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Chinese and Indian Public Pension Systems and Universal Old-age Security in Times of Rapid Demographic Changes

Silvan **Siefert**[*]
Sozialverband VdK Baden-Württemberg, Germany

Abstract

India and China have become countries of rapid economic growth and at the same time of socio-economic contrast. The classical old-age security arrangement has focused mainly on the formal sector and excluded a majority of the population working in the informal sector. Consequently, along the road of economic growth, increasing living standards and higher wages, a good proportion of the population are threatened by old-age poverty. Elderly people in rural areas, people in precarious employment situations, such as migrant workers, disabled and sick people belong to the high risk-group of people at risk of old-age poverty due to the lack of old age security arrangements for these groups in the informal sector. In times of rapidly aging societies and growing socio-economic disparity, New Delhi and Beijing have realized the increasing importance and urgency of extending pension coverage to all parts of society. In recent years decision-makers in both countries have made huge efforts to reform their pension systems and to alleviate poverty among the elderly today and in coming years. The political commitment is closely linked to the demand for output legitimacy to gain public support from these groups. Contrary to the theoretical imperative of the superiority of democracies, China seems to be doing much better than India in the provision of universal coverage for the informal sector. To answer the puzzle, this article examines the impact of institutional features and socio-economic characteristics on the pension policy process. It is argued that country-specific institutional settings and political commitments affect the learning ability in the policy making process, which determines the output performance of pension politics and the realization of universal coverage for old age security in the informal sector.

Keywords: *old-age security, informal sector, demographic growth, pension system, social security, China, India, learning capacity*

1. Introduction

The official announcement that India is planning to enter into Social Security Agreements with China in 2017 is not surprising at all. Despite political and economic competition for control of the Himalaya region, the maritime trade roads through the Indian Ocean and dominance of the Asian market, India and China are two of the most populated countries in the world. Both are facing similar challenges of rapidly aging societies and the threat of widespread old-age poverty. These target groups for old-age poverty are not marginal. These are people who could not benefit from the economic boom of the last decade, such as elderly people in rural areas and people in precarious employment situations, including migrant workers, disabled people, and the mentally and physically ill. They "do not have access to pension plans organized or run by employers, may lack official registration papers or other documents which could help the relevant authorities target them for other schemes, may change jobs frequently and often live and work in rural areas in which financial infrastructure is poor or non-existent" (Hu and Stewart, 2009).[1]

The good news is that decision-makers in Beijing and New Delhi have begun to address the issue of missing old-age security for the majority of their society. In a rapidly aging society of growing income disparity and a traditionally strong informal sector (Esping-Andersen, Gallie, Hemerijck and Myles (eds), 2002), both governments have been preoccupied with the process of overhauling the design of pension schemes and reforming the limited coverage for the formal sector.

2. Defining the Puzzle

It is noteworthy that India and China have attempted to expand their old-age safety nets in the 1990s and early 2000, but the schemes were still neither strong nor popular enough to protect most of the risk-groups of the elderly population from falling into old-age poverty. Another issue has been the focus on the formal pension system to close the gap but these public schemes have traditionally been a very strong link between pension entitlements and pre-retirement earnings. Therefore it is unfit to cover the informal sector. As a consequence, large sections of the population are employed in precarious employment situations in the informal sector and do not have either access to or the money for the classical formal pension schemes.

Recently the socio-economic and public reform pressure and increasing political commitment for universal old-age security have initiated deep reforms of the existing pension system in both countries. Still, barely 34 million (or less than 12 percent) of the estimated 58 million-strong working population in India are eligible to participate in formal provisions meant to provide old-age income security (OECD, 2015). However, the Indian National Surveys from 2014[2] stated that less than 11 percent of the elderly population has a pension of any sort. Contrary to India, in China nearly 860 million Chinese residents have been covered by one of the three public pension schemes introduced, which account for 86 per cent of the total adult population in the last few years.

3. Core Question

The literature on welfare states and the democratic system tends to generalize the advantage of democracies for providing old age security. Despite the argument found in the welfare literature (Esping-Andersen, 1990), China seems to have been more effective in expanding its universal non-contributory old-age security net, with universal coverage for the majority of its population.

China has achieved unprecedented improvements in its pension coverage in the last five years. Between 2009 and 2015 the coverage ratio of the rural residents jumped from 33.26 million to 463 million (Liu and Sun, 2014). Roughly 80 percent of the total population is entitled to an old-age security scheme in China. In India the progress and policy outcomes of pension reforms and opening of the pension system for the informal sector fell short of any expectations. It is assumed that only 35 per cent of senior citizens are entitled to some kind of pension. As a consequence it is assumed that 20 million or 61.7 per cent of India's elderly population will be without any income security by 2050 (OECD, 2015).

Accordingly, the question arises: Why is China doing better in the implementation process of setting up universal non-contributory old-age security for its citizens?

4. A Different Argument: Relevance of Institutional Learning

In this article, it is argued that the current pension systems in India and China are products of complex and dynamic processes. Although both governments have aimed to set up universal old-age pension schemes, the policy outcomes vary across both countries. Accordingly, the argument is two-folded. Departing from a new institutional approach, the political is seen as a main driving-force for expanding the safety net. But it is argued that besides the political commitment and socio-economic factors, the institutional performance is determined (1) by the implementation process and in particular (2) by the institutional learning capacity of the institutional actors. It should be noted that this article does not attempt to compare the two country-specific pension systems with each other but focuses on the relevance of the policy implementation process and the learning capacity of institutions and actors in both contexts.

Public policies are formed, implemented and evaluated. The precise nature varies from country to country according to the political, historical, and socio-economic features. Following Esping-Andersen *et al.* (eds) (2002: 25), "*the single greatest challenge we face today is how to re-think social policy*". Accordingly, for any reforms or pension policy process a political commitment is needed which explains the driving force behind the policy process. Implementation forms a phase within the policy cycle which can be broke down to five components: the problem definition, agenda setting, decision making, implementation, evaluation and re-definition or termination proposed (Blum and Schubert, 2009: 102). Specific policy choices and goals are set by decision-makers and handed down to institutions and institutional actors for implementation and evaluation. The higher the room to manoeuvre for institutions and actors to evaluate and adapt, the higher the learning capacity and therefore the possibility of higher policy output performance.

In the following discussion the political decision-making are considered as independent variables and the pension policy results are considered as dependent variables.

5. Solving the Puzzle: Socio-economic Pressure on Policy Choices

In recent decades, India and China have been mired in deep structural pension reforms to expand universal coverage. As Whitford (2002) argues, political interest is triggered when environmental pressures alter the effectiveness and legitimacy of prevailing policy. Or as Radaelli (2009)[3] points out, reforms or policy transfers are driven by legitimacy deficits. Hence, it is argued that adequate pension politics is not only about preventing poverty; it is about gaining public support or output legitimacy.

