



K.A. PANDIT

K. A. Pandit's Social Security and Retirement Landscape Pulse Survey 2022

October 2022

by K. A. Pandit

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Background

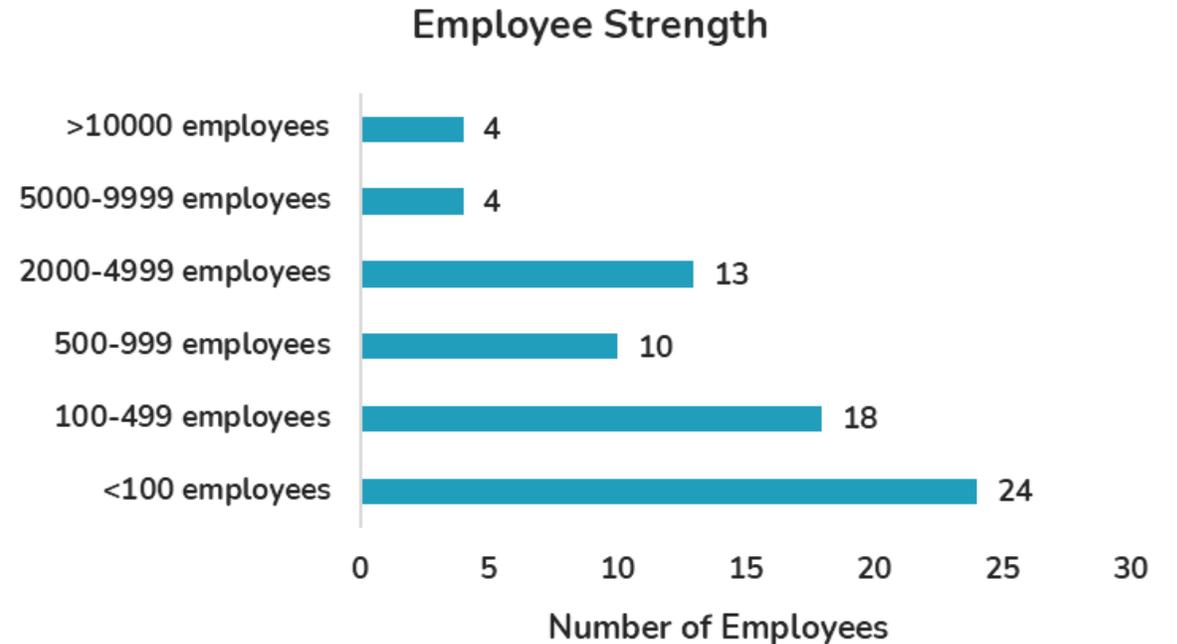
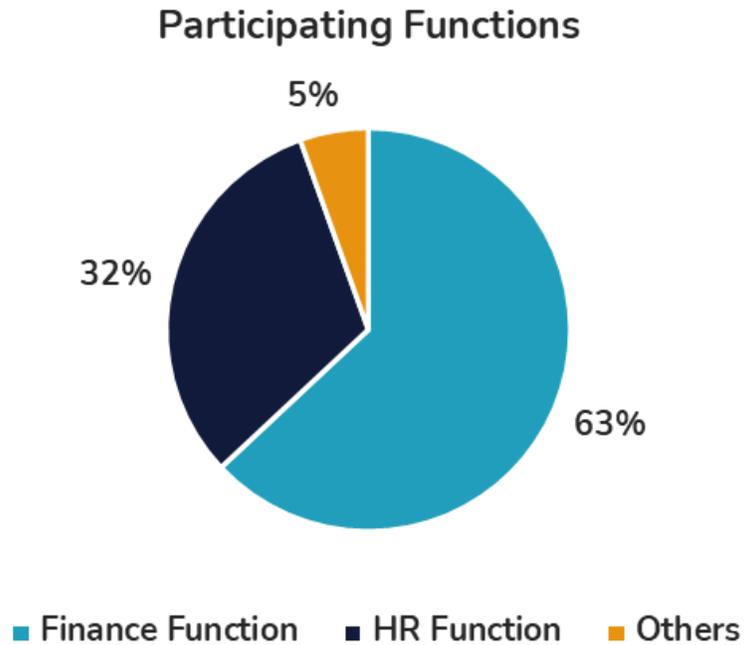
It is now nearly 2 years since the Code on Social Security, 2020 was enacted. We await a notification announcing the date when it shall come into force. Many companies have been asking what others are doing about preparing for the implementation of the Code.

