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A COMPARATIVE STUDY ON TEACHERS' PREFERENCE FOR PENSION SCHEMES IN JHARKHAND: AN ANALYSIS OF OPS, NPS, AND THE UNIFIED PENSION SCHEME (UPS)

Achal Poddar[1], Dr Shradha Verma[2]
[1]*Research Scholar, Department of Commerce, Netaji Subhash University, Jamshedpur, Jharkhand*
[2]*Assistant Professor, Department of Commerce, Netaji Subhash University, Jamshedpur, Jharkhand*

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ABSTRACT
Pension security is a crucial component of social protection for government employees, particularly teachers, who heavily rely on post-retirement benefits for financial stability. Over the years, India shifted from the Old Pension Scheme (OPS) to the market-linked National Pension System (NPS), causing concern among teachers due to reduced financial certainty. In 2024, the Government introduced the Unified Pension Scheme (UPS) to bridge the gap between OPS and NPS by providing a more assured pension structure. This research paper examines teachers' preferences for ***OPS, NPS, and UPS*** *in the state of* ***Jharkhand****, analysing awareness levels, perceived benefits, satisfaction levels, and factors influencing scheme preference. The study reveals that OPS remains the most preferred due to its guaranteed benefits, while NPS remains the least preferred. UPS, being new, shows moderate acceptance but faces awareness gaps. The findings are expected to support policymakers in designing more effective pension reforms for the teaching community.*

KEYWORDS: *OPS, NPS, Unified Pension Scheme, Teachers, Social Security, Pension Reform, Jharkhand.*

1. INTRODUCTION

Pension schemes form an essential pillar of financial security for individuals after retirement, especially for government employees whose livelihood and old-age stability largely depend on post-service benefits. Among these employees, teachers constitute a significant and influential group because they not only shape the educational foundation of society but also invest their productive years in public service. For them, retirement is a crucial stage of life that requires assured income, predictable financial support, and social protection to maintain a dignified standard of living. In the state of Jharkhand, where a large proportion of school and college teachers serve under government departments, pension schemes play an even more vital role due to limited alternative income sources and the strong reliance on state-sponsored social security systems.

Historically, teachers in Jharkhand, like the rest of India, were covered under the **Old Pension Scheme (OPS)**, a defined-benefit system that guaranteed lifelong monthly pension, dearness relief, and family pension. OPS ensured that retired teachers received a predictable and inflation-adjusted income that was not dependent on market performance or individual contributions. Generations of teachers viewed OPS as a reliable and secure system because of its stability, simplicity, and the financial peace of mind it offered throughout post-retirement life. Under this system, pension was calculated based on the last drawn salary, ensuring that teachers maintained a steady income continuity even after completing their years of service.

However, a major shift occurred in 2004 when the **National Pension System (NPS)** replaced OPS for all government employees recruited after January 1, 2004. NPS was introduced with the goal of reducing the financial burden on the government and promoting a more sustainable pension structure. Unlike OPS, NPS is a **contribution-based and market-linked** scheme where the pension amount depends on investment returns rather than a fixed formula. While NPS was intended to modernize pension management, it generated widespread dissatisfaction among teachers due to its unpredictability and lack of guaranteed lifelong benefits. Teachers across Jharkhand raised concerns about fluctuating returns, inadequate monthly pension after retirement, and the dependence on annuity plans that often yield lower pay-outs. The absence of an assured family pension comparable to OPS further heightened dissatisfaction among teachers.

The growing discontent with NPS led to persistent demands from teachers' associations, unions, and public-sector employees for the reinstatement of OPS or the introduction of a more reliable alternative. In response to these nationwide concerns, the Government announced the **Unified Pension Scheme (UPS)** in 2024. UPS is designed to bridge the gap between OPS and NPS by integrating the security features of OPS with the structural components of NPS. It proposes a more balanced approach by offering higher government contribution, partial guarantee of minimum returns, improved family pension, and enhanced financial protection. The announcement of UPS has generated significant interest

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and debate among teachers in Jharkhand, who see it as a potential solution to the challenges faced under NPS.

Teachers in Jharkhand constitute a major segment of the state's government workforce, making their preferences, expectations, and perceptions regarding pension reforms extremely important. Pension choices directly influence their **financial security**, **well-being**, **job satisfaction**, and **retirement planning**. Teachers, unlike many private-sector employees, generally have limited investment channels and depend primarily on government provisions to support their post-retirement life. Therefore, any change in pension policy has far-reaching effects on their confidence, morale, and trust in government decisions.

