordability.

The change in financial behaviour and attitude, from safe or risk averse to taking risks for growth of wealth, is quite evident from the rise in Demat accounts holder (16.2 crore), MF SIP accounts (9.34 crore), emergence of a number of online equity trading platforms, share of retail investors in equity cash segment turnover rising to 36 percent in 2023-24 from 12 percent in 2013-14.

Appetite for newer instruments led to introduction of digital gold, Alternative Investment Fund (AIF), Real Estate Investment Trust (REITs), Infrastructure Investment Trusts (InVITs), Green Bonds, Exchange Traded Funds, Cryptocurrency, Crowdfunding /Peer to Peer lending etc. With focus on innovation and startup ecosystem, venture capital investments are attracting investors including individuals, willing to take higher risks for potentially higher returns, with the expectation that the startup upon turning 'unicorn' will provide substantial multiplier to the investment.

While the progress made so far and the journey of the average household in that has been impressive, there is need for greater depth in our financial sector to provide the scale and risk capital commensurate with our envisaged growth trajectory. Second, innovative mechanisms need to be developed to bridge the financing gaps in productive sectors such as small and medium scale enterprises. Third, as the conduct of finance is becoming increasingly digital so also the associated data privacy and cyber security risk which requires mitigating steps. Fourth, there is a need to make concerted effort to improve financial literacy including awareness of cyber risks of all sections of our population, so that individuals understand financial risks and make decisions commensurate with their risk bearing capacity. Fifth, for the regulators to have a robust mechanism for consumer protection becomes important.

Finally, this transition under way from a nation of savers to investors marks a paradigm shift in our economic and financial landscape. It reflects our growing confidence in the financial system and its regulatory underpinnings, improving financial literacy levels, and broader investment opportunities. It is incumbent on all the key stake holders to see that its progress is on prudent lines so that confidence is retained to best serve the real sector. By nurturing a culture of informed investing, we can build a stronger, more resilient economy that benefits all the segments of society.

Thank you.

*****

Section 3/खंड 3

Article/लेख

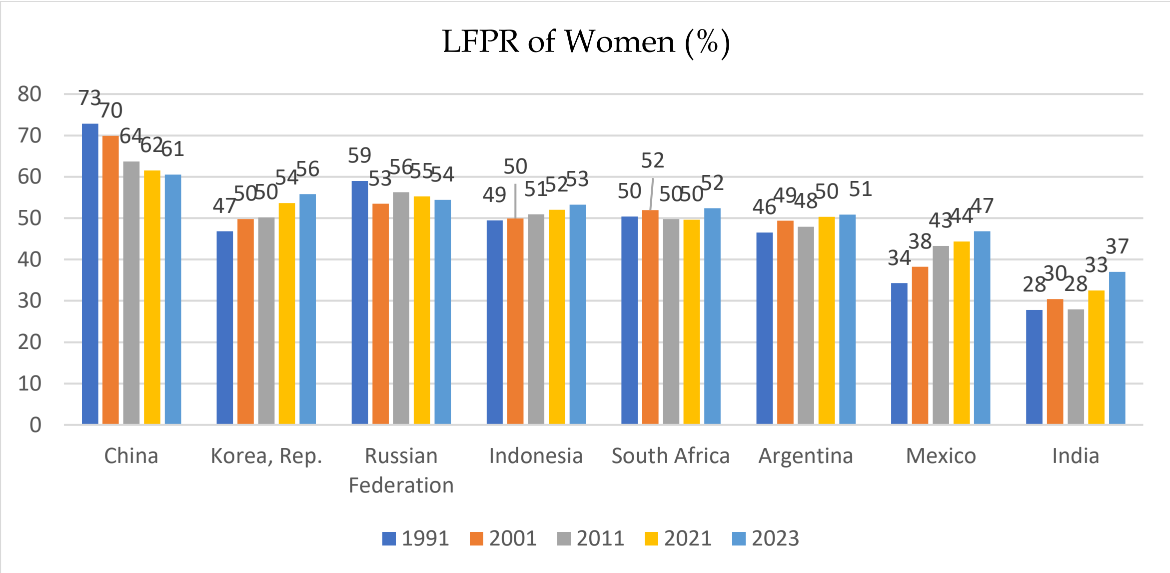
Labour Force Participation of Women in India: An Insight[3]

Ms Alpana Vats

The vision of Viksit bharat @ 2047 of Niti Ayog aims the labour force participation rate (LFPR) of female to be >70 % from the current rate of 37 %.

Labour force participation gains immense importance for women in a developing economy like India due to its linkage to women's empowerment within the home and in society at large. Women's participation in the labour market varies significantly across the region and states of India. Globally, female labour force participation varies reflecting differences in economic development, social norms, education levels, fertility rates, and access to childcare and other supportive services.