To capture these thoughts, we had launched a simple pulse survey, the results of which can be seen further.

Survey Participants



The survey was sent to KAP clients, and the participation recorded is as under:



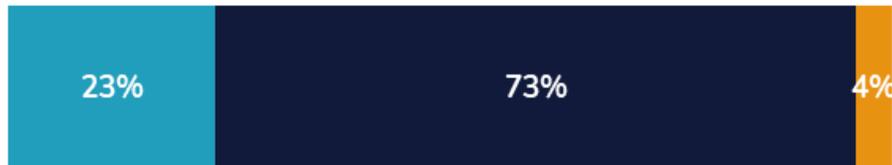
➤ About 95% participation was from Finance/HR which is expected as the Social Security Code will affect the salary structure of employees which in turn may increase employee benefit costs

➤ Participation was recorded by companies of varying employee strengths with more than 70% in the small to medium size range with respect to employee strength

How much did they know about the Code on Social Security?



State of Awareness on the impact of Code on Social Security/Wages



■ Fully aware ■ Working towards complete awareness ■ Not aware at all

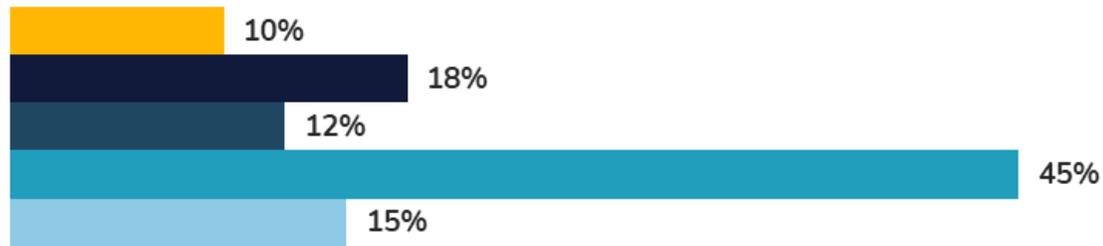
State of Preparedness on the impact of Code on Social Security/Wages



■ Fully prepared ■ Working towards being prepared ■ Not prepared at all

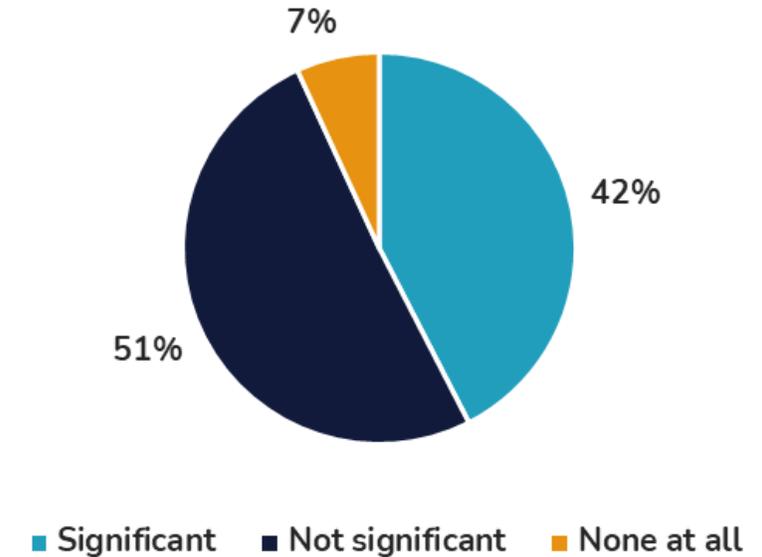
- As seen the bulk of respondents are aware and also working towards getting prepared to embrace the Code.
- The salary restructuring and financial implications could be more material for some than others. Hence, it is recommended to undertake an impact analysis and educate employees about the change.

