Building Knowledge Base on Ageing in India:Increased Awareness, Access and Quality of Elderly Services

Thematic Paper 1

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SOCIAL SECURITY FOR THE ELDERLY IN INDIA

By

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Introduction

India is home to one-fifth of the world's population, which includes a third of the world's poor and one-eighth of the world's elderly. Thus, its strategy for providing social security to the elderly is of global interest. The objective of social security is to provide sustenance to those who cannotwork and earn their living due to temporary or chronic reasons. Provision of social security by the state is an intrinsic part of the living standards in More Developed Countries (MDCs). In the Less Developed Countries (LDCs), however, due to chronic unemployment and extreme deprivation that is inherent in the social structures, the extent of vulnerability is well beyond the risks that are normally covered by the social security systems that exist in the MDCs. The economic feasibility of social security at a comparable level is a vital constraint in LDCs.

Recently, however, changing demographics in the LDCs have brought to focus the elderly population, who are now increasingly seen as being particularly vulnerable and in dire need of social security. Though their proportion in the total population may not be as high as seen in the MDCs, the possibility of rapid increase in their numbers in the near future and their sheer numbers (in millions) in countries like India pose a huge challenge to such countries in terms of social security needs.

Until recently, family and adult children took on the responsibility of looking after their elderly and were considered to be a reliable source for providing old age security. However, these traditional sources of old age security have come under great strain due to the increased longevity of the elderly, and other widespread demographic and socio-economic-cultural changes taking place in these transitional societies. The problem is more acute among the poor elderly who, with their deteriorating health conditions, are unable to work for earning and have hardly, if ever, any savings to fall back upon. Marginalisation of the poor – an unforeseen consequence of globalisation – and increasing feminisation of poverty have further underscored the need to adopt suitably targeted measures that provide social security to the elderly.

Like a few other developing countries, the Government of India as well as the State governments have undertaken some initiatives in this direction. Presently, the debate on provision of social security to the elderly revolves around the eligibility, coverage, pension amount, appropriate form of assistance to the elderly (food or physical assistance or monetory help etc), delivery mechanisms , their suitability, and the economic implications of such measures.

I. Objectives

This thematic report proposes to

- Examine the concept of social security for the elderly.
- Briefly review the history on development of a social security system for the elderly in the various MDCs.

- Discuss issues regarding the applicability of such social security systems to the LDCs in view of the differences in the nature of the issues of the elderly.
- Review the experiences of some LDCs regarding their social security policies for the elderly, including the lessons to be learned from success stories, innovative approaches as well as setbacks experienced in some cases.
- Assess the magnitude of the problem in India by taking into account the demography of ageing and the socio-economic profile of the elderly from available survey data.
- Critically review the social security schemes of the Central and State Governments in India, and evaluate their performance on the basis of available evidence in micro- and macro-studies (with particular reference to the recent Building Knowledge base on Population Ageing in India (BKPAI) survey of seven states) in order to determine to what extent they have reached out to the targeted population(s), especially the poor elderly.
- Identify the critical issues that have emerged from the experiences in India and other LDCs, and that need to be taken into account while developing a pro-poor, inclusive strategy for the elderly's social security in India that is in consonance with the approach recommended in the proposed National Policy for Senior Citizens (NPSC), 2011.

II. Social Security: Concept and Approach

Social security is defined by the International Labour Organization (ILO) as 'the protection which society provides for its members, through a series of public measures to prevent the social and economic distress that would otherwise be caused by the stoppage or substantial reduction in earnings resulting from sickness, maternity, employment injury, unemployment, invalidity, old age and death; the provision of medical care and the provision of subsidies for families with children (ILO, 1942).

According to Sir William Beveridge (1943), who is widely accepted as the father of the United Kingdom's social security system, it is 'security of an income to take place of the earnings interrupted by unemployment, sickness or accident, to provide for retirement benefit, to provide against the loss of support by the death of either person and to meet exceptional expenditure such as those connected with birth, death and marriage.'

Social security is a basic human right, which was recognized in the United Nations Declaration of Human Rights in 1948. The Right to life, recognised as a fundamental right by Article 21 of the Constitution of India, implies the Right to live with human dignity. It encompasses not only the security regarding the basic human needs of food, clothing and shelter, but also health security. Social security schemes usually give priority to income security because, generally, the basic needs of the vulnerable sections may be satisfied, if people have an adequate income.

Most of the elderly become vulnerable due to their inability to work and earn. Vulnerability due to advancing age can be anticipated in time, and can be mitigated by making specific provisions if one has an adequate income. In traditional agricultural societies, families, especially in the joint family system with multi-generational co-residence, usually take care of the economic and emotional security needs of the

elderly. When people and families are not able to make arrangements for the care of the elderly, their needs must be provided for by society/state, either in cash or kind (through social insurance and social assistance schemes).