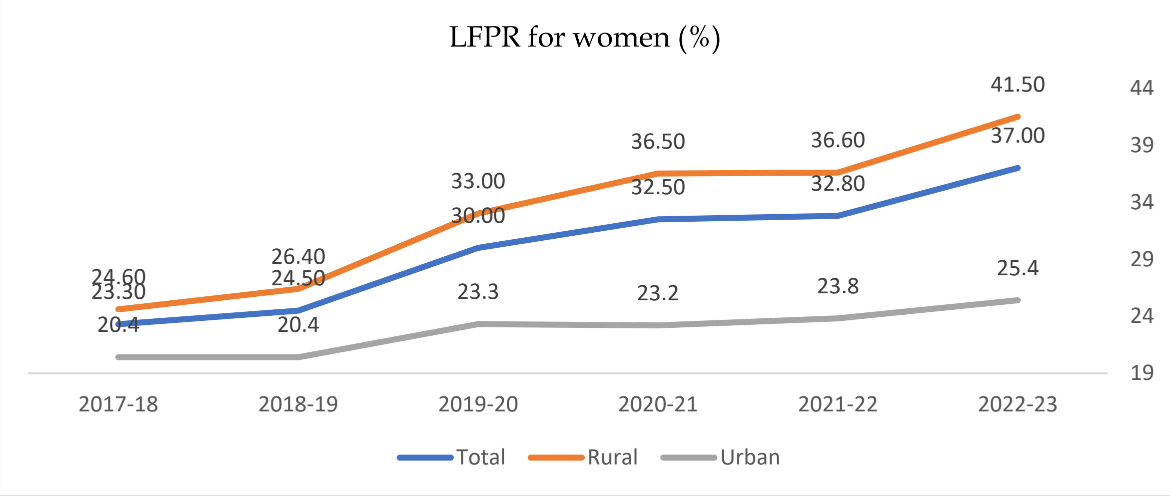
Status of participation of women in labour force over the years is depicted in the chart below:



Source: World Bank, PLFS

In India, the data of PLFS conducted by the MoSPI shows an improvement in female labour force participation rate, in both rural and urban area over the last five years. However, there is considerable variations in the participation rate between urban and rural areas. The LFPR of women for rural India have increased from 24.6 % in 2017-18 to 41.50 % in 2022-23 against increase in LFPR of 20.4 % in 2017-18 to 25.4 % for urban India.

[3] The author of the article is Ms Alpana Vats, General Manager, PFRDA. The views expressed in the article are personal and do not necessarily represent that of the Authority.



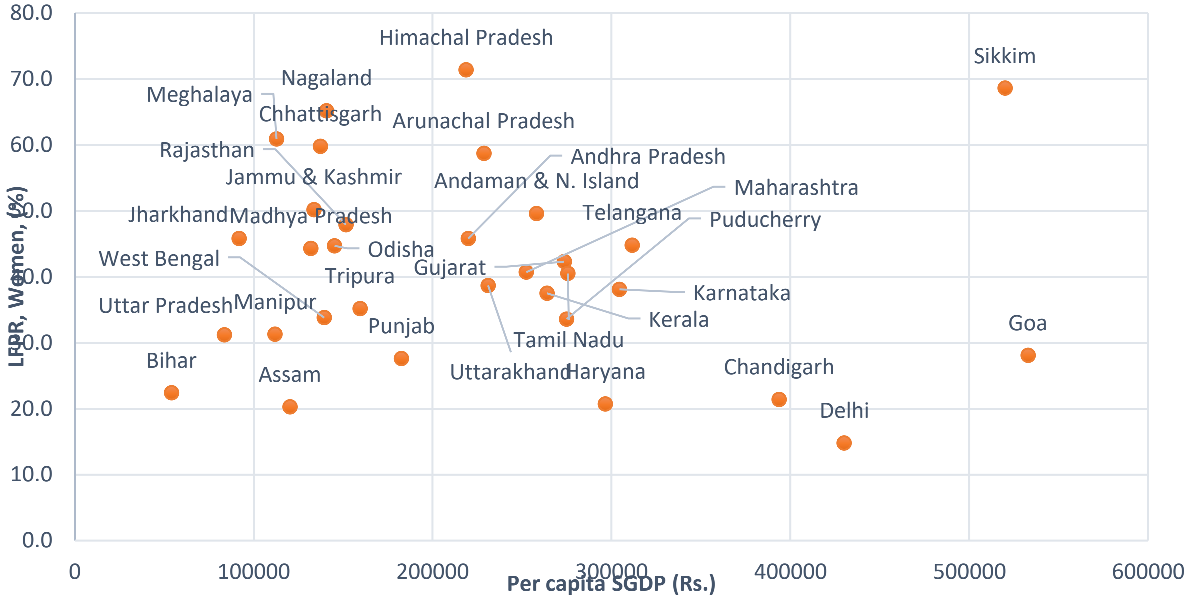
For all the Indian states barring Assam, Delhi, Goa, Manipur and Lakshadweep, LFPR of women in rural region is higher than the urban region.

Goldin in his work, established that "*there is the U-shaped relationship between economic development and women's labour force participation*" (1990, 1995). At the early stages of economic growth, when women are typically strongly involved as family laborers (sometimes unpaid) on the farm or in family businesses, or else working for pay or producing for the market within the household, there is a high rate of female labour force participation. As the economy develops, the site of production shifts from homes and family businesses to factories and offices, their labour force participation initially declines. According to Goldin, the shame associated with wives working for wage jobs in manufacturing and agriculture lowers women's participation at this point. However, the stigma associated with married women working declines with women's educational attainment and female labour force participation rises as the employment prospects rise.