All political systems seek legitimacy and support. Although governments in democracies and autocracies have different instruments for establishing political stability and legitimacy, what both systems have in common is the demand for measurable policy outputs and outcomes. One main instrument to achieve support and socio-economic outcomes is social policy making – or to be specific, the provision of old-age security, especially for those segments of society which do not participate in the economic process. In countries with high poverty rates among the elderly and low safety-net benefits, the disparity or gap in living standards and old-age security mechanisms between specific socio-economic groups and/or regions tends to reduce the legitimacy of governments (*ibid.*). One major environmental pressure or legitimacy deficit for modern Asian states such as China and India (Sadhak, 2013; Liu and Sun, 2014) is the missing coverage in the existing pension funds of the majority of the rural population and in the pension funds of workers in precarious employment situations.

To elaborate this argument,[4] a brief historical account of early modern welfare states and their pension systems is needed. The early modern roots of welfare states can be traced to at least the late nineteenth century in the Danubian Monarchy and Weimar Republic, which illustrate the relevance of pensions as instruments to gain the support and loyalty of specific segments of society. Following the rise of modern welfare states in the West and Eastern Europe, old-age security has become the main instrument of the state for building up a safety net for pensioners and the elderly which provides financial benefits to guarantee old-age security. Hence, it is assumed that universal old-age security provision by the government aims to satisfy the demands of stakeholders/pensioners. Eastern European countries provide evidence of the desire of governments to build up self-sustainable pension systems by balancing funding and benefits. Since the rise of the modern welfare state, one main instrument to gain support from citizens or specific groups has been the provision of old-age security for these target groups. In the early day of the Bismark system the target group was state employees and later on the welfare states paid attention to the working class and low-income segments of society.

6. Output Legitimacy and Pension Coverage for the Informal Sector

How to explain the shifting policy attention toward the informal sector? In both Asian countries the workforce in the informal sector represents a major part of the population as well as an engine of domestic trade and service sector. Accordingly, the interests of this group should not be underestimated as stakeholders and for socio-economic development and political support. In India's democratic system of fair and free elections the political support of the majority of the Indian population is essential for any political party. The policy-seeking model assumes that any party would want to have as much impact on public policy as possible. Parties are focused on their ideological commitments and how to change the current system in regard to their political goals and electoral promises. It is assumed that citizens of democracies support a certain political party exactly because it makes a difference and is in line with what they want the country to achieve (Størm *et al.*, 2008).

In most autocracies the lack of elections and feedback channels reduces governments' legitimacy options. Various instruments can be used to overcome these limitations. One main instrument is output legitimacy. In short, the government legitimates itself by referring to its measurable outcomes and the benefits of its reign for all segments of society. Accordingly, the socio-economic situation of the population is relevant policy field for internal and external legitimacy. Providing old-age security means output legitimacy and social legitimation through public support of the system by the pressure group/stakeholders.

The close link between legitimacy and stakeholder interests is pointed out by Freeman (1984: 45): "*Stakeholder connotes 'legitimacy' … Hence legitimacy can be understood in a managerial sense implying that it is 'legitimate to spend time and resources' on stakeholders, regardless of the appropriateness of their demands.*" Or as Nicolodi (2007: 75) notes, the legitimacy of a sustainable pension fund requires coherent answers with regard to the legitimacy of multiple stakeholder interests. Furthermore, he argues that "*stakeholder relationships are influenced by and formed according to the economic and/or societal interests involved.*" To sum up, in modern Asian states a majority of the population still works in the informal sector and is threatened by old-age poverty due to a missing old-age security system.

7. The Demand for Institutional or Policy Learning Ability

Coming back to the core question on the higher performance of the Chinese policy-making process, the article highlights the relevance of institutional learning capacity to adjust and reconfigure policy choices to conform to social realities. The notion of "policy learning" is essential to the policy-making process; however, learning ability is seen by most analysts as a by-product of the institutional structure (Kohler-Koch, 1996). A common consensus in comparative literature is that the country-specific and system-specific institutional structure matters in determining the "*room to maneuver*" for decision makers and the learning capacity of institutional actors (Streeck and Thelen (eds), 2005). The complexity of the interaction between the formal and informal factors and the resulting "rules of the game" are highly relevant for understanding contemporary policy choices. Public goods and public policy making are instruments for the government to steer the development process and gain desired outcomes. Stein Ringen (1987 / 2006: xlvi) reminds us that the "*welfare state is reform on a grand scale*". It is an attempt to change the circumstances in which individuals and families live. Gøsta Esping-Andersen (1990) and Anthony Giddens (1998) advocate the use of a theoretical institutional approach to determine the departure from the institutional and ideological foundations of the modern welfare state and its social security provisions. Following an institutional approach, institutional learning capacity is seen as the function of adaptable systems of "governance under uncertainty" (Richardson, 1996: 30). The interaction between institutional actors, regional and local systems of governance and the capacity of the central government is essential for institutional learning capacity, particularly in the process of policy making and the pushing through of unpopular but necessary social reforms with the consent of opposition parties, trade unions and employer organizations (Palier (ed.), 2010). Public administration literature has given evidence of the stronger attributes of local institutional actors, such as local administration, expert committees or bureaucrats, and their key role as "*idea brokers*" and "*bridge builders*" to facilitate the deliberation and dissemination of policy-relevant ideas (Lindblom, 1978; Verdun, 1999). In pursuit of "*learning by doing*" or "*learning by past successes and failures*", institutions can adapt to long-term rather than specific conditions, which heavily improves the outcomes (Garmise, 1995). But as Hall (1993) remarks, learning capacity requires institutions flexible enough to implement necessary changes but at the same time capable of coming to the right conclusions. Rhodes and Meny (eds) (1998) conclude that dialogue among actors is mostly relevant to allowing the learning capacity of local institutions as well as the ability of local governments to actively learn from their counterparts. Hence, the degree of decentralization of the administration is highly relevant for such an interaction to offer the local governments sufficient financial and administrative leeway to realize structural reforms (*ibid.*). Paraskevopoulus (2001) concludes that the crucial prerequisite for institutional learning and adaption is "*certain capacity for collective action at regional and local levels which facilitates the shaping of the system for interaction and coalition-building among key social and economic actors.*"