Understanding teachers' preferences among OPS, NPS, and UPS is thus critical from multiple perspectives. First, it provides insight into the financial priorities and risk tolerance of teachers. Many teachers, particularly in rural and semi-urban areas of Jharkhand, have limited financial literacy and depend on guaranteed income rather than market-linked schemes. Second, analyzing their preferences helps identify gaps in awareness and understanding of pension reforms. Teachers might prefer one scheme over another not only due to its benefits but also due to clarity, communication, and familiarity associated with it. Third, such analysis can guide policymakers in designing pension systems that are aligned with employee needs, expectations, and long-term welfare. Given the state's demographic, economic conditions, and administrative structures, teacher-centric pension research is highly relevant for Jharkhand.

A comparative study of OPS, NPS, and UPS becomes even more meaningful as it examines how teachers evaluate each scheme based on crucial factors such as **guaranteed benefits**, **risk exposure**, **government contribution**, **family pension provisions**, **retirement preparedness**, **trust in government**, and **overall satisfaction**. The transition from OPS to NPS created a structural shift in pension philosophy—from security-driven to investment-driven. UPS represents a hybrid model that attempts to restore financial assurance while retaining modern pension management principles. Investigating how teachers judge these schemes helps determine whether UPS successfully addresses the concerns raised under NPS and whether it matches the trust and stability once provided by OPS.

Moreover, Jharkhand has a unique socio-economic setting where many teachers serve in rural or tribal-dominated districts with limited access to financial advisory services. This makes them more dependent on the structure and reliability of pension schemes. For such teachers, the ability to foresee stable post-retirement income becomes a major factor in evaluating the suitability of a pension system. Therefore, exploring their preferences offers valuable insights into the interplay of financial expectations, policy reforms, and ground-level realities.

This study aims to provide a comprehensive analysis of teachers' pension preferences in Jharkhand. It examines awareness levels, perceived advantages, perceived limitations, trust factors, and satisfaction across OPS, NPS, and UPS. It also explores how teachers evaluate the newly introduced UPS and whether it successfully balances guaranteed benefits with modern investment-driven features. By comparing all three pension schemes, the study provides evidence-based insights into which system teachers prefer and why.

The findings from this research are expected to contribute to academic discussions, policy debates, and practical decision-making regarding pension reforms in Jharkhand. The results will help policymakers understand teacher expectations, design inclusive reforms, and implement better communication strategies to enhance pension literacy. Furthermore, by documenting teachers' concerns and evaluating their preferences, this study adds value to the ongoing national dialogue on pension security and social welfare.

2. LITERATURE REVIEW

1. Mehta and Roy (2023) studied preference patterns among government employees and found that defined-benefit schemes generate high trust and long-term satisfaction.
2. Sharma (2024) examined employee satisfaction with NPS and concluded that market volatility and low monthly pension frequently lead to negative perceptions among teachers.
3. The Ministry of Finance Report (2024) highlighted major features of the Unified Pension Scheme and stated that the scheme aims to reduce financial insecurity while balancing fiscal concerns.
4. Singh and Toppo (2023) found that in Jharkhand, teachers prefer guaranteed pension systems due to limited financial literacy and low risk tolerance.
5. Pandey and Kumar (2022) analyzed pension reforms and concluded that employee awareness significantly influences acceptance of new schemes.

Overall, existing literature shows dissatisfaction with NPS and strong preference for guaranteed pension systems, but limited research exists on UPS, especially in Jharkhand.

3. RESEARCH GAP

Although several studies examine pensions at the national level, there is a lack of research specifically on **teachers' preferences in Jharkhand**. Most studies focus on OPS vs. NPS, but very few analyze the newly introduced **Unified Pension Scheme (UPS)**. There is also limited evidence on comparative satisfaction levels, awareness gaps, and scheme preferences among teachers in Jharkhand. This study fills these gaps through an in-depth comparative analysis.

4. SIGNIFICANCE OF THE STUDY

1. To help understand teachers' concerns and expectations regarding pension security.
2. To provide insights into the acceptance levels of the newly launched UPS in Jharkhand.
3. To guide policymakers in improving pension schemes based on teachers' needs.

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4. To help educational institutions understand factors affecting employee satisfaction.
5. To contribute academically to pension reform literature with state-level evidence.

5. OBJECTIVES OF THE STUDY

Broad Objective

To study teachers' preference for OPS, NPS, and UPS in Jharkhand.

Specific Objectives

1. To compare satisfaction levels associated with each pension scheme.
2. To examine factors influencing teachers' pension scheme preferences.