According to Goldin "Female labour supply is, therefore, both a driver and an outcome of development. As more women enter the labour force, economies can grow faster in response to higher labour inputs. At the same time, as countries develop, women's capabilities typically improve, while social constraints weaken, enabling women to engage in work outside the home. For this reason, policymakers need to understand the nature of women's labour supply and to monitor women's labour force participation. Ultimately, labour force participation is the outcome of not only supply-side factors, but also of the demand for labour".

In India, Labour force participation rate of women in various states against per capita GDP of state is depicted in the graph below.

LFPR (W) vis-a-vis per Capita State GDP



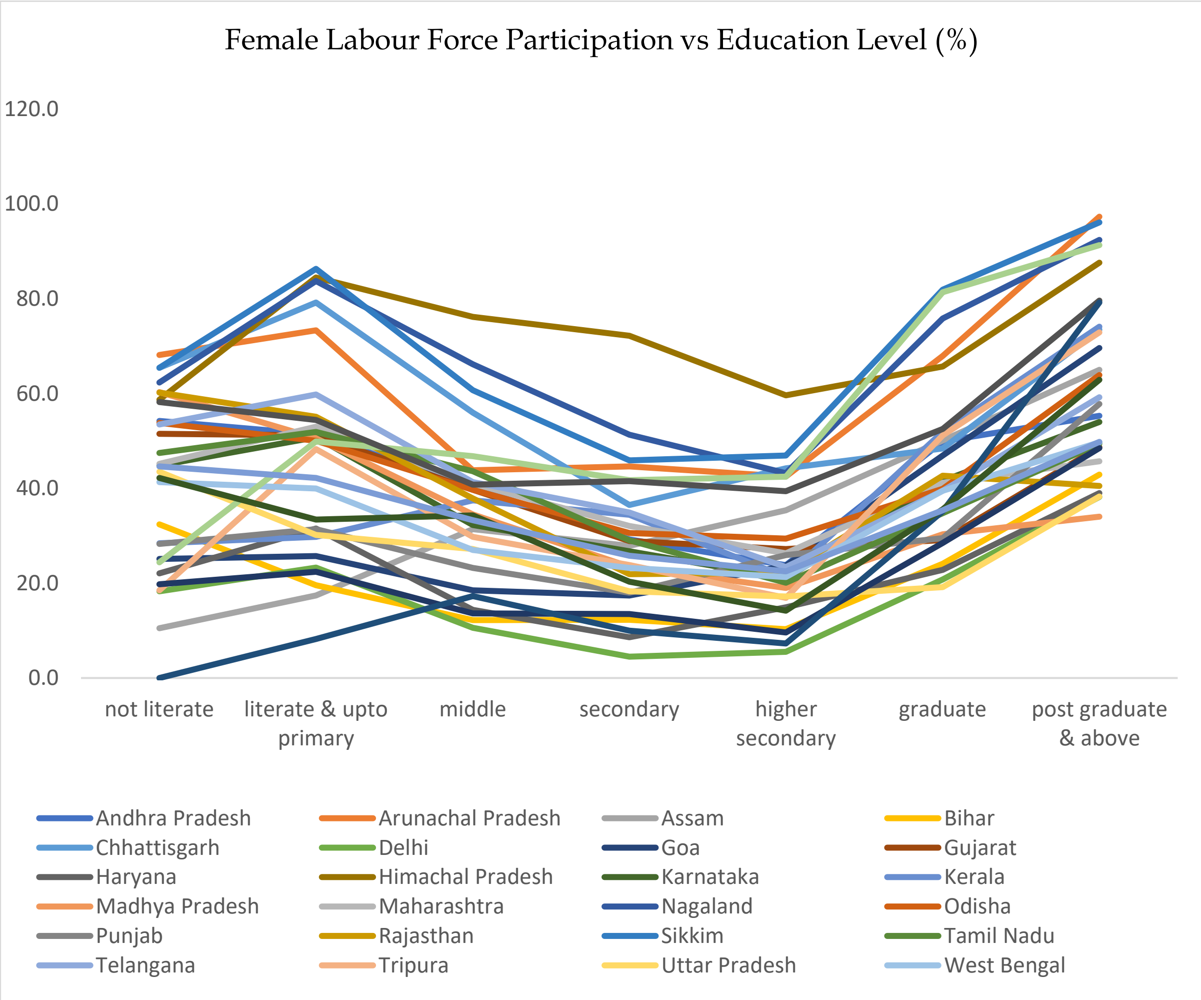
It is puzzling that some states which are at the bottom in terms of per Capita State GDP have the lowest Labour Force Participation rate for women. Some of the reasons for level of participation of women in labour force could be the rising educational enrolment of young women, lack of employment opportunities, effect of household income on labour participation. India has come a long way in the past years in providing girls with greater access to education due to the special schemes like “beti padhao beti bachao”, as more and more girls are enrolling in secondary schools. Nevertheless, the country's economic progress is yet to create job opportunities in fields that may easily employ women. Household incomes have risen, inspite of fall in job growth, and this might have decreased women's engagement because of changes in preferences, particularly in secondary activities (a phenomenon known as the "income effect"). Lastly, despite the fact that the majority of Indian women are employed and make some type of economic contribution, the majority of their labour is not officially recorded or included in statistics, which causes the work of women to be underreported.