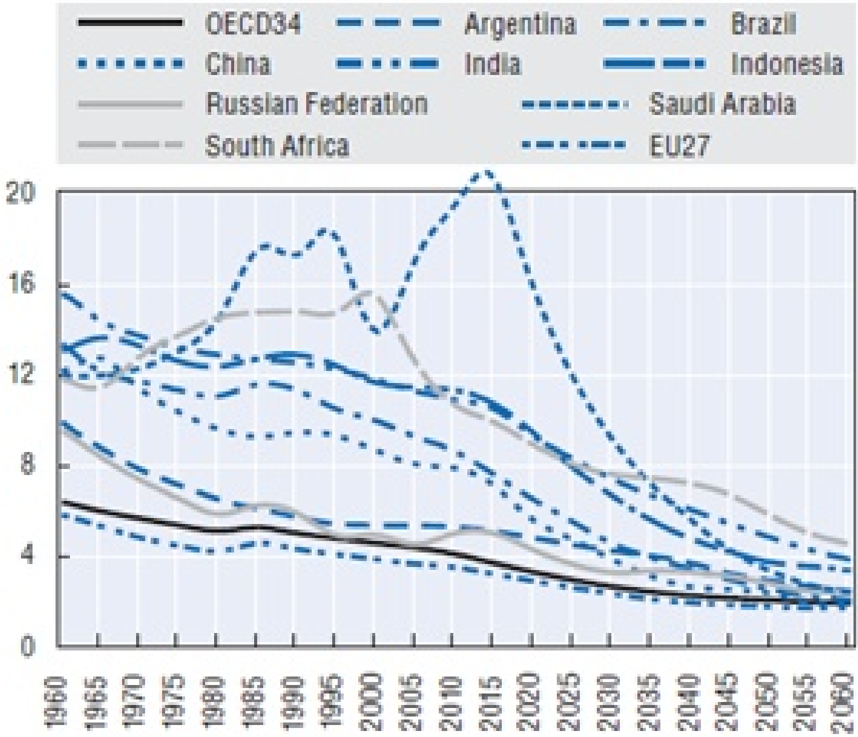
The pragmatist governance approach stresses that effective problem-solving capacity demands learning capacity. Cohen and Sabel (2002: 313) emphasize that "*collective decisions are made through public deliberation in arenas open to citizens who use public services, or who are otherwise regulated by public decisions. But in deciding, those citizens must examine their own choices in the light of relevant deliberations and experiences of others facing similar problems in comparable jurisdictions or subdivisions of government. Ideally, then,* *directly deliberative polyarchy combines the advantage of learning and self-government with the advantages (or discipline) of wider social learning and heightened political accountability that results when the outcomes of many concurrent experiments are pooled to permit public scrutiny of the effectiveness of strategies and leaders.*" In particular, the empowerment of involved actors (Cohen and Sabel, 2002) produces "*iterated co-design*", "*benchmarking*" and mechanisms of "*error-detecting*", which demand effective learning capacity. For these authors learning capacity is synonymous with democratic institutional design and participation but autocracies tend to be innovative as well. Despite theoretical assumptions, various studies have produced evidence that consultative and deliberative practices are utilized by authoritarian systems to gain policy legitimacy, information and output performance (He and Warren, 2011). Various authors have argued that autocracies tend to counterbalance missing feedback or input dimension to gain a decent degree of "public feedback" and information (Evans, 2011).

What follows is an investigation into the current socio-economic and institutional features that determine to a decent degree the policy choices and outcomes of modern pension systems and their development in India and China.

8. Demographic Pressures and the Legitimacy Deficit in China and India

The most pressing concern for both countries with growing elderly population is to provide old-age security schemes (Sadhak, 2013). To begin with, what is required is an adequate understanding of the development of contemporary pension reforms and the demand for constant adjustment of these reforms in light of changing socio-economic realities.

Figure 1 Decline in the Support Ratio, 1960-2060



Source: OECD (2013).

Demographic development is a key impetus for public policy and pension politics. In rapidly aging societies, and in most Western democratic countries, the ratio between retirees and the workforce has rapidly altered, threatening the long-term financial funding of the pension system for future generations. Over the medium term the demographic situation and available workforce in both countries are still favorable until 2050. However, the population pyramid in both countries is narrowing due to the increase in life expectancy and a decline in the birth rate. Demographic tendencies in the two Asian countries are flanked by higher life expectancy – what is called aging. A shrinking working-age population comes with a decline in the pension support ratio,[5] which in turn burdens the sustainability of the pension system.

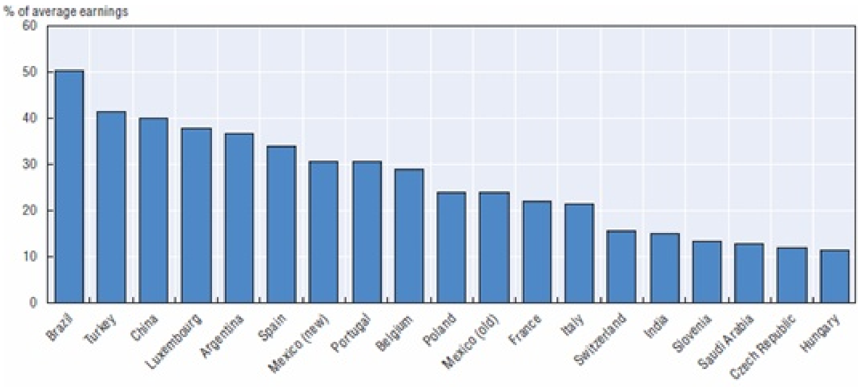
The predictions show that the Indian population is rapidly growing and indicate that the Chinese population is aging faster.[6] Among the major economies in Asia, India's birth rate is well above the replacement level of 2.1 at the moment but with a constant decline similar to the trend in the OECD countries (OECD, 2015).[7] The overall age structure of the Chinese population is different from that in India, but both countries face similar issues as rapidly aging societies. The current UN projection is that India, with its current population of 1.2 billion people, will overtake China as the most populous country in 2022; other projections say that will happen earlier, in 2028. By 2050, life expectancy at birth is projected to reach 74 years. While the population of working-age people in India will increase to 1,143 million by 2050, the absolute number of elderly people will also rapidly rise from 90 million to 332 million or from 16 percent today to 34 percent in 2050 (Bloom, 2011; United Nations Population Division, 2011).

As indicated by all available figures, the need to adjust the pension system to reflect demographic changes is higher in China than in India. However, both governments are facing a rapidly aging population and the accompanying challenges for the sustainability of their pension systems.

9. Today's Challenge: Low Benefits and Missing Coverage of At-risk Groups

The second major challenge for adequate pensions for current and future retirees in the informal sector relates to the level of benefits. In particular, as will be discussed, the old-age security schemes for the informal sector are neither sustainable nor do they provide adequate old-age security given a shrinking workforce and declining individual pension contributions.

Figure 2 Full Minimum Pensions as Percentage of Average Earnings



Note: Among countries with minimum pension arrangements in place, the full benefit is equivalent to 25% of average earnings on average compared to 20% in the basic pension scheme (OECD 2015).

The data from China's 2010 population census indicate that as far as the main sources of support for people aged 65 and over are concerned, 49 percent comes from the support of other family members, 20 percent comes from their labor income and 25 percent from pensions for elderly and retired veterans. As they get older, the elderly gradually lose labor capacity and rely more and more on the support of other family members. For people aged 65, 40 percent have labor income as the main source of support; for 70 year olds, the percentage drops to 23 percent; for people aged 80, it is five percent. At the same time, 31 percent of people aged 65 have family members as the main source of support; for people aged 70, it is 44 percent, and for people aged 80, the number rises to 63 percent (Population Census Office, China, 2012). One important point is that a small proportion of the elderly population receives pensions for the elderly and retired veterans as their main income source, and most of these people live in urban areas. The social security systems for the elderly who live in rural areas are at a low level. On the other hand, the percentage of elderly people in poor health who name pensions for the elderly and retired veterans as their main income source is less than 20 percent, while the proportion of older people who primarily depend on the support of other family members is around 70 percent. In 2013, the monthly per capita pension provided by the basic endowment insurance for urban and rural residents was only 82 yuan; in 2014, it was 90 yuan (14 USD per month) (*Caijing Net*, 2015), which is far from enough to cover someone's daily needs. In 2014, the average monthly pension for the elderly and retired veterans (according to the basic endowment insurance for workers) was 2,061 yuan (318 USD per month). To supplement this shortfall, the government has been promoting a basic pension for urban and rural residents who are not necessarily formally employed. This scheme requires residents to pay contributions into an individual account for at least 15 years before becoming eligible for a pension upon retirement. The fund is subsidized by the government but monthly pay-outs, especially in rural areas, are generally very low. Indeed, official figures show that the average pay-out for the 148 million people receiving benefits in 2015 was just 1,432 yuan for the whole year. By contrast, the average annual pay-out from the basic urban pension fund was 28,363 yuan.

