

Pension for pvt service holders

Government planning a law to make it mandatory for private sector

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The government plans to make a law to introduce a mandatory pension scheme in the private sector.

When enacted, the law will provide for a comprehensive pension system for the elderly people in the private sector like that in the public sector.

A proposal to this end will be tabled at the cabinet meeting on Monday, a highly placed source told The Daily Star.

However, implementation of the scheme may not start soon as the law and related regulations will take one to two years to be passed in parliament.

It will be a three-tier pension programme. Under tier one -- Citizens' Pension -- senior citizens (both men and women) belonging to the poor and vulnerable group will get a certain amount of money from the government every month.

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Tier two -- Private Sector Pension Programme -- is meant for employees in formal private sector. Under it, employers and employees will both contribute a certain amount to a fund every month. After retirement, the employees will get the money as monthly pension.

The third tier is designed for both formal and informal private sector. Under this tier -- Private Voluntary Pensions -- any citizen can deposit a certain sum every month or at a regular interval for his or her future benefit.

All the three programmes will be implemented under the National Social Security Strategy of Bangladesh.

The concept paper to be presented in Monday's cabinet meet was prepared by the General Economics Division (GED) of the Planning Commission.

PRIVATE SECTOR PENSION PROGRAMME

Prof Shamsul Alam, a member of the GED, told this correspondent that implementation of the programme in the private sector would be mandatory. The programme aims to provide the private sector employees with some financial benefits after retirement.

As planned, the government will take immediate steps to design a mandatory National Social Insurance Scheme based on the "principle of employers and employees jointly paying contribution to a national social insurance fund".

At the start, the fund will be managed by the newly formed Insurance

Development and Regulatory Authority of Bangladesh (IDRA) under the finance ministry.

After consulting private businesses, the IDRA will send a proposal to the cabinet regarding the amount of contributions.

To be eligible for pension, one will have to contribute to the fund for at least 10 years.

"This will ensure that the first pensions can be delivered by 2032," says the concept paper, a copy of which this newspaper has obtained.

Asked about the pension scheme, Kazi Akram Uddin Ahmed, president of the FBCCI, said, "As I don't know about the issue, I will not say anything now."

Aftab-ul Islam, president of the American Chamber of Commerce in Bangladesh, said, "It is a very good initiative. I hope the private sector will come forward to implement it."

He added many people in Bangladesh feel helpless at the fag end of their lives. "If such a scheme is introduced, it would be a great help to them."

CITIZENS' PENSION

Under the Citizens' Pension programme, all the poor people aged above 60 will receive Tk 800 per month and those 90 years and above will get Tk 3,000 from the public coffers.

Implementation of this programme will start next year and all the eligible people will be brought under the scheme by fiscal 2017-18.

The government plans to bring 50 percent of all the eligible people in the 60-90 years age group by next fiscal

year. It will require Tk 3,100 crore.

In the FY17-18, when all the eligible people are covered, it will cost the government Tk 6,300 crore.

Those 90 and above will get Tk 3,000 a month. At present, the number of such recipients is around 16,000. To provide pension to 50 percent of this age group in the next FY, the government will need Tk 30 crore.

Presently, poor women aged above 63 and men above 65 get Tk 300 in monthly pension from the government. But some 70 percent of the eligible elderly people do not get the benefit. On the other hand, many below 60 and also rich people have been enjoying the benefit.

Prof Shamsul Alam, a member of the GED, said 33 percent of the total beneficiaries of the scheme are below 60, while 27 percent are affluent.

The government is now preparing a poverty database to be used for providing the benefit. This will also check misuse of public fund and help bring all the eligible people under the scheme, he added.

VOLUNTARY PENSION SCHEME

By December this year, the Bank and Financial Institutions Division of the finance ministry will conduct a study on how the voluntary pension system can be introduced in the formal and informal private sector.

The document said, "The study will examine the viability of establishing a Pension Regulatory Authority that will be responsible for supervising private pensions, thereby ensuring their integrity, fairness and financial sustainability."