6. HYPOTHESES

H_{01}: There is no significant difference in teachers' satisfaction levels across OPS, NPS, and UPS.
H_{11}: There is a significant difference in teachers' satisfaction levels across OPS, NPS, and UPS.
H_{02}: Teachers' pension scheme preference is not influenced by financial security expectations.
H_{12}: Teachers' pension scheme preference is significantly influenced by financial security expectations.

7. SCOPE OF THE STUDY

1. Focuses on government school and college teachers in **Jharkhand**.
2. Covers three schemes: **OPS, NPS, and UPS**.
3. Includes factors like awareness, risk perception, benefits, and satisfaction.
4. Uses both primary and secondary data sources.

8. LIMITATIONS OF THE STUDY

1. Limited to selected districts of Jharkhand.
2. Findings may not apply to non-teaching government employees.
3. Time and resource constraints may affect sample size.
4. UPS is new; long-term outcomes cannot yet be studied.

9. RESEARCH METHODOLOGY

Research Area

Selected districts of Jharkhand: Ranchi, Dhanbad, Hazaribagh, Jamshedpur, Bokaro, and Ramgarh.

Research Design

Mixed-methods: Primary surveys, Interviews, and Secondary data.

Sampling Method & Size

Convenience sampling of **400 teachers** across Jharkhand.

Data Collection

- Questionnaire-based primary data
- Government reports, pension documents, journals
-

Data Analysis Tools

- Percentage analysis
- Mean score comparison
- t-test for hypothesis testing

10. DATA ANALYSIS & INTERPRETATION

Table 1: Teachers' Preference for Pension Schemes

Pension Scheme	Percentage of Teachers
OPS	52%
NPS	21%
UPS	27%

Interpretation: OPS remains the most preferred. UPS shows moderate acceptance. NPS is least preferred.

Table 2: Mean Satisfaction Scores (Scale 1–10)

Scheme	Mean Score
OPS	8.60
UPS	6.90
NPS	4.10

t-test Summary (OPS vs NPS):
$t = 22.4$, $p < 0.001$ (significant)
t-test Summary (UPS vs NPS):
$t = 18.2$, $p < 0.001$ (significant)

Interpretation: Satisfaction under OPS and UPS is significantly higher than under NPS.

Comparison between OPS, NPS, and UPS

Criteria	Old Pension Scheme (OPS)	National Pension System (NPS)	Unified Pension Scheme (UPS)
Type of Scheme	Defined Benefit	Defined Contribution	Hybrid (DB + DC Features)
Monthly Pension	Guaranteed lifelong pension	No guaranteed pension (market-based)	Partially assured pension with minimum return guarantee
Government Contribution	100% funded by Government	14% employer + 10% employee	Higher government contribution (up to 18% proposed)
Employee Contribution	No contribution	Mandatory 10% of basic + DA	Lower contribution than NPS (exact % varies)
Risk Factor	No risk	High risk due to market volatility	Low to moderate risk

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Pension Calculation	50% of last basic pay + DA	Based on accumulated corpus + annuity	Combination of corpus + defined minimum pension
Dearness Relief (DR)	Yes, fully applicable	No	Yes (restored under UPS)
Family Pension	Yes, assured	Limited (depends on annuity options)	Improved, similar to OPS-style support
Tax Benefits	Tax-free pension	Tax benefits only on contributions	Tax benefits on contributions + partial tax-free pension
Withdrawal Rules	Full pension after retirement	60% withdrawal lump sum & 40% annuity	More flexible withdrawal + security component
Market Dependency	Zero dependency	Fully market-linked	Partially market-linked with safety net
Gratuity	Available	Available	Available
Financial Security Level	Very High	Low	Moderate to High
Transparency	Easy to understand	Complex (annuity, NAV, market returns)	More transparent compared to NPS
Popularity Among Teachers	Highest	Lowest	Growing but needs awareness
Administrative Control	State / Central Government	PFRDA	Joint structure with PFRDA + Govt
Best Suitable For	Teachers preferring assured income	Teachers comfortable with market growth	Teachers wanting balance: security + returns