In India the replacement rate of the formal pension system is extremely good. Unfortunately, only a marginal portion (around 9.1 percent) of the workforce is entitled to these pension schemes. In 2010, about two thirds of the elderly lived in villages and nearly half were of poor socio-economic status (Lela *et al.*, 2009). Half of the elderly are dependents mainly due to widowhood, divorce or separation, and a large number of these are female (Rajan, 2001). About 60 percent of the elderly depend on others for their day-to-day maintenance while less than 20 percent of elderly women and a majority of elderly males were economically independent. Among the economically dependent, 85 percent of men and 70 percent of women were supported by their children. Of the economically independent elderly, more than 90 percent supported one or more dependents. Nearly 40 percent of elderly, 60 percent of whom are males, were working; the proportion was higher in rural areas as 66 percent of rural men were working compared to 39 percent of urban men (Population Census, India, 2001). Another issue is that the existing monthly pension benefit is lower than 10 USD PPP, representing less than 5 USD a month (ILO, 2015). With little old-age income support and few savings, labor force participation remains high among Indians aged 60 and older (39 percent), and particularly high among older rural Indians (45 percent) (Uppal and Sarma, 2007). In the future, Bloom (2011) argues that India's system of family-based support will not be able to withstand the increased numbers of older Indians. The 2005-2006 National Family Health Survey in India examined living arrangements by household. The survey found that more than four out of five (78 percent) Indians aged 60 and older lived in the same household with their children, while about 14 percent lived with only a spouse and five percent lived alone (Kumar, Sathyanarayana and Omer, 2011).

During the same period, the share of older Indians living with their children declined by about seven percentage points.

Old-age poverty is present and will be an issue in India as well as China. For the target group of informal workers and rural citizens, the provided pension benefits cannot meet the daily costs of living. Despite the fact that the replacement ratio of the public pension schemes for government employees is high in both countries at 97 percent for average earners in India and 94 percent for average earners in China, the minimum pension scheme benefits are extremely low at two percent in China and three percent in India. Surveying the data makes it clear that India is even more pressured by a majority of elderly people with no or low pension arrangements.

10. A Political Commitment to Expanding the Pension System

In light of the issue of old-age poverty, pension politics have become a significant policy concern (Sadhak, 2013; Liu and Sun, 2014). As argued earlier, the socio-economic situation of elderly people without access to public pension schemes has worsened. One main reason is the socio-economic processes that have increased income disparity and living costs. Another relevant factor is the eruption of traditional family systems that functioned as old-age security schemes.

As the economic growth rate slows in pace, both governments have paid more attention to the provision of old-age security nets for the informal sector (OECD, 2015). These target groups are becoming more vulnerable to old-age poverty and still represent a large segment of the population (Sadhak, 2013). Accordingly, the coverage gap in old-age security has become a national and international legitimacy gap for both countries. In recent decades both governments have been devoted to addressing the coverage gap.

Given such challenges and the resulting legitimacy deficit, decision-makers in New Delhi and Beijing have been under pressure to reduce old-age poverty and improve the coverage of old-age security for all segments of society. Having learned that mandatory or quasi-mandatory pension systems for the formal sector are not well prepared to provide universal coverage, both governments have sought to introduce new benefits schemes for the informal sector.

While the goal has been the same, the output policy performance in the policy field differs significantly which cannot only be explained by the variations of socio-economic factors. Policy output performance is heavily linked to the institutional performance and the underlying learning ability of the institutional actors.

11. The Case of India and Its Missing Coverage: A Learning Deficit?

As indicated by the national surveys (OECD, 2015), roughly 12 percent of the population are covered by the formal pension system and the majority of elderly people depend on traditional but fading family support, community services and/or charity. Unlike the unified Chinese pension system, India's pension system is characterized by fragmentation, which challenges the social safety program, (mandatory and voluntary) occupation-related schemes, and individual voluntary arrangements (Steward and Yermo, 2008). One reason for the fragmentation is the policy behavior and strong path-dependency in pension politics. Reforms of the formal and overgenerous pension schemes for civil servants and public administration are less likely realized due to the political system and the strong pressure group of stakeholders.

The focus on the formal sector is grounded in the historical development of the pension system in India. Since the early beginning which dates back to the colonial period of British India decision-makers mainly focused on the experiences in Europe and old-age security for civil servants, public administration and the working force in the formal sector. The Royal Commission on Civil Establishments introduced in 1881 provides pension benefits to government employees. The Government of India Acts of 1919 and 1935 made further provisions which paved the way for the Central Civil Service Pension Scheme and the Civil Service Provident Fund established in 1972 and 1981.[8] The dominant political leaders of the independent Indian Republic followed a Soviet-orientated development approach in pursuit of industrialization. The introduction of a License-Permit-Quota Raj, central planning and a closed economy model did not help to realize the transformation. In the 1990s the decision-makers had to face the harsh reality. The ongoing economic transformation and urbanization promoted a decline of the traditional family system, immense migration of rural residents and an ongoing increase in the life expectancy. In the political arena, the ongoing decline of the dominant Indian National Congress accelerated the political fragmentation and the need of office-seeking parties to include the public demands of the poor majority.

Accordingly, a major political concern has been old-age protection for the informal sector and in particular for the rural population. In 1995 a basic pension has been introduced (will be discussed later). But the government relied on the experience of the formal public pension system. In 1999 a commission has been installed to expand the formal security net to the informal sector which was the birthdate of the new National Pension Scheme or New Pension Scheme (NPS).

Figure 3 Progress to Universal Old-age Coverage in India

Source: Author's illustration.

Civil employees of the central government who have joined service on or after January 2004 are covered under the Defined Contribution based on the New Pension System (NPS). The scheme was later consolidated and expanded to provide retirement benefits to the entire public sector. The year 2003 brought about a paradigm shift in the focus of policy making which however did not result in fundamental deep reforms but more or less ad hoc action by introducing a new administrative body, the Pension Fund Regulatory and Development Authority (PFRDA), to oversee the NPS. The NPS was mandatory for all new employees in the formal sector but for the first time was opened for all citizens in 2009. However, the program could not meet the expectation for universal coverage. It is worth noting that although the legislation momentum closed the legal coverage gap, only 12.9 million registered in the NPS in 2016 and 33.6 percent belonged to the formal sector. In 2015 still less than 11 percent of the elderly have any kind of old-age security (HelpAge India, 2015).