Percentage distribution of women workers by broad industry division all-India			
Industry	2022-23	2021-22	2020-21
Agriculture	64.3	62.9	62.2
Mining & quarrying	0.1	0.1	0.1
Manufacturing	11.1	11.2	10.6
Electricity, water, etc.	0.2	0.2	0.2
Construction	4.0	5.0	5.6
Trade, hotel & restaurant	6.2	5.9	6.1
Transport, storage & communications	1.2	1.2	1.0
Other services	13.0	13.6	14.4

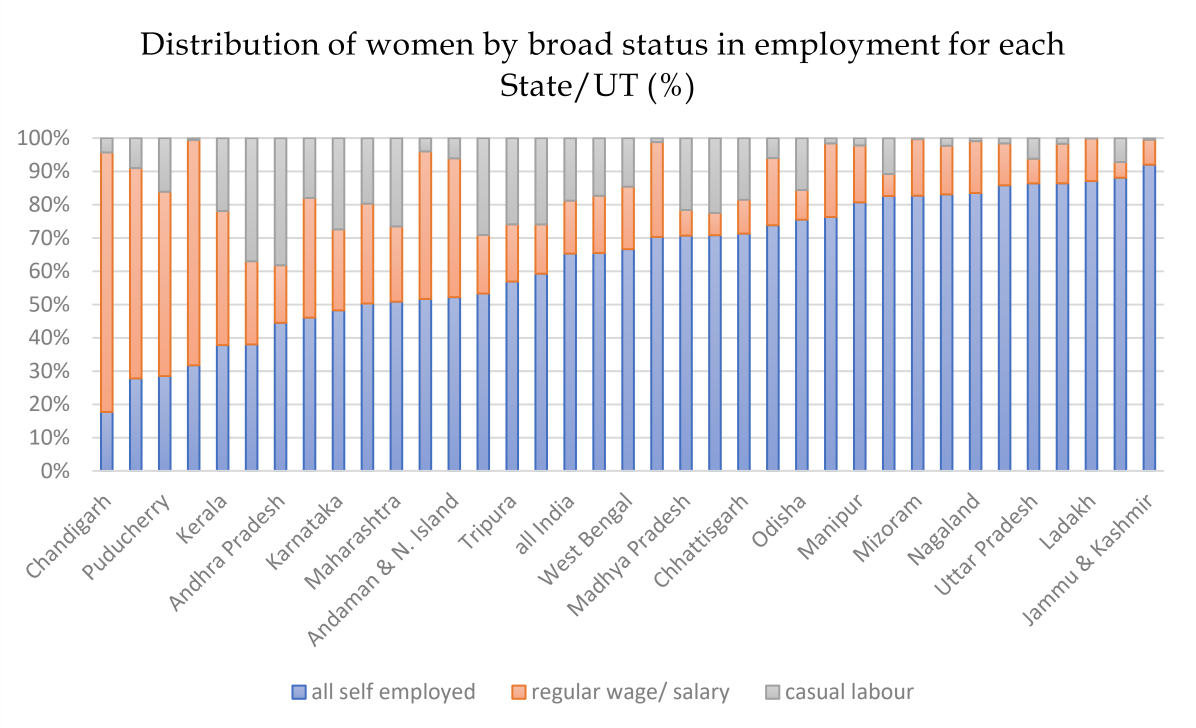
Source: PLFS (2020-21), PLFS (2021-22) and PLFS (2022- 23)

According to Goldin, "the relationship between evolving socio-economic and demographic factors and how women participate in the world of work is multifaceted. In particular, whether a woman is working may be driven, by poverty (as evident in low-income countries) and by higher educational attainment and the work opportunities that are made available in a more modern economy. Additionally, it is often required that women take up employment in informal sector during periods of crisis and in response to economic shocks, to smooth household consumption."

Labour Force Participation Rate (LFPR) (in per cent) according to usual status (ps+ss) for female of age 15 years and above of different highest level of education successfully completed for each State/UT are depicted in the graph below. It can be seen that for majority of the states the Female LFPR is high for the female educated upto primary school and the same declines upto the higher secondary and then rises with the educational level.



Beyond analysing labour force participation, overview of the nature of women's employment is also important. In general, women are paid less than men when for the same kind of work and they tend to be to be employed in low-productivity jobs. In both developed and developing countries, better employment outcomes for women may be achieved by improved educational attainment. The chart below depicts distribution of women by broad status of employment across the Indian states:



Furthermore, PLFS data shows that the LFPR of women in agriculture has increased in last three years. This could be due to men moving away from rural areas in search of better livelihoods and women taking their place in the agricultural sector.