In developed countries, the elderly are covered by an elaborate system of social security. The nature of the issues of the elderly in developing countries is vastly different due to factors such as chronic poverty, unemployment and underemployment as well as the existence of a large informal sector. Many researchers have, therefore, argued for the need to adopt a more extensive notion of social security for LDCs (Ahmed et al., 1991; Van Ginneken, 1999; Kabeer, 2002; Barrientos & Shepherd, 2003) as they felt that the type of social security programmes implemented in developed industrialised countries are generally neither appropriate nor economically feasible in poor countries.

III. A Brief History of the Social Security System in Industrialised, Developed Countries

Historically, in agricultural societies or earlier, people relied on families or on the chiefs of clans, tribes, communities, religious groups, (kings or other authorities) and charitable organisations for their social security needs, When industrialisation and urbanisation adversely affected these informal social security arrangements, modern social security systems were gradually developed in the late 19th century in Europe and later, in other MDCs. It was after the Second World War that social security systems developed the features that characterize them today (Ghai, 2002). As the process of industrialisation and urbanisation gathered momentum in European countries, an increasing proportion of the labour force depended on wage employment and its attendant uncertainties. Deprived of the traditional, informal arrangements which provided them social security, occupational groups were formed for mutual help (e.g., friendly societies in the United Kingdom), followed by the establishment of Trade Unions. The efforts of the Trade Unions and the activities of political parties as well as radical groups were largely instrumental in pushing the state to take some direct degree of responsibility in this respect thus contributing to the beginning of a system of social security in the late 19th century.

Initially, the emphasis was on compensation for occupational accidents and injuries. The social insurance scheme introduced by Bismarck in Germany during 1883 that covered sickness and pensions, and the first unemployment insurance scheme initiated by France in 1906 were important milestones. High levels of unemployment in the period between the two world wars stimulated unemployment insurance schemes in many industrialised countries.

The Social Security Act in the United States, the Beveridge Report brought out in the United Kingdom and, later, the United Nations Declaration of Human Rights in 1948 (which recognised social security as one of the fundamental human rights) were important landmarks in the post world-war period. Though there are variations from country to country, by and large, most of the industrial countries have developed a comprehensive system of social security that covers not only the majority of their workers, but also retired persons. The system also gives protection against sickness, injury and unemployment by providing health

care, maternity benefits, family allowances, housing subsidies and old age pensions. The Scandinavian countries, France and Germany allocated more than 28% of their Gross Domestic Product (GDP) to public social expenditure, while it was less than 20% in the United States of America (USA), Australia, Japan, Canada and New Zealand (Ghai, 2002).

The communist countries in Eastern and Central Europe had developed a social security system that was characterised by comprehensiveness, universality and equality. Employment for all, compulsory work for all adults, extensive subsidies for goods of mass consumption were integral components of policy in these Centrally Planned Economies. The social security benefits included free education and health services, disability allowances and old age pensions. However, the quality of services was not comparable to those in the Free Market Economies. In Bulgaria, everybody was entitled to old age pension, which amounted to 55% of the average earnings during three consecutive years of highest remuneration The minimum old age pension was 75% of the minimum wage (International Social Security Review, 4/1991). Social insurance and the general tax revenue are the two main methods adopted by the communist countries for financing the schemes under the social security system.

Generally, developed countries follow two alternative patterns of social security: The first is the Universal social security system, which covers everyone and thus delinks benefits and contributions. This system is practised in countries coming under the Organisation for Economic Co-operation and Development (OECD). i.e. countries like Netherlands, Denmark, Norway, Canada, New Zealand and Australia. After a specified age, everyone is entitled to old age pension and other benefits, which are financed out of general revenue (James E, 1999). Though this system solves the problem of coverage, it is costly and can result in challenges to fiscal management of a country's economy as the numbers of the elderly increase, and when there will be a need to increase the amount per person or improve the quality of services.

The second option is a Contributory social security system which closely links benefits to contributions. It ensures fiscal sustainability but also runs the risk of leaving out the uninsured or partially insured, and those who are not working in the organised sector and/or are not covered by the contributory programmes. In 1996, in most of the developed market economies, 80% or more workers were in wage employment (88-92% in USA, Norway, Denmark, France & Netherlands and 70-80% in Spain, Portugal & New Zealand). Government social security expenditure (covering pensions, health care, employment injury, sickness, and family, housing and social assistance funds) in these countries ranged from about 15 to 30% of the GDP.