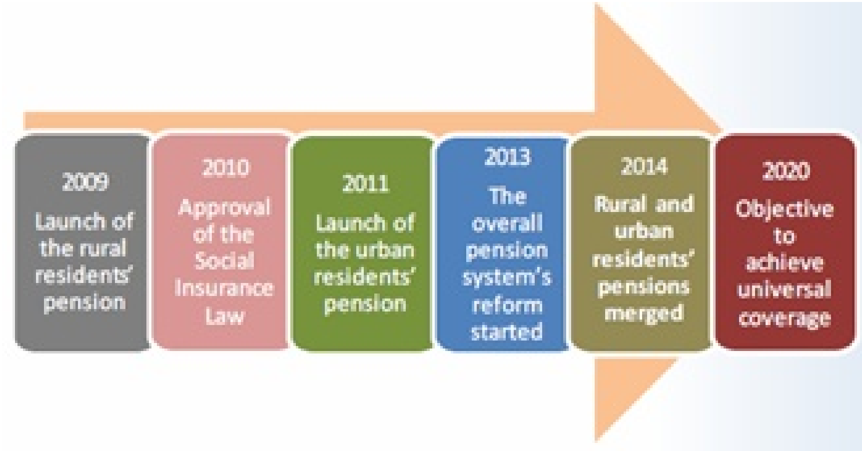
The schemes for the informal sector lack behind in their continuity, coverage and legal anchorage. Similar to Beijing, New Delhi attempted to address the low coverage of rural citizens. The flagship in expanding pension coverage is the National Old Age Pension System (NOAPS) that provides a fitting example for the ad hoc politics in changing the range, scope and the program itself. The National Old Age Pension scheme was introduced in 1995 and is part of the National Social Assistance Program. The tax-financed program is a perfect example for the ad hoc policy making following political agendas and not policy learning experiences. It was routinely revamped over the years in its focus and range by the changing coalition governments. In 2000 the decision-makers attempted to close the coverage gap of the NOAPS by introducing the Annapurna Yojana scheme. In 2007 the NOAPS has been merged with other schemes, renamed Indira Gandhi National Old Age Pension Scheme and extended to cover all individuals living below the poverty line. In 2009 the age limit has been reduced and in 2012 the benefits raised. NOAPS covers 7.3 million people but only roughly 30 percent of the poorest elderly with a monthly pension of Rs 75 (1.17 USD) which is extremely low due to the low budget. In 2013 the Task Force on Comprehensive Social Assistance Programme criticized the low benefits. A consequence has been that various state governments have set up their own pension schemes which compete against the national program with higher benefits ranging from USD 2.2 to USD 4.4 per month (Steward and Yermo, 2008). In 2015 the new prime minister, Mr. Narendra Modi, followed the typical attitude of pension politics and revamped the old Swavalan Yojana into a new Atal Pension Yojana to improve the attractiveness and therefore the coverage of the NPS for informal workers. Currently the impact is modest. To sum it up, the NPS characterizes the strong focus on existing and formal pension system to address the issue. Other characteristics are the constant revamping of the program and its typical top-to-bottom policy scheme, and its being victim to the rapid changing political agendas.

Both schemes, the NPS and the NOAPS, have been implemented without much consultation with lower tiers, and with on-the-go adjustments and a one-size-fits-all approach without considering local schemes or the variations in the living costs across India. Furthermore, not much enthusiasm for addressing the commonly known administrative drawbacks has been shown. The performance of the ad hoc pension initiatives on national level for the informal sector is limited. In the informal sector very few are enrolled in the mandatory pension system and more have to participate in voluntary pension arrangements offered by insurance companies (ADB, 2006; Park, Lee and Mason (eds), 2012).

12. The Case of China and Its Struggle to Achieve Universal Coverage

China undertook deep reforms to improve pension coverage and benefits as well as the output performance of anti-poverty policies. Contrary to India, Chinese policy making aimed to reconstruct the entire pension system (Liu and Sun, 2014). The experiences with the financial drawbacks of the overgenerous pension system in China have produced pressure for structural reforms. The goal has been the financial sustainability and the continuing expansion of the coverage for all segments of society. A consequence has been the step-by-step fundamental reforms since the 1999 until the 2007 of the entire pension system. China has step by step set up a two-tier pension system that includes a basic pension and a mandatory employee contribution to a second-tier plan for urban workers (OECD, 2015).

Figure 4 Progress to Universal Old-age Coverage in India



Source: International Labour Organisation (2015).

In the urban areas a mandatory funded pension program has been set into motion. Public sector employees were covered by separate, generous pension arrangements. For the rural population which lacked old-age security the government initiated various pilot projects in 1999. The funded and defined contribution scheme was voluntary. The scheme was based on one pillar. The benefits varied according to the individual contribution over the years until retirement. Only 80 million or 11 per cent of the rural population participated in 1999 and the number dropped to 53.89 million in 2004. In 2009 the OECD survey concludes that still over 60 percent have no access to the formal pension system in rural areas. To close the rural coverage gap the Chinese government redesigned the rural pensions by taking the experiences seriously. A first step was the traditional opening of the entrance to the compulsory public pension system; however the participation rate has been extremely low.

Furthermore, voluntary, occupational pension arrangements have built up but a precondition for these schemes is participation in the mandatory public pension schemes. In addition to these options, similar to India, private life insurance has become more popular due to the flexibility of participation. A key component to providing old-age security and the flagship in fighting old-age poverty in rural regions has been the introduction in 1999 of the minimum income guarantee for poor citizens. The benefits provide an amount equivalent to around 20 percent of the local average salary (Hu and Stewart, 2009). In contrast to India, China addressed this limitation by making the voluntary affiliation of the working-age population a condition for parental receipt of a non-contributory pension (ILO, 2015). A key sign of progress was the launch of the rural residents' pension system in 2009. The new basic pension scheme for rural residents has been another step in the direction of universal coverage. The central government also took another major step in that direction in 2011 in closing the coverage gap of people not covered by the basic pension scheme. In 2011 a pilot project was started for pension schemes for urban residents not eligible for the basic pension scheme. In 2012 the urban residents' pension was approved and went national. In 2012 participation in old-age security tripled and in 2017 the majority of the rural population (roughly 80 percent) enrolled in voluntary schemes (ILO, 2015; OECD, 2015). The peak of institutional transition was the merging of rural and urban residents' pensions in 2014. Undeniably the process aims to improve overall coverage as well as one system for all citizens regardless of their residence. In 2015 the State Council in its *Decision on the Reform of the State Employee Pension System*[9] introduced a new pension plan designed to equalize the private- and public-sector systems. Under the new scheme, public sector employees will also have to make their own contributions to the pension fund. However, the authorities have stated that the basic salaries and pension benefits of civil servants and employees of public institutions will be augmented to offset any financial losses for employees under the new system. For urban and rural residents the newly introduced pension scheme could achieve coverage of roughly 80 percent in 2015 (OECD, 2015).

The figures in terms of coverage speak to Chinese policy performance. Contrary to India, China has unified its pension system, decreased fragmentation and improved coverage. In the policy process the State Council used pilot projects and the gained lessons to define and adjust the new pension schemes for achieving universal coverage. In India the bottom-down approach, the missing self-sustainability and the fragmentation of pension system decreased the overall output performance.