Actions taken with respect to Definition of Wages



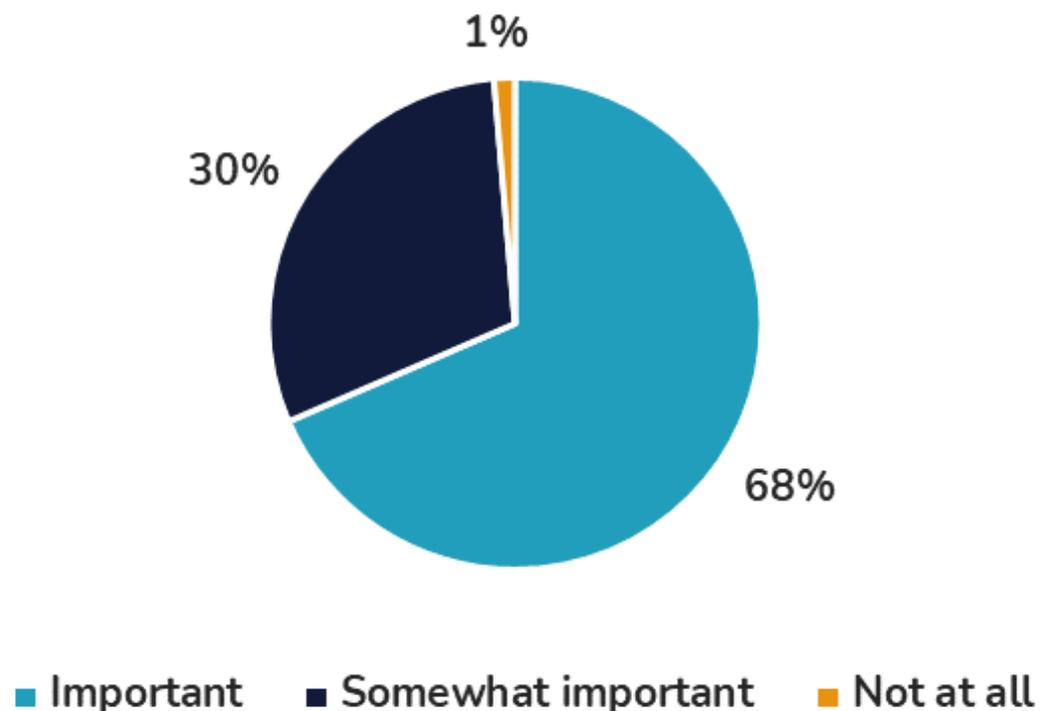
- Will not change the Basic salary component
- Will/Have changed the Basic salary component
- Already assessed the impact but no action has been taken
- Are assessing or will be assessing impact
- Not given any thought

Impact foreseen due to change



- Commensurate to the awareness and preparedness, 45% of the respondents are assessing impact the Code will have when enforced.
- However, there are some divided opinions about the impact the Code will have. This could be due to varied salary structures and benefits offered by different companies to its employees.

Perceived relevance of Gratuity benefits for the workforce of the future



- The total liability towards Gratuity of the participating companies was more than INR 7,100 crores.
- Code on Social Security is around the corner and will replace the Payment of Gratuity Act. However as most of the Payment of Gratuity Act has been transposed directly, majority of the survey takers felt that it is important and relevant.

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Key findings



73%

of survey takers are working towards complete awareness on the impact of Code of Social Security



75%

of survey takers are working towards being prepared to deal with the impact of Code of Social Security



45%

of survey takers are/will be assessing impact of Code of Social Security



42% and 51%

of survey takers feel that the impact of Code of Social Security will be significant and not significant, respectively



68%

of survey takers feel that Gratuity is perceived to be an important and relevant benefit for the future workforce

We work for you, wherever your business takes you!

Thank you!



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