

Salary Saving Schemes (SSS) Benefits to Employees and Problems they face - An in Depth Study

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ABSTRACT

Creation of habit of thrift is very good welfare activity for employer. Yes, employees working for years in an organization and going without savings in the late life will put them in crisis during children's marriage, education, old age, construction of house, etc. both during and after life. During the policy period if the employee needs money he can request for loan by surrendering their policies for which repayment of interest and loan amount is very flexible and convenient at very low rate of interest. The study was mainly conducted among government employees, where Salary Saving scheme PA code(code number allotted by LIC) is allotted, with which the employer can pay their employees LIC premium amount can be deducted and paid but Code number is not active in many organizations. We took random sample of employees from Tamil Transport Corporation, Government Hospitals, and Municipalities of Coimbatore.

Keywords: Salary Saving Scheme, PA code, Government Employees, Life Insurance Corporation, Labor Welfare.

I. INTRODUCTION

The main objective of the study is to create awareness about Salary Saving Scheme among employees. Yes, nowadays for want of future security along with savings and risk, employees opt for insurance, which gives tax exemption too. And insurance is very good long term savings scheme. So, the employees from all sectors irrespectively go for savings through insurance. Thus each employee holds two or more policies for the employee and his or her family members. Yes, insurance is a very good social security measure like other social security measures which will certainly bring welfare to the working class. I found no study to create awareness about salary saving scheme among Management and Employees about LIC Salary Saving Scheme.

Government and Private Management are finding ways to provide better welfare and social security measure to employees, today payment of insure on behalf of employees is one of the best welfare measure without cost. When we click on the Brower to know about LIC salary savings scheme we can find 1000's of cases filed in the court of law for various problems under Salary saving schemes, this is also one of the major reason why we took the topic to make any awareness about its benefits both to the employer and employees.

So, I conducted study in certain government organization where salary saving SSS is existing to find out opinion of employees bring out benefit of SSS (LIC).

II. WHY LIFE INSURANCE CORPORATION SALARY SAVING SCHEME ?

Life insurance corporation of India was formed in 19th June 1956 with basic aim of providing secured life to dependents in family, if the bread winner of the family passes away. Along with the above aim today bundle of other objectives like income tax, savings(for children marriage and education), Long term benefits and short term benefits, loan facilities, etc., along with feeling of secured and guarantee. With total revenue of 88.4 billion USD (2015), net income of 9.257 USD (2015) and total assets of 15.6 trillion INR (2013). The organization is owned by the Government of

India as Government is democratic certainly the organization will also be democratic and will work only to do justice to its people. But will work on profit motive because it is handling people's money.

Yes, LIC is the first and last ever organization in the Universe which provides what people need for secured future, which no other finance company can provide. Provident Fund is one other Salary saving scheme where the employer also need to contribute equal share, which involves huge cost for the employer for creation of habit of Thrift in the minds of employees.

Yes, Creation **of habit of thrift** is very **good welfare** activity for employer. Yes, employees working for years in an organization and going without savings in the late life will put them in crisis during children's marriage, education, old age, construction of house, etc. both during and after life. During the policy period if the employee needs money he can request for loan by surrendering their policies for which repayment of interest and loan amount is very flexible and convenient at very low rate of interest.

As the payment options are monthly, quarterly, half yearly, yearly, electronic clearing service and salary saving scheme. In case of other modes is the risk of employee, if he does not have sufficient cash in hand or in bank (in case of ECS), the policy goes lapsed, if the employee forgets due to certain reasons, after a stipulated period the policy get lapsed the need to pay with penalty.

Due to unavoidable reasons if the employer forgets to remember the payment dates the policy get lapsed and all the time the employee needs to carry huge burden for repaying the unpaid amount but usually the employees cancels the existing policy with added benefits(bonus) at huge loss and signs to take new policy.

The employer in all sector both Government and private bring about 100's of welfare measure and social security measure to keep the employees tension free from their commitments and put their maximum effort in their work. There are lakhs of stories we have heard from our surrounding that because of Life Insurance families stay financially fully satisfied even after the bread winner or any important person dies and they stand alone without any one's support. So, the employees nowadays are very particular that their life and other family members life must be insured and as it also cater all other benefit in the long run education, marriage, oldage, and also tax benefits. Instead if paid through Salary savings scheme, the employer will deduct the required amount from their salary for the policies of the employee, spouse and children and sends consolidated cheque to the LIFE INSURANCE CORPORATION OF INDIA. So, employees can request their employers to introduce salary saving scheme, in their organization which is very easy. And for employer extension of welfare facility at free of cost

III. ABOUT THE STUDY

The study was mainly conducted among government employees , where Salary Saving scheme **PA code** (code number allotted by LIC) is allotted, with which the employer can pay their employees LIC premium amount can be deducted and paid but Code number is not active in many organizations.