13. Legislation and the Issue of Legal Coverage Gap

To understand the higher policy performance of China, the institutional features have to be investigated, which allows, as argued, more room for learning, adjustment and evaluation. One main institutional determinant is the social security law. Constitutions and laws determine the formal rules and legislative boundaries. These boundaries dictate the available room to maneuver for decision-makers, institutional actors and even the rights of citizens. Therefore legislation heavily affects institutional learning capacity and trial-and-error adjustment on lower tiers. Social law is "a system of rules and guidelines which are enforced through social institutions to govern behavior".[10] Without any legislative coverage for social protection, there is no legal certainty of the right for compensation.[11]

Social laws and legislative regulations determine the actual shape of the pension system and social protection contingencies. Hence the right for old-age benefits or compensation is ensured by legislative coverage of social protection and the specific access modalities; the compensation and target groups of social security schemes are defined by legislative measures and regulations. One main obstacle is the limitation of the right for compensation or the so-called legislative coverage gap (Barrientos, 2009). Since the 1990s China and India have been active in changing their social legislation to close the traditional legislative coverage gap by introducing new pension schemes, merging old one and adjusting the regulations for entrance.

Chinese social security law is characterized by the absence of binding constitutional or institutional design. The constitution of the CPR is dominating but less detailed on actual social rights of the citizens. A milestone has been the approval of the long-awaited social insurance law. In October 2010 the Standing Committee of China's National People's Congress (NPC) passed a new law. Before the new law the social insurance system was based upon specific regulations and provisions in the 1994 Labour Law and 2008 Labour Contract Law. The 98 pages of law faced four sessions in the NPC in the three years before the legislation was passed. The resulting Chinese law on social insurance shapes the legal framework and regulates basic endowment insurance (a mandatory pension system), basic medical care insurance, workers' compensation, unemployment insurance, and maternity insurance. It should be taken into consideration that the operational interpretation of the law is up to the issued regulation of the State Council. Looking at the law makes it obvious that the legislation sets the boundaries in which institutional actors, such as the State Council, can make necessary adjustments through the regulations without the demand for acceptance by superior institutions.

In India the legislation has a fundamental role in the republic and democratic system. The Constitution of India has affirmed social and economic justice to all its citizens and clearly specifies the social rights of the citizens. On the next level the acts and rules, such as the milestone The Pensions Act, 1871, are passed by the government to set the legal framework for the pension systems and their administration[12]. The adherence of the Rules and Acts are enforced by the Department of Pension and Pensioners' Welfare and by the judicative. Contrary to China, Indian government is in demand for political majority in the two chambers to pass permanent acts. Although, as discussed earlier, the government introduced the New Pension System in 2004, only in 2009 the parliament issued the opening of the NPS to all Indian citizens aged 18-55 on a voluntary basis and since 2009 to all non-residential ones (Park, Lee and Mason (eds), 2012). The Pension Fund Regulatory & Development Authority Act, 2013 took another 3 years to be passed and was mainly steamrolled through legislation due to the public protests in 2013. In 2009 also the NOAPs was merge and extended to all people below the poverty line. The closure of the legal coverage gap did not improve the overall coverage due to the missing popularity of the schemes. Furthermore, another relevant factor is that the ministerial and administrative body is more restricted by specific social rights, acts and regulation in their ability to ably structural reforms.

Expanding the legislative coverage gap in old-age pensions in India and China had priority for both governments but was only a formal act. Concerning the main argument, the legislative framework and the provided leeway for administration adjustment and the learning policy process seem to be even more relevant in both contexts. In China the less strict legislation gives decision-makers more room to maneuver for reforms, adjustments and adaption without much consolidation. Chinese legislation provides recommendations rather than strict requirements, which give the executive bodies, i.e. the State Council, the authority and leeway to modify the pension reforms more easily. In India the democratic pluralistic setting and stronger legislation regulations limit the room to maneuver in the policy process. Furthermore, legislative acts and rules take their time to be negotiated and passed by both houses in India. Structural changes and feedbacks are less easily being implemented due to the various legal and institutional boundaries in India compared to China.

14. Regime-related Impact on Learning Potential

Comparative political literature has given evidence of the advantages of non-democratic systems compared to democracies in terms of long-term planning capacity. In democracies free and fair elections promote political competition and a higher number of veto players restricts the continuity of policy-making. Between the 1990s and 2010 India and China undertook serious reforms to expand the coverage and benefits of old-age security. One crucial element of better performance in the provision of old-age security to address old-age poverty in China has been long-term planning capacity. Interestingly, India's democracy relies even today on 5-year plans for determining national policy goals. But the national plans are more or less guidelines and actual policy-making is done by the government which is in demand for a majority in the supreme legislative body – the parliament or Lok Sabha – and in most cases concerning finances and pensions a majority in the upper house – the council of states or Rajya Sabha. As a consequence of India's fragmented multi-party system the coalition governments and seats in the two houses are heavily fragmented without major parties. The number of veto players is reducing the ability of governments to push through deep and often unpopular reforms. Since the decay of the one-party rule by the Indian National Congress in the 1970s composition of the coalition governments change rapidly, as do political goals, reducing the overall coherency of politics and long-term planning capacity. In India, under the pressure of coalition bargaining and electoral demands, the changing multi-party governments constantly merged the existing programs and changed the range, focus and target groups of the schemes (Mitra, 2006). In contrast to India's changing coalition governments, the Chinese administration has gradually built up a unified pension system since 1995 with the backing of the central government. The higher long-term learning capacity is an advantage of the authoritarian one-party system and political stability in China. The Five-Year Plans are more or less initiatives for development but offer the executive body enough leeway for policy-making. Hence, the administration has been able to gradually realize deep reforms over long period (Sadhak, 2013). From 1995 to 1999 the Central Government reformed the pension system for the formal sector. In the 2000s the authorities began to adjust the existing system and expand coverage for the private and informal sector. In the process the State Council passed various regulations for the implementation of the new pension insurance system, universal pension scheme for employees in cities/township enterprises, the rural pension system and the National Social Security Fund (MOHRSS, 2014).

The institutional feature of central planning is present in both countries but in India the instrument for development is less effective in providing long-term planning capacity and reliability for pension reforms due to the less predictable policy choices of the involved political actors and veto players.

15. The Capacity of the Administration

Institutional learning ability is in need of "open space for new and innovative solutions" (Kohler-Koch, 1996: 372-373). As Scharpf (1999) pointed out, centralized authority can be seen as a "shadow" hanging over the local government instead of acting as resolution mechanisms. The degree of the administrational infrastructure's decentralization is essential in the learning capacity of the local governments (Mitra, 2006). All autonomous pension funds have a governing body or board that is the starting point for understanding differences in the quality of pension fund governance across countries. The International Organisation of Pension Supervisors survey (IOPS, 2007) identified general governance problems that affect the performance of the pension system. The survey highlighted administrative problems in transparency, competency and expertise of the governing body, rising complexity of the pension administration, and information on pension benefactors (Verdun, 1999). In its conclusion, IOPS (2007) found that governance practices were improving but that there were still many lingering problems. In a study of a sample of large pension funds from six different countries dispersed across North America, Europe and Asia-Pacific, Clark and Urwin (2007) conclude that their superior regulative performance is linked to strong governance and coherency in the systems.