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Transport, storage & communications	1.2	1.2	1.0
Other services	13.0	13.6	14.4

Source: PLFS (2020-21), PLFS (2021-22) and PLFS (2022-23)

Employment status of women and social security

According to PLFS data, in FY 2022-23, 56 per cent of women who worked in regular jobs and received salaries, were not eligible for any or all of the social security benefits, which included written contracts, paid time off, insurance, and sick leave. 56 per cent percent of female employees lack a formal employment agreement, and 43.5 percent are ineligible for paid leave. Though there is improvement in percentage of regular employees who had no written contract, there is decline in access to social security benefits by informal workers in the last three years.
Coverage gaps for social security and benefits that disproportionately hurt the most disadvantaged undermine the social compact. India is dedicating itself to designing, implementing, and funding social health protection in order to address these issues, prevent deprivation brought on by illness and inadequate care, and promote exceptional health results. The lack of social security increases the economic and social vulnerabilities of unorganised laborers, perpetuating cycles of poverty, health risks, and exploitation. Social security provisions such as healthcare, pensions, unemployment benefits, and legal protections are essential for improving their living conditions and ensuring a sustainable livelihood.

% of regular wage/salaried employees who had no written job contract, not eligible for paid leave and not eligible for the specified social security benefits among regular wage/salaried employees in non-agriculture sector
all-India

Category of regular wage/ salaried employees	Percentage of regular wage/salaried employees who had no written job contract			Percentage of regular wage/salaried employees not eligible for paid leave			Percentage of regular wage/salaried employees not eligible for any specified social security benefit		
	PLFS (2022-23)	PLFS (2021-22)	PLFS (2020-21)	PLFS (2022-23)	PLFS (2021-22)	PLFS (2020-21)	PLFS (2022-23)	PLFS (2021-22)	PLFS (2020-21)
Rural	53.0	56.7	58.1	41.9	43.3	41.8	60.9	61.7	59.3
Urban	57.6	60.6	63.6	44.6	45.4	44.9	53.6	52.1	53.5
Total	55.8	59.1	61.5	43.5	44.6	43.7	56.5	55.7	55.8

Source: PLFS (2020-21), PLFS (2021-22) and PLFS (2022- 23)

Conclusion

Access to decent work and women's participation in the labor force are critical components of inclusive and sustainable development. Women face many barriers to finding good work and entering the labor market. They face many difficulties in finding employment, making choices about their field of work, navigating the workplace, job security, pay equality, discrimination, and meeting the demands of work and family obligations.
Furthermore, women are engaged in the informal economy where they are typically at greatest risk of exploitation and receive the least formal protection. The labour force participation target for a developed India@47 can be met with a high-level commitment to take lead responsibility for

the design, implementation and financing of social protection for India's women.

Reference

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Section 4/खंड 4

International Section/ अंतर्राष्ट्रीय खंड

Pension System in Japan

Japan's public pension system has a two-tiered structure consisting of the National Pension (Basic Pension) to which all people aged 20 to 60 are enrolled, and Employees' Pension Insurance to which company employees and civil servants are enrolled.

Company employees and civil servants are enrolled in two pension systems.

National Pension System

The National Pension is a public pension system participated by all persons aged 20 to 59 years who have an address in Japan, which provides benefits called the "Basic Pension" due to old age, disability, or death.

Compulsory Coverage

All registered residents of Japan aged 20 to 59 years must be covered by the National Pension system. The insured persons under the National Pension system are categorized to three types according to their status as follows:

Persons must be covered by the National Pension as the Category I insured person for the period from their entry to Japan until they become subject to the Category II or III insured persons.

Foreign nationals with specific visa (*medical stay or long stay for sightseeing*) are excluded from coverage: they cannot enroll in the National Pension as the Category I or III insured persons.

Category I insured persons:

All registered residents of Japan aged 20 to 59 years who are not the Category II or III insured persons. (*Including agriculture, forestry, or fishery business operators, self-employed persons, students*)

Category II insured persons:

Persons enrolled in the Employees' Pension Insurance system or Mutual Aid Associations. (except for persons aged 70 years or older who are eligible to receive a pension due to old age or retirement)

Category III insured persons:

Category II insured persons' dependent spouses aged 20 to 59 years, who reside in Japan. (excluding spouse of Category II insured person who reached 65 years and eligible to receive the Old-age Basic Pension)

Voluntary Coverage

The following persons can enroll in the National Pension system on a voluntary basis;

(1) Registered residents of Japan aged 60 to 64 years

(2) Japanese citizens aged 20 to 64 years who reside in a foreign country

(3) Persons born on or before April 1, 1965, aged 65 to 69 years who have not satisfied the minimum qualification period.

Contributions

The contribution amount for the National Pension is 16,980 ¥ per month (for the fiscal year 2024)

Payment of the Contributions

Contributions can be paid at banks, post offices, or convenience stores.

Advantage of a discount by opting for advance payment, automatic bank remittance, or credit card payment, etc.

Exemption of the Contributions

Exemption from contribution payments if you satisfy certain conditions specified by law.

Exempt from contribution payments if the previous year's income of spouse/head of household is limited.

Benefits

Old-age Basic Pension

Old-age Basic Pension can be received at the age of 65 if covered under the National Pension and Employees' Pension Insurance systems. Total coverage periods need to be 10 years or more.

* Total coverage periods include contribution-paid periods as well as contribution-exempted periods as a Category I, Category II or Category III insured person.

Option of "Early Payment" or "Delayed Payment"

The pensionable age for the Old-age Basic Pension is 65 in principle. However, you may opt to receive pension at whatever age after 60. The pension amount is adjusted depending on the age you start to receive your pension. You may opt to start benefits before 65 with lower benefits amount, or you may opt to start benefits before 65 with higher benefits amount. Specifically, your early pension amount receivable at the age of 60 is 76 % of that for age 65 and your delayed pension amount receivable from the age of 75 or older is 184 %.