In the Centrally Planned Communist Economies, the percentage of the labour force in wage employment varied from 62 and 70% in Romania and Poland respectively to 80-90% in Hungary, Czech Republic and the Russian Federation. Government social security expenditure varied from 10% of GDP in the Russian federation to about 25% in Hungary and Poland. The fall of communism resulted in the near collapse of the social security systems in the countries of Eastern and Central Europe (Ghai, 2002). Attempts were made to partially privatise some social security benefits such as pensions and health care (ILO, 1995; Standing, 1996). In these countries, pensions were the largest item of social expenditure. Pensions were paid not only to those past their working age but also to the older unemployed and the disabled. But, mostly, the amounts

were too low to ensure minimum subsistence. By the end of 1993, in the Russian Federation, 38 million people out of a total population of 148 million were receiving pension (Standing, 1996).

The social security systems in many developed countries have started to feel increasing pressure in recent times. Changing population dynamics and macro-economic reasons are the main causal factors. Between 1950 and 2005, the percentage of people who are 60 years and above in the MDCs has nearly doubled (from 11.7% of the population to 20.2%). By the middle of 21st century, nearly one-third of the population in these countries is expected to be 60 years or older. Among the developed countries, the ageing process has been the fastest in Southern Europe (60 years+, as a percentage of total population, rising from 11.3% in 1950 to 22.7% in 2005). By the year 2050, two out of every five persons in Southern Europe will be 60 years or older.

In North America, Australia and New Zealand, however, the percentage of the elderly (60 years and above) population has increased from about 12% to 17% of the total population during 1950-2005; it is expected to be 27-30% by 2050 (United Nations, 2005). Population ageing in the developed countries has raised concerns over the sustainability of the public pension system, which is becoming increasingly burdensome for the contributors due to the rising load of old age dependency (Bongaarts, 2004).

Not only is the proportion of the aged in need of social security increasing, with the long history of declining fertility in these countries, the percentage of the working age people who support the social security system is also declining. In addition to this demographic pressure, the system is under strain, since the late seventies, due to the slowdown in economic growth, rising unemployment, and budget deficits. Further, since the late eighties, the increasing pressure to contain public expenditure (part of the globalization processes) has led to the dismantling of a few social security programmes in some countries or reducing the scope, levels and range of their benefits. Also, there is an increasing trend towards privatisation of social security. Despite these pressures and challenges, it can be said that social security systems (including old age pensions) are embedded in the socio-economic-political structures of the industrial countries.

IV. Ageing in the Developing Countries and Need for Social Security for the Elderly

Most of the developing countries are characterised by chronic poverty, extreme inequality, high levels of unemployment, under-employment and disguised unemployment. Their labour force is predominantly rural, illiterate and undernourished . Obviously, the highest priority of the governments of these countries is eradication of poverty, creation of jobs, and meeting the basic needs of the population, which includes health care. For the majority of the people, children are the source of old age security. The better-off rely on their savings as well as adult children for support. Recently, however, mainly due to the rapid ageing of the population and other socio-economic factors, there is increasing pressure on the state to take suitable measures to provide social security with focus on the elderly.

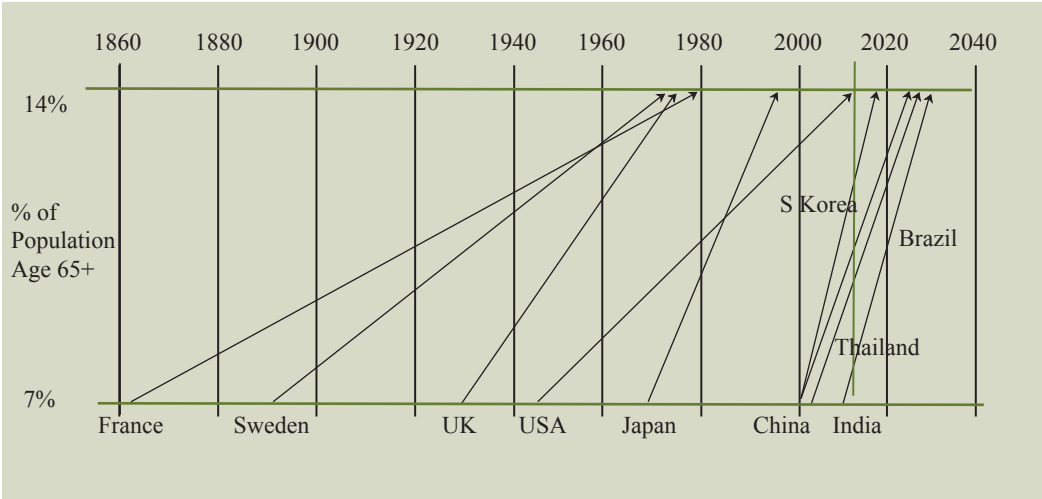
In fact, the proportion of the population that is 60 years and above in the less developed regions of the world is much less than that in the more developed regions . In 2005 it was 8.2% and 20.2% respectively in LDCs and