Country-specific surveys for India include a report by Ranadev Goswami *et al.* (2000) highlighting the "shadow issue" and the administrative problems in governance practices. Furthermore in the pluralistic system, policy processes are increasingly complex and governed by divergent interests (Verdun, 1999). Accordingly, the policy lessons of the central state are drawn from experiences all over India and pension reforms are hard-bargained topics in the political arena in the two houses and mostly result in marginal reforms due to the high number of veto points. Despite this fact, social security administration for the national public schemes is administered by only one body for the whole country which leads to a strict one-size-for-all implementation process. As far as administrative learning ability is concerned, the strict central planning and separation of national and local administrative bodies are limiting the institutional performance, interaction and communication between involved actors. Indian state governments in the federal structure have more leeway in the implementation of additional pension programs than in the implementation and reform process of national pension schemes. Despite the fact that their resources are limited, the electoral pressure for the local and district government has positive effect on the local social politics. Due to the majority of poor people, India's political parties are eagerly trying to catch voters by electoral promises for more target group benefits (Mitra, 2006). Therefore, the local politicians and governments set up their own pension schemes which are in most cases directly overlapping with the national pension programs.

In the case of China, He and Warren (2011) introduced the concept of "authoritarian deliberation" which could overcome the "shadow issue". As argued by the authors, deliberation is possible in autocracies that promote learning capacity by enhancing consultative and deliberative practices. Chinese central government has learned its lesson that policy output performance is in demand for feedback. Due to the missing input or feedback channels by citizens and non-governmental actors, Beijing mainly relies on the administrative feedback of the local governments and party organizations. Pension politics give the best example of the governmental practice. The central government introduced its own initiative to overcome the traditional input deficit of an authoritarian system through information gathering and enhancing legitimacy (Kornreich, 2017). The initiation phase of pension system implementation is being handed down to the local authorities at the provincial and municipal levels. In the classical trial-and-error test phase the local government implements new pension schemes and adapts them to specific demands. Effective, innovative initiatives are often taken up as national policy and implemented across the country. Due to competition pressures the main priority is guaranteeing policy output performance, self-sustainability and decent administrative effectiveness. As Fewsmith (2012) argues, under the "shadow" of the central government the local authorities fight over resources and privileges. In the process local governments are discouraged to set up their own programs; however, the local authorities are more interested in affecting the pilot projects to ensure second-best outcomes for themselves.

The Worldwide Governance Indicators provide evidence of the slightly higher governance performance of the Chinese administration. In terms of government effectiveness China scores 68 and India only 56. It should be noted that regulatory quality is limited in both countries; still China achieves a slightly higher score of 44 to 40 in the benchmark.[13] The outcomes underline the illustrated common drawbacks and similar low administrational capacity of both systems which highlights the demand for learning capacity.

China demonstrates the need for including local governments in active development through consultative and deliberative practices (MOHRSS, 2014). In particular, the adjustment of new pension schemes and programs to cover the complexity of informal and migrant work all over the country illustrates the Chinese advantage in including local authorities in the policy process. In contrast to India, the local authorities in China participate in the policy development process for new pension schemes and initiatives (*ibid.*). The pilot projects and trial-and-error method grant the policy process a higher learning capacity and information gathering. India has a disadvantage here: the national pension schemes are handled by the national administrative body (Sadhak, 2013). India's state governments have the authority to set up additional programs but, similar to their Chinese counterparts, financial and administrative resources are restricted.

16. Improving the Flexibility for the Target Groups

Flexibility of the system is essential for adjusting the pension schemes on-the-go to the local demands of target groups. Furthermore, flexible regulations offer the administration the ability to learn and adopt on the spot without consulting higher authorities. As the OECD Report (Hu and Stewart, 2009) shows, "[*o*]*ne of the main reasons why informal sector workers do not want to participate in voluntary pension systems (and in some cases even comply with mandatory schemes) is that they find the strict criteria involved too onerous, e.g. in terms of contribution requirements, vesting policies and requirements on governance structure of pension fund itself etc.*"

China's informal sector employees are required to join the mandatory public pension scheme but the relatively high contribution rates and lack of enforcement of the requirements by the Ministry of Labour have resulted in low participation. Instead of enforcing the mandatory contribution, Chinese authorities have taken the socio-economic issues into consideration and reduced the contribution rate by eight percent. Another example is the additional voluntary pension schemes among small- and medium-sized enterprises. By introducing collective pension funds (CPF) that directly target small- and medium-sized enterprises in China, these smaller units benefit from easier application procedures and faster assessment processes (Hu and Stewart, 2009).

In India the flexibility is provided by the additional pension system offered by the state governments. Unfortunately, the quality and availability of these schemes are restricted by the state governments and their resources (Sadhak, 2013). Moreover, these additional schemes in most cases overlap with the national pension schemes. The resulting program concurrency is one common drawback of India's fragmented political system on various levels.

Another issue is raising public knowledge and awareness, thereby potentially leading to increased pension coverage, including for the informal sector (Stewart, 2006). For example, around 80 percent of the informal sector employees in India surveyed by the Asian Development Bank did not know what a pension was, and so even though they meet the criteria, very few informal sector workers join the Public Provident Fund (ADB, 2006).

17. Social Support: Including Non-governmental Agencies' Learning Capacity

Policy learning demands information or feedback. Institutional feedback functions are, as illustrated earlier, not restricted to democratic systems. Authoritarian regimes tend to utilize social organization to improve policy process and output performance (Evans, 2010). Authoritarian systems with limited input and/or feedback mechanisms ensure that decision-makers benefit from cooperation to gain information and feedback. The ILO survey of 2011 (cited in the ILO survey (2015)) has given evidence of the central role of the All-China Federation of Trade Unions in the policy and implementation processes of pension reforms. In India the fragmentation of the trade unions along political fault lines has excluded them from the policy and implementation processes (Mitra, 2006).

18. Finances

One of the biggest problems with the current pension system is long-term financing. The conflict between rapidly aging societies, increasing life expediency, and an increasing percentage of pensioners on the one hand and a low statutory retirement age, weak financial sustainability and generous benefits on the other hand seems inevitable.[14]

Most countries have reviewed the incentives of their tax/benefit systems in order to make them more "employment friendly". This development has been motivated by competitiveness concerns, but also by the wish to neutralize the vicious spiral of "welfare without work" generated by "contribution-heavy" social insurance systems (Palier (ed.), 2010). India publicly managed the first pillar of the pension scheme, and the expenditure patterns of the non-contributory, unfunded public pension programs are putting increasing pressure on the government's budgetary allocations. Generous pension benefits together with health benefits provided to retirees are threatening the financial sustainability of these schemes.[15] As in the other major economies, long-term public pension spending is expected to increase significantly with the exception of India. India currently spends only 1.3 percent and it is estimated that in 2050 the percentage will drop to 0.7 (OECD, 2015). Assets in pension funds and public pension reserve funds in India are low, at 6.819 million USD or 0.4 percent of the GDP in 2013 (OECD, 2015). Even today, with a low participation ratio, the publicly subsidized schemes are heavily tax-financed by the central government.