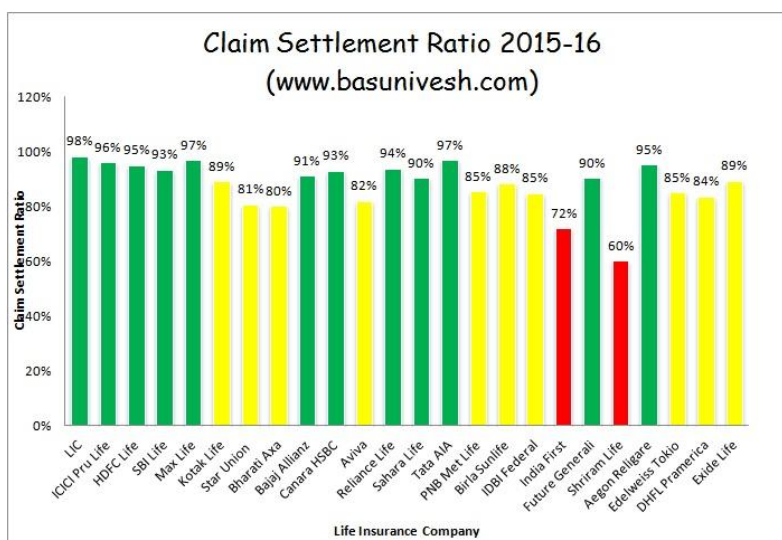
We took random sample of employees from **Tamil Transport Corporation, Government Hospitals, and Municipalities of Coimbatore.**

Irrespective of Age, Designation, Experience, Marital status, Monthly Income, Department more than 95% of employees have the opinion that if government authorities should take steps for regular payment of their insurance policies and also their spouse and children from their salary itself , it will be a great support for them.

They feel that it is extra burden for them to remember the due date and pay for their policies and if they forget to pay one or more due they need to pay along with penalty and if the amount accumulates and becomes very big amount, they ignore the policy and policy get closed after few years , it is huge loss to the employees, and the future planning gets delayed like late marriages, late planning of construction house, the education will not be as per their interest for their children's, improper pension planning, housing facilities will not be as per their wish etc.

Yes, insurance nowadays is inbuilt to cater the needs of ordinary man, if a person go for any other investment he will get only if he completely pays all the promised dues only then the organization will pay the said amount and the interest rate also will be in fluctuation and the fixed rate will not be the satisfied rate. But insurance pays you the promised amount when the person is death even if he have paid only one due , which will be great support to the family.

The advantage of savings under **LIC (Mother of insurance in India)** has very good credit rating based on Claim settlements.



(<https://www.basunivesh.com/2016/12/27/irda-claim-settlement-ratio-2015-16/>)

IV. BEST LIFE INSURANCE COMPANY IN 2017

Based on the IRDA's Claim Settlement Ratio 2015-16, which are the Top and Best Life Insurance Company in 2017? We select only five based on above data: 1. LIC, 2. ICICI, 3. HDFC, 4. Aegon Religare, 5. Max Life.

As the study was conducted in different department the designation was grouped as Upper, Lower and middle level employees, age groups as 18 to 35, 36-45, 46-58, education qualification as uneducated, 0-5, 5 to 12th, diploma holders, technically certified, undergraduates, post graduates any other

V. RESEARCH METHODOLOGY

The Study which was conducted was descriptive in nature, where in we have given the information which we have got from the field. Since we were not able to cover the whole area which is very large and the study period was very short and it involves huge cost. Moreover we have got the universal opinion which is common among all the employees, so with limited coverage and time we have completed our study.

We have taken samples under convenience sampling method. Total Population turns around more than 15000 (app) from which I have taken 750. The area of study is **Coimbatore District** respondents are **Municipal Employees, Tamilnadu Transportation employees and Government Hospital employees.**

Various Municipalities covered are Goundampalayam, Kurichi, Mettupalayam, Pollachi, Valparai and various designation covered under municipalities are sanitary workers, sanitary staff, sanitary vehicle drivers, Medical centers employees. Tamil Nadu Transport Corporation Bus Drivers and Conductors. Under Government hospital in and around Coimbatore covering Mettupalayam, Annur, Periyanaikampalayam, Valparai, Pollachi, Kottur, Vettaikarranpudur, various designation covered under government hospitals are doctors, staff nurse, duty nurse lab assistants, pharmacists. Ward boy, theatre in charges etc, office assistants etc. Interview Schedule was administered including the following problems:

VI. PROBLEMS FACED BY EMPLOYEES UNDER SALARY SAVING SCHEME

- Employees Awareness about salary saving scheme
- Employer encouragement towards salary saving scheme
- Irregular Deduction of the premium from salary.
- Not Sending the collected amount regularly to Life insurance corporation of India within specified time
- Deduction of the amount and not making payment.
- Deduction of incorrect amount from the salary.
- Payment of deducted amount in the wrong persons account

The collected data was converted according to the need of the study. After the conversion the classified data were analyzed using Simple Percentage and ANOVA table.