MDCs (United Nations, 2005). In China, one in every ten persons and in India, one in every twelve persons is elderly. What is alarming is the rapid increase in the population of the elderly in LDCs due to rapid decline in mortality, which is resulting in rapid extension in life expectancy. As a result, by 2050, one in every five persons in the LDCs will be aged 60 years or older. In China and India, population of the elderly as a percentage of the total population will be 31% and 21 % respectively As can be seen from the figure 1, an increase in the percentage of the aged from 7% of the total population to 14%, which took nearly 100 to 120 years for some European countries (France and Sweden), could happen in India, China and a few Asian countries in just about 40 years.

Traditional support systems for old people are gradually dwindling. Families are smaller due to decline in fertility and the shift to live as nuclear families. Migration of the younger members of households to cities, even to other states and, as a result of globalisation to other countries results in old people being left behind in many villages. Rising aspirations, individualistic attitudes of the youth and rapid changes in their lifestyles have widened the generation gap. In urban areas, more and more women take up jobs and they cannot play their traditional role as care-givers for the elderly. Poor families, even if they wish to abide by the tradition of adult children having to care for their parents, find it difficult to provide the necessary care due to their limited resources, small houses and rising cost of living. Though the majority of old persons in these countries live with their adult children, elder abuse within families is on the rise.

With increasing feminisation of poverty and more women than men elderly surviving, there are a sizable number of women who are poor and living alone. The large numbers of elderly, who live alone or with an elderly spouse face safety and security problems as well as mental health issues that result from loneliness. In view of this situation and the prospect of a rapid increase in the elderly population, governments in these countries have initiated measures to provide social security to the elderly. The coverage, however, is limited due to various constraints.

Fig.1: Pace of Ageing in the Developed and Developing Countries



Source: Matthew Cherian's (CEO, HelpAge India) Presentation (2013)

V. Social Security in Developing Countries: Constraints & Issues

- It is obvious that the universal and comprehensive systems of old age security – adopted by many MDCs to provide pension and other benefits to nearly all the elderly in the population – that are financed out of general revenues are beyond the means of the poor developing economies to replicate. Universal coverage can be achieved, but it is very costly and requires a large increase in tax rates or deep cuts in other important social programmes which again might affect the poor and marginalized adversely. According to E. James, (1999) 'universal old age benefit is a luxury that developing countries cannot afford nor is it the best use of their limited public resources'. Income inequality in these countries also makes universal benefit unfeasible as it is hard to fix the amount of benefit that is acceptable to both poor and the rich. Since such a system is financed out of the taxes paid by the better off who are in the minority, there will be lot of opposition to this approach.

- On the other hand, a system based on tighter links between contributions and benefits that is likely to be financially sustainable, is not suitable for the developing countries because it will create a large group of uninsured or partially insured who have contributed little or nothing during their working life and are left in poverty in their old age. This group will consist of all workers who have labour market jobs, but not covered by the contributory programmes (such as the self-employed and those employed in the informal sector). This group also includes the large number of women who are employed as domestic help and work throughout their lives without a formal retirement age. Therefore, such countries need to supplement their contributory social security programmes with an efficient social assistance programme targeted at the low-income groups and women.

- Some Latin American countries have a multi-pillar system consisting of a contributory pillar and a redistributive public pillar financed from general revenues, which redistributes benefits to the low-income groups, but only among those who have contributed. The uninsured continue to remain poor in old age. For example, Chile guarantees a minimum pension of 25% of the average wage to workers who have contributed for at least 20 years irrespective of the amount they have contributed. This does help low income contributors but not the uninsured segment. Due to fiscal pressures and financial strain, a few developed countries (Denmark, Australia) are moving to a multi-pillared system comprising a mandatory contribution and a privately funded and managed system that supplements the first public pillar thereby ensuring a universal flat basic pension (James. E, 1999).

- In the developing countries, chronic unemployment and poverty make it almost impossible for a large majority to save for the future. Other major constraints to building the contributory component are i) a large informal employment sector, ii.) low female work participation rates, iii) reluctance of people to contribute due to their myopic view about future and iv) their preference to invest in their children who are perceived to be the source of old age security.

- Other difficulties in expanding coverage and financing the non-contributory component of the multi-

pillar system out of general revenues are i) high tax evasion, ii) difficulties in collecting taxes from small enterprises and the self-employed and iii) lower enforcement capabilities of the government.