In China policies have sought to relieve public finances and to shift some of the responsibility for welfare provision to individual workers or social partners. Still all three main schemes benefit from public subsidies. But the public pension reserve fund is only around 3.4 percent of the GDP or 98.896 million USD. In 2014, in 22 out of 30 mainland provinces, income failed to cover the expense of pensions, and financial subsidies from all levels of government have been used to finance the gap (OECD, 2015 and 2017). The problem of weak financial sustainability is not new for the Chinese pension system. Since 2002 subsidies have rapidly increased from 40.92 billion to 227.2 billion yuan in 2011 and to 301.9 billion yuan in 2013. In 2015 the subsidy was 367 billion yuan (Guo, 2015).[16] Eight more provinces, including Liaoning, Jilin, Shaanxi and Hubei, have only enough money to pay pensioners for fewer than 10 months. On a national basis, China's pension funds could cover 17.7 months of payouts for retirees in 2015, down from 19.7 months three years ago, the report shows (MOHRSS, China, 2015). The OECD pension report predicts that public pension expenditures are expected to increase in 2050 to 9.3 percent of the GDP, which will heavily burden state finances.

In international terms, India and China currently have low public pension expenditures compared to other major economies with similar systems (OECD, 2015). In China the financial pressure has been handed down to local governments, which, however, struggle to fill the gap in financing and providing the pension benefits for an aging society. India's heavily tax-financed pension schemes for the informal sector have weak financial sustainability and their deficit is rapidly growing with increasing numbers of benefactors. Considering the low share of the gross domestic product and the estimated number of unregistered potential beneficiaries the integrity of the schemes will become a political issue (Sadhak, 2013).

19. Conclusion

This paper has attempted to illustrate that learning capacity of the institutional actors matters in the policy process of implementing political decisions, such as universal old-age security. Particularly, the learning ability in the policy process seems to be an important factor for adapting national political decisions on old-age security schemes for the informal sector more effectively to the socio-economic realities and demands of the target groups. Despite the assumed higher learning and long-term planning capacity in China, both pension systems are still troubled by common drawbacks and rapid aging society. But Chinese institutional features encourage the learning to a larger extent than India in the specific policy process of pension provisions. Here the legitimacy deficit plays a central role. As argued, Chinese decision-makers are in demand of output performance and their feedback channels are limited, so they hand down more authority in the implementation process to the lower administrative tiers through pilot projects before going national. The gradual adjustment and review process on lower tiers, long-term planning ability, and less regulative laws have granted the central government an internal learning procedure for upcoming pension reforms. In the Indian case, the democratic features of a multi-party system, strong federalism and changing government coalitions have limitations for administrative room for learning capacity.

Old-age poverty should not be underestimated by current policy-makers, and in times of rapidly aging societies, inflation, and slowing down of economic growth the financial situations of most pensioners will worsen. Even growth as strong as that observed in China and India cannot absorb the changing ratio of pensioners into the workforce. As the OECD Report comments, "*historical experiences from Western welfare states and global pension reform suggest that a universal pension arrangement does not necessarily mean more redistribution and better old age protection; for example, an extremely low level of universalism can also result in the shifting of state responsibility to the private savings of individual households.*" (OECD, 2015)

Notes

* Dr Silvan Siefert is currently advisor for social law and social policy at Sozialverband VdK Baden-Württemberg, Germany. He has done his Ph.D. at the University of Heidelberg (Ruprecht-Karls-Universität Heidelberg),

Germany, in comparative political science on "Social Security Provision in India and China". His research interests include comparative political economy, international relations, social security, autocracy-democracy, and identity and legitimacy. <*Email: Silvan.Siefert@web.de*>

1. "Though the definition of this sector varies by country, informal sector workers are generally those with low incomes or self-employed, working in very small (unregistered) companies or the household sector, often on a part-time basis (and migrant workers) in industries such as agriculture, construction and services." (Hu and Stewart, 2009).
2. See the report by HelpAge India (2015).
3. He points out that legitimacy deficit encourages decision-makers to act and reform their own system. In the process even foreign experiences and policy choices are often adapted.
4. Under the presumption that pension systems consist of and are affected by multidimensional policy choices and are made up of interdependent social and economic policy repertoires with different dimensions. Pensions or old-age security are designed for the orderly transitions out of employment by offering predictable financial transitions between work and retirement. In short, pensions could be described as transaction to compensate workers for their employment by providing financial old-age security after retirement. (Stewart and Yermo, 2008).
5. Pension support ratio describes the ratio of the number of people of working age to the number of people over pension age.
6. In China life expectancy climbed from 67.77 years old in 1981 to 74.83 in 2010, with a sharp drop in birth rates from 2.63 in 1982 to 1.18 in 2010. By 2050 approximately 25 percent of the Chinese population will be above the age of 65 years old. In 2010, 118.93 million people (8.92% of the population) were 65 or older.
7. Also in India life expectancy increased from 48 years in 1980 to 65 years in 2011 due to the decline in infant mortality rate accompanied by better

immunization rates and better nutrition, and at the same time the birth rate declined from 5.8 in the 1950s to 2.6 in 2010 (Haub and Gribble, 2011).

8. As indicated by the OECD (2017) report, the employees in the formal sector are covered by earnings related to the employee pension scheme and the defined contribution to employee provident fund administered by the Employees Provident Fund Organization (EPFO) and other employer-managed funds.
9. See: "China's social security system", *China Labour Bulletin*, August 2012 (updated June 2016). *<http://www.clb.org.hk/content/china%E2%80%99s-social-security-system>*
10. Law is "a binding custom or practice of a community; a rule or mode of conduct or action that is prescribed or formally recognized as binding by a supreme controlling authority or is made obligatory by a sanction (as an edict, decree, rescript, order, ordinance, statute, resolution, rule, judicial decision, or usage) made, recognized, or enforced by the controlling authority. See: Merriam-Webster (1981). *Webster's third new international dictionary of the English language*. Springfield, MA: G. & C. Merriam Company.
11. In 2013 only one third of the countries world-wide had set up social protection system based on laws which covered the all ILO social protection contingencies.
12. The Pension Fund Regulatory and Development Authority Act, 2013, Pensioners Procedure, Central Civil Services (Pension) Rules, 1972, Central Civil Services (Commutation of Pension) Rules, 1981, Central Civil Services (Extraordinary Pensions) Rules, General Provident Fund (Civil Services) Rules, 1960, Contributory Provident Fund (India) Rules, 1962, Payment of Arrears of Pension (Nomination) Rules, 1983, Liberalized Pensionary Awards, All India Services (Death cum Retirement Benefits) Rules, 1958 and Central Civil Services (Medical Examination) Rules, 1957.

13. See the database of the Worldwide Governance Indicators (WGI) project, available at <*http://info.worldbank.org/governance/wgi/#home*>.
14. Government officials have announced that detailed plans for increasing China's statutory retirement age will be unveiled in 2017 (*The Wall Street Journal*, 2015).
15. *Public Finance* (various issues). Mumbai: Centre for Monitoring Indian Economy (CMIE).
16. Third Plenary Session of the 18th Central Committee of the Communist Party of China held in November 2013; and Lou Jiwei, the minister responsible for the Ministry of Human Resources and Social Security of the People's Republic of China, interpreted the proposal for the Thirteenth Five-Year Plan, and stated that the next step for extending social security, especially the social insurance system reform, should be to uphold the principle of balance based on actuarial mathematics, to promote a social insurance fund to strike a self-regulating balance, and organize a long-term, stable operation (Guo, 2015).

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