Additional Pension Plan

There is an extra voluntary plan to pay a small additional benefit to your Old-age Basic Pension. If you opt for this plan and pay the contribution of ￥400 / month, you can receive additional benefit, to which the same receivable rates as early / delayed payment apply. However, this contribution is not subject to the Lump-sum Withdrawal Payments.

Disability Basic Pension

You can receive the Disability Basic Pension when you have a certain level of disability (Grade 1 or Grade 2) which are specified by law.

Survivors' Basic Pension

If an insured person dies while contributing to the National Pension, the Survivors' Basic Pension is payable to the spouse of the deceased person who takes care of the deceased person's dependent child(ren), or the deceased person's dependent child(ren). An eligible child must be aged 18 or under (until first March 31 after his/her 18th birthday) or aged 20 if he/she has a certain grade of disability specified by law.

Widow's Pension

If your husband dies after contributing for at least 10 years* as the Category I insured person and if he has received neither Old-age Basic Pension nor Disability Basic Pension as of the previous day of his death, you can receive the Widow's Pension while you are aged 60 to 64. To qualify, you need to have been married to him for at least 10 years and have been financially supported by him at the time of his death.

Revision of the Pension Amount

The pension amount is revised each fiscal year according to changes in wages and prices, as stipulated by law.

Lump-sum Death Benefit

When an insured person dies without receiving any pension benefits his/her family member who shared the livelihood with him/her can receive the Lump-sum Death Benefit.

Lump-sum Withdrawal Payments (Exclusively for Non-Japanese Citizens) If you are not a Japanese citizen and you had resided in Japan and had been covered by the Japanese pension system for a short time, you can claim the Lump-sum Withdrawal Payments within two years after your departure from Japan. You can claim the Payments if you have at least 6 months of coverage periods as a Category I insured person under the National Pension system and you have not been eligible for pension benefits.

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Section 5/ खंड 5

Did You Know?

क्या आप जानते हैं?

What is Forward guidance?

Forward guidance relates to the central bank's communication of the 'stance' of monetary policy. It lets market participants and the general public know what the future path of the policy interest rate, and potentially other aspects of monetary policy, is likely to be. Forward guidance can be:

- time-based; or
- based on the state of the economy.

Under 'time-based guidance', the central bank commits to a stance of monetary policy until a specific point in time (*e.g. it will not increase interest rates until a certain date*). Under 'state-based guidance', the central bank commits to a stance of monetary policy until a specific set of economic conditions are met (*e.g. it will not increase interest rates until inflation or unemployment reach certain levels*).

How does forward guidance work?

As per Ben S. Bernanke, Chair of the Federal Reserve of the United States, "The public's expectations about future monetary policy actions matter today because those expectations have important effects on current financial conditions, which in turn affect output, employment, and inflation over time. For example, because investors can choose freely between holding a longer-term security or rolling over a sequence of short-term securities, longer-term interest rates today are closely linked to market participants' expectations of how short-term rates will evolve. If monetary policymakers are expected to keep short-term interest rates low, then current longer-term interest rates are likely to be low as well, all else being equal. In short, for monetary policy, expectations matter. Indeed, expectations matter so much that a central bank may be able to help make policy more effective by working to shape those expectations." (*Speech at At the National Economists Club Annual Dinner, Herbert Stein Memorial Lecture, Washington, D.C, November 19, 2013*)

Scenarios

During episodes of crisis, like the GFC and the COVID-19 pandemic, central banks set low policy interest rates, attempted to lower interest rates generally and provided other specific measures to support the economy and financial system. They were also active in providing forward guidance. A primary motivation for their forward guidance was to reinforce the central bank's commitment to low interest rates, which helps reduce the interest rates people can expect in the future. A related motivation was to make clear how the central bank can be expected to react in unusual times. Generally, forward guidance has been helpful in reducing uncertainty about the economic and financial outlook.

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Section 6/ खंड 6

Circulars/Regulations/Guidelines

परिपत्र/विनियम/दिशानिर्देश

Circular No.: PFRDA/2024/15/SUP-CRA/08	
28 August 2024	**Introduction of NPS Contributions through Bharat Bill Payment System (BBPS)**

1. The Bharat Bill Payment System (BBPS), conceptualized by the Reserve Bank of India (RBI) and driven by the National Payments Corporation of India (NPCI), offers a unified, accessible, and interoperable platform for recurring payments. BBPS simplifies digital payments, ensuring ease of use for consumers.

2. BBPS enhances the visibility and accessibility of services / billers across various platforms, including BHIM, UMANG, Mobile Apps of Banks and major UPI-enabled payment apps like PhonePe, GooglePay etc.

3. To facilitate easier contributions, a new additional channel for the National Pension System (NPS) contributions are now being introduced on BBPS. Subscribers can make contributions using multiple payment applications such as BHIM, PhonePe etc.