In view of these constraints, having a social assistance programme targeted only at the poor, and which does not require a contributory component, is considered a better option for LDCs

VI. Lessons from Some Developing Countries

- In the late 1990s, Bolivia introduced a universal benefit scheme which was financed from the proceeds of a 'collective capitalisation fund (containing government's shares in State enterprises that were in the process of being privatised). The benefit initially was 11% of the average wage. However it had to be discontinued quickly due to financial difficulties.

- Some countries have encouraged voluntary contributions. In China, workers in village enterprises are under social pressure to contribute 'voluntarily' to their individual account (James.E , 1999). However, such schemes involving self-help groups and coercive methods are no substitutes for a sound, long-term social security programme.

- Eligibility criteria for non-contributory benefits are another important issue. In Argentina, Uruguay and Brazil, old-age pension is given to those who have contributed for a specified minimum number of years prior to retirement age. This can help informal sector workers and some women, but excludes others who do not – or cannot – contribute. In Chile and a few other countries, means testing is employed. Common assessment methods are: (i) Applications for benefits are evaluated by the government staff in terms of income, assets or ownership of consumer durables, (ii) the poor are identified from computerised survey data (e.g. Mexico) or (iii) Self-selection wherein one is required to be physically present to claim benefits in cash or kind (meals, insurance etc.). The last method tends to result in long queues and waiting time, which is likely to deter the relatively better off.

- Whatever the criteria, inefficient administration of the programmes results in delays, corruption, entry of middlemen, and leakage of benefits to the non-poor. The other challenge is determining the quantum of benefits. If a social assistance programme is generous in coverage and the quantum of benefits, it is likely to act as disincentive to those who are contributing since assistance to the large number of poor is financed out of the contributions of the better off who are less in number, On the other hand, modest or low level benefit may not have much impact on keeping elderly poverty at bay.

- Finally, while aiming at expanding social security cover for the elderly and ensuring a fair pension amount, these countries have to maintain a balance between investment in programmes for the elderly and the investing in youth and children on whom future of the country depends.

Some developing countries, whose per capita income is low, have been successful in extending social

assistance programmes to a majority of the uninsured. Cuba, Vietnam and China developed social security systems, which are similar for rural and urban areas and offer old-age pensions and a range of social security benefits. The programmes were similar to those available in Eastern European countries, but were at a lower level. In China, the benefits were provided by the State and enterprises in urban areas, and by the production brigades in rural areas. However, far-reaching changes resulting from the economic reforms of the nineties have diluted the benefits. The new system lacks the universality of coverage of the earlier system (Ghai, 2002).

- Some countries made attempts to assist informal sector, domestic and rural workers to develop social insurance schemes that could protect them in difficult times such as sickness, old age, e.g., Grameen banks in Bangladesh, Village credit societies in some African countries and Self-employed Women's Association (SEWA) in India. In Sri Lanka, the coverage of the retirement pension system is quite extensive and covers 45% of the total employed, which is quite creditable for a low income country. In addition there are voluntary contributory pension schemes for farmers, fishermen and the self-employed but their coverage is small and benefits are low (Irudaya Rajan, 2008; Karunarathne & Goswami, 2002). Since 1994, Nepal has a non-contributory, universal programme of social security that provided an allowance of Rs. 100/- per month to all the senior citizens above age 75. The amount was raised to 150 per month in 1999. It is estimated that, in 2003, the old age allowance programme covered more than three fourths of the eligible persons (Irudaya Rajan, 2008).

VII. Need for Social Security for the Elderly in India: Magnitude of the Problem

Implications of Rapid Ageing

- As per 2011 Census, there were 104 million elderly (60+) in India, as compared to 70.6 million in 2001 and they are expected to cross 173 million by 2026. Out of 104 million elderly in 2011, 64 million are young- old i.e. in the age group 60-69, 28.4 million in the old- old age group 70-80 while 11.4 million are oldest- old i.e. above 80, of which 0.6 million are 100+. (Registrar General, Government of India, 2013).

- Between 2000 and 2050, the total population of India is estimated to increase by 60% while that of the elderly is expected to shoot up by 360%. Rapid ageing is the result of expected increase in the life expectancy from 1996 to 2021-25 (from 61.6 years to 69.8 years for males and from 62.2 years to 72.3 years for females) and drop in fertility from Total Fertility Rate (TFR) of 3.2 per woman in 2001 to the replacement level by 2021-25.

- Due to the differences in the speed of demographic transition, there are inter-state variations with respect to the percentage of elderly --from 6-7 % in Assam and Delhi to 11-12% in Goa and Kerala. Old age dependency ratio (60+ population / 15-59 population *100), which was 14.2 as per 2011 census, is expected to nearly double from 11.2 in 1996 to 21.7 in the year 2126 (Registrar General, Government of India, 2006).