11. MAJOR FINDINGS

1. **OPS remains the most preferred scheme**, as teachers strongly value lifetime pension assurance and inflation-linked benefits, aligning with Objective 2 (comparing satisfaction levels) and proving Hypothesis H_{11} that satisfaction differs across schemes.
2. **NPS emerges as the least preferred**, mainly due to market risks, unpredictable returns, and lack of guaranteed minimum benefits, indicating that teachers prioritize stability over investment-based schemes.
3. **Awareness about UPS is moderate**, suggesting a significant information gap regarding its features, which directly relates to Objective 1 on assessing awareness levels among teachers.
4. **Teachers show a strong preference for guaranteed monthly pensions**, which reflects their need for financial stability and supports Hypothesis H_{12}, confirming that pension preference is influenced by security expectations.
5. **UPS is positively perceived for offering higher government contribution**, partially meeting the concerns raised under NPS, and linking to Objective 4 of evaluating whether UPS addresses earlier pension issues.
6. **Family pension benefits remain a decisive factor**, with teachers preferring schemes like OPS and UPS that ensure long-term family financial security, reinforcing the importance of social protection elements.
7. **Younger teachers demonstrate more openness toward UPS**, possibly because they view hybrid models favourably and have more years for contributions and policy adjustments.
8. **Teachers show low risk tolerance**, as reflected in the overall rejection of NPS, reaffirming that teachers prefer predictable income over market-dependent pension amounts.
9. **Trust in government policies significantly affects scheme preference**, with OPS being associated with higher trust and NPS with greater scepticism, indicating psychological and social dimensions of policy acceptance.
10. **Overall satisfaction levels differ significantly across the three schemes**, statistically validating Hypothesis H_{11} and aligning with Objective 2 by confirming measurable differences in satisfaction between OPS, NPS, and UPS.

12. SUGGESTIONS

1. **Organize extensive awareness workshops on UPS** across schools and colleges in Jharkhand to bridge the knowledge gap identified in Objective 1 and enhance informed decision-making.
2. **Publish easy-to-understand comparison charts** of OPS, NPS, and UPS, enabling teachers to evaluate schemes transparently in alignment with Objective 2 (comparing satisfaction and benefits).
3. **Provide clear explanations of minimum pension guarantees under UPS**, addressing the uncertainty revealed in the findings and helping teachers trust the new system more.
4. **Introduce state-level financial literacy programs**, enabling teachers to understand market risks, annuity structures, and long-term financial planning, supporting Objective 3 (examining influencing factors).
5. **Simplify NPS withdrawal procedures and annuity guidelines**, addressing dissatisfaction related to the complexity and delays associated with NPS management.
6. **Strengthen grievance redressal mechanisms**, such as helplines and pension facilitation centres, to enhance teachers' confidence in UPS and NPS administration.

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7. **Provide digital training for teachers** to help them use pension portals, contribution trackers, and retirement calculators with greater accuracy and confidence.
8. **Increase transparency of government contributions under UPS**, ensuring teachers fully understand financial support levels and long-term benefits, relating directly to Objective 4.
9. **Encourage periodic pension counselling sessions** where experts guide teachers about retirement planning, expected returns, and optimal pension choices.
10. **Conduct continuous monitoring and evaluation of UPS implementation**, ensuring that the scheme genuinely addresses the shortcomings of NPS and continues to meet the expectations highlighted in the hypotheses.

13. CONCLUSION

1. **Teachers in Jharkhand overwhelmingly prefer OPS**, confirming the strong desire for financial stability, predictable income, and lifelong pension security.
2. **UPS emerges as the second-most preferred scheme**, demonstrating that teachers are willing to adopt hybrid pension models when they offer safety, higher contributions, and clarity of benefits.
3. **NPS remains the least preferred**, validating Hypothesis H_{11} that satisfaction significantly differs across schemes due to the absence of guaranteed returns and its market-linked nature.
4. **Financial security expectations strongly influence pension choices**, confirming Hypothesis H_{12} and emphasizing the central role of predictable post-retirement income in teachers' decision-making.
5. **Teachers prioritize family pension benefits**, showing that social protection for dependents remains an important determinant of pension scheme acceptance.
6. **Awareness and understanding significantly affect acceptance of UPS**, indicating that the success of new pension reforms depends heavily on communication and literacy initiatives.
7. **Younger teachers show growing acceptance of UPS**, suggesting that long-term sustainability, hybrid benefits, and contribution-based security appeal more to early-career educators.
8. **Trust in government policy remains a key factor**, as teachers associate OPS with reliability and associate NPS with uncertainty, influencing overall preference patterns.
9. **UPS has the potential to become a widely accepted model**, provided that awareness, clarity in guidelines, and assured-benefit features are strengthened.
10. **Overall, the study highlights the need for pension reforms that balance financial security with modern policy frameworks**, ensuring that teachers' concerns, expectations, and welfare remain at the centre of future reforms in Jharkhand.

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