4. Charges: The following charges will apply for making NPS contributions through BBPS:

Activity	Amount (Rs)*
Transaction (Lumpsum)	Rs. 0.50 per transaction
Transaction (SIP)	Rs. 0.50 per transaction
Registration of SIP Mandate	Rs. 4.00 (One time)

*plus GST as applicable

Section 7/ खंड 7

NPS/ APY Statistics

एनपीएस/एपीवाई आँकड़े

I. Sector Wise Growth / क्षेत्रवार वृद्धि

The total number of subscribers, contributions, and assets under management for the NPS and APY as on August 31st, 2024, are as under. The below data is a compilation of data from the three CRAs registered with PFRDA.

i.No. of Subscribers: The number of subscribers in various schemes under the NPS and APY rose to 772.93 Lakh by the end of August 2024 from 664.85 Lakh in August 2023 showing a year-on-year (Y-o-Y) growth of 16.26 %.

Table 1: NPS & APY growth in Subscribers base as on 31st August 2024/ 31 अगस्त 2024 तक एनपीएस और एपीवाई के अभिदाताओं की संख्या में वृद्धि

S.N. / क्रम संख्या	Sector / क्षेत्र	No. of Subscribers (in lakh) / अभिदाताओं की संख्या (लाख में)			YoY (%) / वार्षिक वृद्धि (%)	Share (%) / हिस्सेदारी (%)
		31-Aug-23	31-Mar-24	31-Aug-24		
i	CG	24.63	26.07	26.61	8.03	3.44
ii	SG	62.61	65.96	67.32	7.53	8.71
iii	**Sub Total**	87.24	92.03	93.93	7.67	12.15
iv	Corporate	18.22	19.48	20.99	15.20	2.72
v	All Citizen	30.70	35.64	37.72	22.87	4.88
vi	**Sub Total**	48.92	55.12	58.71	20.01	7.60
vii	NPS Lite	33.24	33.28	33.41	0.51	4.32
viii	APY	495.45	555.12	586.88	18.45	75.93
ix	**Grand Total**	**664.85**	**735.56**	**772.93**	**16.26**	**100**

ii. Contribution: As on 31st August 2024, total contribution for both NPS and APY stood at Rs. 8,91,171 crores showing a Y-o-Y growth of 22.86 %.

iii. Assets under Management: As of 31st August 2024, the combined pension assets under management for both the NPS and the APY stood at Rs 12,47,832 crores showing a year-on-year growth of 28.64 %.

Table 2: NPS & APY growth in Contribution as on 31st August 2024/ 31 अगस्त 2024 तक एनपीएस और एपीवाई के कॉन्ट्रिब्यूशन में वृद्धि

S.N. / क्रम संख्या	Sector / क्षेत्र	Contribution (Rs. in crore) / योगदान (रु. करोड़ में)			YoY (%) / वार्षिक वृद्धि (%)	Share (%) / हिस्सेदारी (%)
		31-Aug-23	31-Mar-24	31-Aug-24		
(i)	CG	1,97,683	2,19,498	2,36,402	19.59	25.65
(ii)	SG	3,73,217	4,20,085	4,52,003	21.11	49.04
(iii)	**Sub Total**	**5,70,900**	**6,39,583**	**6,88,405**		
(iv)	Corporate	99,510	1,16,097	1,29,514	30.15	14.05
(v)	All Citizen	44,023	52,950	57,503	30.62	6.24
(vi)	Tier-II	7,199	8,069	8,855	23.00	0.96
(vii)	TTS	13	16	17	30.77	0
(viii)	**Sub Total**	**1,50,745**	**1,77,132**	**1,95,889**		
(ix)	NPS Lite	3,257	3,359	3,438	5.56	0.37
(x)	APY*	27,113	31,098	34,033	25.52	3.69
(xi)	**Grand Total**	**7,52,015**	**8,51,172**	**9,21,765**	22.57	100

** Fig does not include APY Fund Scheme*

Table 3: NPS & APY growth in AUM as on 31st August 2024/ 31 अगस्त 2024 तक एनपीएस और एपीवाई के एयूएम में वृद्धि

S.N. / क्रम संख्या	Sector / क्षेत्र	AUM (Rs. in crore) / एयूएम (रु. करोड़ में)			YoY (%) / वार्षिक वृद्धि (%)	Share (%) / हिस्सेदारी (%)
		31-Aug-23	31-Mar-24	31-Aug-24		
(i)	CG	2,84,233	3,22,215	3,52,677	24.08	27.01
(ii)	SG	5,01,076	5,82,673	6,45,410	28.80	49.43
(iii)	**Sub Total**	**7,85,309**	**9,04,888**	**9,98,087**		
(iv)	Corporate	1,36,108	1,66,729	1,93,637	42.27	14.83
(v)	All Citizen	43,371	54,396	61,704	42.27	4.73
(vi)	Tier-II	4,486	5,413	6,363	41.84	0.49
(vii)	TTS	14	18	19	35.71	0
(viii)	**Sub Total**	**1,83,979**	**2,26,556**	**2,61,723**		
(ix)	NPS Lite	5,170	5,560	5,886	13.85	0.45
(x)	APY	30,175	35,647	39,959	32.42	3.06
(xi)	**Grand Total**	**10,04,633**	**11,72,651**	**13,05,655**	29.96	**100**