- In sharp contrast, potential support ratio (defined as the number of persons in the working age group 15-59 – the supporters – per one person in the age-group 60+) will be declining from 8.4 in 2001 to 7 in 2011 and only 5.2 in 2026 (Subaiya & Bansod, 2011).

- In 1970, Indians who reached age 60 could expect to live for only 9 more years; but recent estimates from the Sample Registration System suggest that life expectancy at age 60 is close to 20 years which implies that at 60, provisions for their security must be made for another 20 years (Bloom et al., 2010).

- A high percentage of population live below the poverty line, work in the informal sector, have inadequate earnings, leave giving little scope to save for a majority of households. As per the 2011 census, nearly 54% of the workforce is engaged in agriculture. With nearly 60% rural households not having bank accounts, a large majority of the elderly will continue to rely on their children and family members for old age security.

- However, the forecast of further decline in fertility, which will result in an increase in the elderly dependency ratio, suggests that future working age adults will increasingly find it difficult to financially support their older family members.

- The situation will become all the more difficult due to the requirement of frequent and costly medical treatment by the elderly. Successive rounds of National Social Survey (NSS) (1987, 1996, 2004) indicate that out of pocket expenditure for the elderly was four times as high as that among the working-age group members and out of pocket expenses for hospitalisation have been increasing sharply among the poor sections (as estimated by Bloom et al, 2010).

- Another important feature of the ageing process is the increasing feminisation of the older persons due to faster increase in life expectancy among female as compared to male counterparts, as mentioned above. By 2050, life expectancy for males will be 71.8 years while for females, it will reach 75.7 years. By 2050, the number of 60 years and older elderly women would exceed the number of elderly men by 18.4 million (Sathyanarayana, 2013). The sex ratio of the elderly would rise from 940 women per 1000 men to 1020 in 2001 and to 1050 in 2026.

- Due to the increased longevity of women, at higher ages they become more vulnerable due to widowhood. The percentage of Indian women who are widowed increases from 44.5 in the age group 60-64 years to 86.8 for women aged 80 and older. In contrast, one in ten men in the age group of 60-64 years and one-third of men above 80 are widowers (United Nations Population Fund (UNFPA), 2012). As women are at a disadvantage in terms of ownership of assets, lower work participation and lower wages, they are more likely to be at the mercy of the male family members; and more so once they are widowed.

VIII. Vulnerability of the Elderly as Reflected in the BKPAI Survey

Recently, as a part of the project on 'Building a Knowledge Base on Population Ageing in India', which was jointly undertaken by the UNFPA, New Delhi, Institute for Economic Growth (IEG), New Delhi, Institute for Social and Economic Change (ISEC), Bangalore and Tata Institute of Social Sciences (TISS), Mumbai, a survey on 'The Status of the Elderly' was carried out during May- September 2011 in 7 selected States of India having a percentage of elderly population higher than the national average. The states were Himachal Pradesh, Punjab, West Bengal, Odisha, Maharashtra, Kerala and Tamil Nadu.

The sample for each state was 1280 households having at least one elderly (60 years old or more) person. Using the Probability proportionate to the Population Size (PPS) method, 80 Primary Sampling Units (PSUs) equally distributed between rural and urban areas were selected from each state. The socio-economic and demographic profiles of the elderly, based on the data thus collected from 9852 elderly coming from 8329 household across the seven states, reliably reflect the different aspects of their economic vulnerability. As shown in Table 1, it was revealed that,

- Nearly 45% of the elderly come from the households which reported having either BPL or Antyodaya card. State wise, the percentage varied from 21 in Punjab to 94 in Tamil Nadu. Since benefits of the various government schemes are linked to the possession of these cards, there exists the possibility of malpractices in preparing the BPL lists. As the accuracy of the lists is often questioned, it is essential to examine the data using alternative indicators of poverty.

- Hence, the elderly with Monthly Per Capita Expenditure (MPCE) below Rs. 1000 can be considered a better indicator of economic vulnerability. About one-third of the elderly fall in this category. Vulnerability in this respect is the highest in Orissa (68%) whereas in states like Kerala, Himachal Pradesh and Punjab (17-22%) they are in a better situation.

- A similar state wise pattern is observed in terms of wealth index (which is based on household amenities, ownership of household assets and consumer durables) but only a quarter of the elderly households fall in the lowest quintile of wealth index.

- About two-fifths of the elderly have no personal income. But this proportion also varies from one-third in Punjab to more than half in Tamil Nadu.

- A quarter of the elderly do not own any asset, but in Himachal Pradesh, West Bengal, Odisha and Kerala, 35-40% of the elderly are in this category.

- Half of the elderly are fully dependent financially on others. In West Bengal and Tamil Nadu this percentage is around 60. In Punjab only one-third of the elderly are financially dependent.