Hypothesis was set as follows

- H₀:** there is no significant relationship between Awareness about salary saving scheme and Designation
H₀: there is no significant relationship between Awareness about salary saving scheme and Department
H₀: there is no significant relationship between Awareness about salary saving scheme and Education

Relationship between Awareness about Salary Saving Scheme and Designation

Source of Variation	Sum of squares	Degree of freedom	Mean square
Between columns (designations)	42	3	14
Between rows (Awareness)	32	2	16
Residual	136	6	22.67
	210	11	

From the above table **Designation Variance Estimate** is compared with **Residual Value**

$$F = 22.67/14 = 1.619$$

The table value of F for $v_1=6$ and $v_2=3$ at 5% level of significance is **8.94**. The calculated values is less than the table value and we concluded that the Awareness of designations **does not** differ significantly.

We compared **Awareness of Salary Saving Scheme and Residual Value**

$$F = 22.67/16 = 1.417$$

The table value of F for $v_1=6$ and $v_2=2$ at 5% level of significance is **8.94**. The calculated values is less than the table value and we concluded that the Awareness of Salary Saving Scheme **does not** differ significantly. Thus it is proved that irrespective of **Designations of the employees and Awareness about Salary Saving Scheme is Same**.

Relationship between Awareness about Salary Saving Scheme and Departments

Source of Variation	Sum of squares	Degree of freedom	Mean square
Between columns (departments)	42	3	14
Between rows (Awareness)	26	2	13
Residual	64	6	10.67
	132	11	

From the above table **Designation Variance Estimate** is compared with **Residual Value**

$$F = 14/10.67 = 1.312$$

The table value of F for $v_1=3$ and $v_2=6$ at 5% level of significance is **4.76**. The calculated values is less than the table value and we concluded that the Awareness of departments **does not** differ significantly. We compared **Awareness of Salary Saving Scheme and Residual Value**

$$F = 13/10.67 = 1.218$$

The table value of F for $v_1=2$ and $v_2=6$ at 5% level of significance is **5.14**

The calculated values is less than the table value and we concluded that the Awareness of Salary Saving Scheme **does not** differ significantly. Thus it is proved that irrespective of **Departments of the employees and Awareness about Salary Saving Scheme is Same**.

Relationship between Awareness about Salary Saving Scheme and Education

Source of Variation	Sum of squares	Degree of freedom	Mean square
Between columns (Education)	42	3	14
Between rows (Awareness)	91.5	2	45.75
Residual	82.5	6	13.75
	216	11	

From the above table **Designation Variance Estimate** is compared with **Residual Value**
 $F = 14/13.75 = 1.018$

The table value of F for $v_1=3$ and $v_2=6$ at 5% level of significance is **4.76**.

The calculated values is less than the table value and we concluded that the Awareness based Education **does not** differ significantly. We compared **Awareness of Salary Saving Scheme and Residual Value**

$$F = 45.75/13.75 = 3.33$$

The table value of F for $v_1=2$ and $v_2=6$ at 5% level of significance is **5.14**. The calculated values is less the table value and we concluded that the Awareness of Salary Saving Scheme **does not** differ significantly. Thus it is proved that irrespective of **Education level and Awareness about Salary Saving Scheme is Same**.

VII. INTERPRETATIONS

1. More than the 60% of the respondents are in rural area.
2. Only 25% of the respondents were unmarried.
3. About 90% of respondents have got more than 10 years of experience.
4. Almost 80% of respondents income is more than Rs.30,000
5. But not even one respondents had policy through salary saving scheme.
6. They pay premium for their policies through other modes for two or more policies in their name and also in the names of spouse and children.

VIII. FINDINGS

- Employer does not motivates saving through SSS
- During transfer employer does not help to identify the designated LIC branch office.
- Employee deducts the premium from your salary and does not send the collected amount regularly to Life insurance corporation of India within specified time
- The employers deducts the amount regularly but does not pay
- Employer always does not deduct correct amount from the salary.
- Employer always deducts from salary and pay in other person account unknowingly
- Many employees does not know that such type of scheme is available in their organization
- The Officers feel it is extra burden for them to deduct the amount and to pay in Because of the above reasons the employees.

IX. SUGGESTIONS

As from the study we have found that all the employees knowing the benefits of the SSS are interested to opt for SSS. But problems arise due to frequent change in the officers and responsibilities are not allocated for the task to one person who is permanent. When this problem is rectified the SSS can implemented successfully.

X. CONCLUSION

From the study we conclude that the employer must give due importance for employee welfare, for ages we have come across thousands of welfare schemes introduced for the employees, along with other welfare measure introduction of LIC SALARY SAVING SCHEME is **no cost** measure, and employers can easily create habit of thrift among employees and see that future is secured. If it is in the form of INSURANCE even if the employee is no more the family is secured.

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