I. PFM-wise Assets under NPS schemes / पीएफएम के अनुसार एनपीएस योजनाओं के अंतर्गत संपत्तियाँ

Table 4: Pension Fund-wise Assets under Management (in crore) as on August 2024/
अगस्त 2024 को पेंशन फंड के अनुसार एयूएम (करोड़ में)

Pension Fund	AUM (Rs. In Crore)			YoY (%)	% share
	31-Aug-23	31-Mar-24	30-Aug-24		
SBI	3,76,406.91	4,33,384.62	4,74,091.58	25.95	36.28
LIC	2,81,134.98	3,22,161.92	3,50,738.25	24.76	26.84
UTI	2,65,789.49	3,02,676.57	3,28,855.23	23.73	25.17
ICICI	19,754.23	28,419.13	37,499.53	89.83	2.87
Kotak	3,339.74	4,705.99	5,651.52	69.22	0.43
HDFC	56,734.70	76,954.78	97,728.89	72.26	7.48
Aditya Birla	964.16	1,508.72	2,199.06	128.08	0.17
Tata	187.79	834.71	3,115.26	1558.91	0.24
Max Life	374.71	576.37	1,117.46	198.22	0.09
Axis	512.23	2,197.45	4,943.58	865.12	0.38
DSP	-	115.66	641.54	NA	0.05
Total	10,05,198.94	11,73,535.92	13,06,581.90	29.98	100.00

Source: NPS Trust

**Includes APY Fund Scheme figures.*

II. Scheme Wise AUM under NPS / एनपीएस के अंतर्गत योजनावार एयूएम

Table 5: Scheme-wise Assets under Management (in Crores) as of August 2024/ अगस्त 2024 को योजनावार एयूएम संपत्तियाँ (करोड़ में)

Scheme		AUM (Rs. In Crore)			Growth (%)		% share
		31-Aug-23	31-Mar-24	30-Aug-24	YOY	Over Mar 24	
CG		2,74,009.72	3,03,144.53	3,20,913.79	17.12	5.86	24.58
SG		4,96,796.72	5,73,527.22	6,28,337.58	26.48	9.56	48.12
Corporate CG		65,979.50	77,174.94	86,292.91	30.79	11.81	6.61
TIER I	**A**	310.51	411.38	493.63	58.97	19.99	0.04
	E	54,329.15	76,999.16	1,00,097.58	84.24	30.00	7.67
	C	26,163.94	34,012.02	42,491.76	62.41	24.93	3.25
	G	47,199.57	60,750.99	74,807.41	58.49	23.14	5.73
NPS Lite		5,169.87	5,559.67	5,881.16	13.76	5.78	0.45
TIER II	**E**	1,986.57	2,573.34	3,151.23	58.63	22.46	0.24
	C	929.86	1,035.34	1,153.85	24.09	11.45	0.09
	G	1,569.95	1,797.97	2,046.95	30.38	13.85	0.16
	TTS	14.15	17.51	18.96	34.02	8.28	0.00
APY		30,175.47	35,647.67	39,959.89	32.43	12.10	3.06
Tier II Composite		-	-	1.03	-	-	-
Total Asset		**10,04,635.00**	**11,72,651.75**	**13,05,647.72**	**29.96**	**11.34**	**100.00**

Source: NPS Trust

Minor difference in AUM provided in Table 3 is due to difference in the methodology of calculation of PFs and CRA.

III. PFM-wise Return on NPS Schemes / पीएफएम के अनुसार एनपीएस योजनाओं पर लाभ

Table 6: Returns since inception (in %) as on 31st August 2024/ आरंभ से लाभ (% में) 31 अगस्त 2024 तक

Pension Funds		SBI	LIC	UTI	ICICI	KOTAK	HDFC	Aditya Birla	TATA	Max Life	Axis	DSP
CG		9.76%	9.59%	9.56%								
SG		9.49%	9.57%	9.54%								
Corporate-CG		9.56%	9.65%									
TIER I	A	8.83%	7.52%	6.29%	7.10%	7.07%	8.54%	6.51%	8.26%	-1.01%	6.56%	4.27%
	E	12.24%	14.67%	14.00%	14.01%	13.37%	16.51%	15.79%	26.39%	22.41%	24.89%	26.62%
	C	9.54%	9.01%	8.70%	9.54%	9.25%	9.27%	8.35%	7.15%	7.38%	7.83%	5.78%
	G	9.12%	9.87%	8.36%	8.58%	8.59%	9.16%	8.12%	9.00%	9.48%	9.37%	8.97%
TIER II	E	12.20%	12.84%	12.81%	12.76%	12.95%	14.99%	15.87%	26.29%	25.79%	25.56%	22.43%
	C	9.13%	8.54%	8.72%	9.37%	8.60%	8.61%	7.84%	7.53%	7.83%	6.98%	6.38%
	G	9.14%	10.08%	8.86%	8.64%	8.35%	9.28%	7.52%	9.23%	8.03%	8.58%	5.04%
	TTS	6.70%	8.91%	7.23%	8.02%	8.85%	7.33%	8.96%	11.89%	6.49%	6.41%	3.78%
NPS Swavalamban		9.88%	9.92%	9.87%		9.81%						
APY		9.14%	9.43%	9.38%								
Tier II Composite		1.40%	1.82%	2.34%	2.46%							

Source: NPS Trust