- Lastly, about a quarter of the elderly are in dire need of economic support as they have no other source of security. However, the elderly in this category are much less in W. Bengal and Kerala (14-16%).

Table1: Indicators of Economic Vulnerability of the Elderly & their households in Seven Indian States

State Indicator	Total for 7 states	HP	Punjab	West Bengal	Odisha	Maharashtra	Kerala	Tamil Nadu
%BPL HHs	40.5	18.9	22.7	33.0	54.4	31.1	32.7	87.3
%Antyodaya HHs	4.5	2.5	2.5	3.9	5.1	10.1	0.7	6.8
%HH with MPCE less than Rs. 1000	35.9	21.5	22.3	37.9	68.5	41.1	17.1	42.3
%HH in lowest wealth quintile	24.5	5.8	5.1	38.5	60.0	27.9	5.3	28.3
% Elderly with no income	43.2	41.9	32.5	47.4	39.4	47.5	39.6	54.3
% Elderly not owning any assets	23.1	41.9	26.5	35.6	39.5	9.6	34.4	29.0
% Elderly financially fully dependent	50.4	43.9	37.4	59.8	44.7	54.8	54.8	58.4
% Elderly with no other source of economic support	25.8	35.6	30.9	14.0	21.6	31.4	16.1	29.4

Source: UNFPA (2012) BKPAI Report on Status of the Elderly in the Select States of India, 2011 and the State Reports.

It needs mention here that these indicators are overlapping and are not mutually exclusive. For example, a person having no personal income might own an asset and one who does not own an asset might be having some source of personal income. Hence, the magnitude or state wise pattern for one indicator need not be consistent with another. Yet, one can say with reasonable accuracy that about 40- 50% of the elderly are economically vulnerable (this estimate can be arrived at by applying the percentage of BPL or fully financially dependent criteria) and for about 25%, the problem is more acute (being in the lowest wealth quintile and having no assets or any kind of economic support). The survey also indicates that 39% of elderly men and 11% elderly women are currently working, of whom 68% men and 82% women were working due to economic compulsion.

It was also found that elderly women are economically far more vulnerable. As compared to men, women

comprise the higher percentage of those elderly i) with no income (Men 26%, Women 59%), ii) who do not own any asset (Men 11%, Women 34%), iii) who are fully financially dependent (Men 33%, Women 66%) on others. The percentage of widows among women who do not own any asset (28.3%) is double the corresponding percentage of widowers i.e.14.9%,(Building Knowledge Base on Population Ageing in India (BKPAI Report, 2012).

Table 2 reveals other aspects of vulnerability which must not be ignored. In cases where it is combined with economic vulnerability, the impact is likely to be serious.

Table 2: Non-economic Aspects of the Vulnerability of Elderly in Selected States of India (% = Percentage of Elderly)

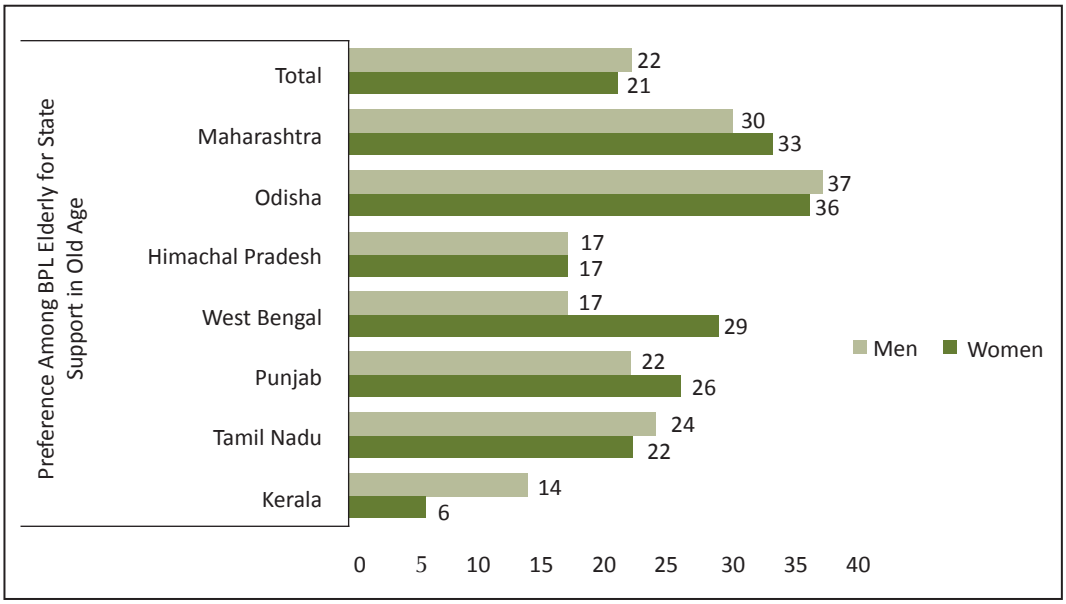
Vulnerability Condition	Total for 7 states	HP	Punjab	West Bengal	Odisha	Maharashtra	Kerala	Tamil Nadu
% Living Alone	6.0	4.0	3.3	6.3	2.8	5.7	3.6	16.2
% who experienced abuse after turning 60	11.4	11.8	10.5	7.5	9.1	35.0	3.0	1.8
% who needed assistance for at least one daily activity	7.6	7.8	5.8	12.0	8.4	3.8	10.2	6.0
% with Acute Morbidity	13.2	10.8	7.9	25.9	7.3	16.7	15.8	9.9
% who belong to SC/ST category	26.8	22.9	35.2	34.0	41.1	27.0	8.9	19.2

Fortunately, seventy percent of the elderly live with their adult children and only 6% were living alone. Among the seven states studied, the percentage of elderly living with their adult children varied in a narrow range of 70-76%, except in Tamil Nadu where only 52% of the elderly were living with their children, 16% were living alone and 28% only with the spouse. The main reason for not staying with the children was that they were childless or the children were staying away from their parental home.

Nearly a third of the poorest elderly (from the lowest wealth quintile) were either living alone or with their spouse. It is these elderly who are in the greatest need of social security. Even the 57% of poorest elderly, who lived with their children, were in need of social assistance so that their adult children facing financial distress are not burdened while looking after their parents. The BKPAI survey (2011) also shows (Fig. 2) that one among every five elderly men and women feel that the State should support persons in their old age. In Maharashtra and Odisha, one- third of the elderly feel so, but in Kerala only 14% elderly men and 6% elderly women felt that the elderly should be the State's responsibity. Overall, there is no vast

difference of opinion between men and women in this respect across the seven states, except in Kerala and West Bengal. In Kerala, a higher percentage of men expect State support in old age; in West Bengal, more women expect it.

Figure 2. Expectations of State Support in Old Age Among Elderly Men & Women from BPL Households in Seven States & Total Sample

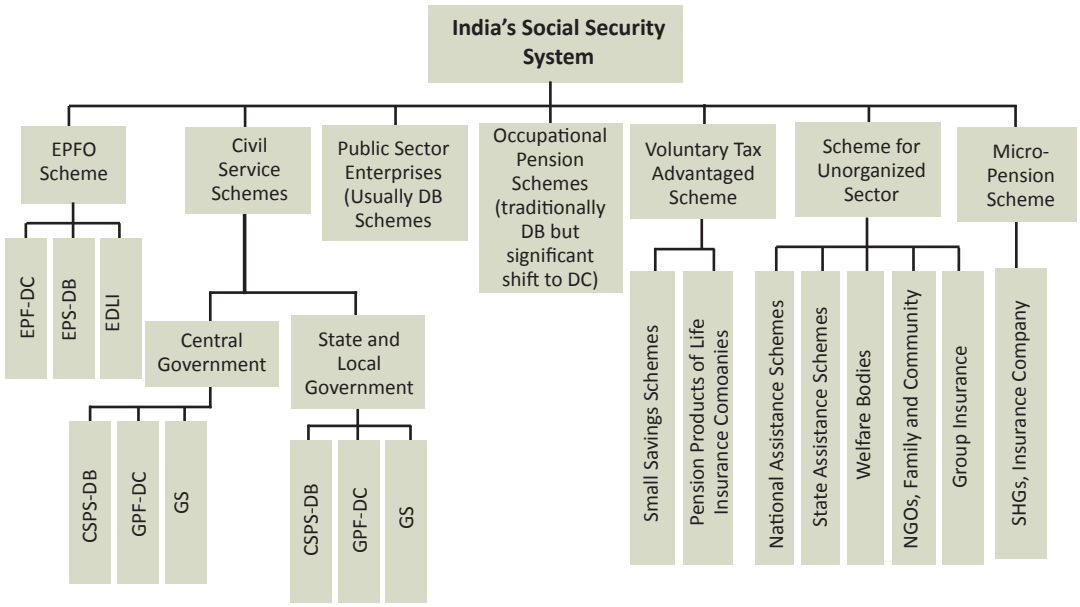


It is obvious that a country like India needs a multi-pillar system of social security for the elderly i.e., (i) a public-funded social assistance program for the poorest of the poor, especially those who cannot contribute (ii) For the marginally poor, a partially contributory social insurance program that is supplemented by a social assistance component funded out of public resources (iii) a fully contributory social insurance programme with a tight link between contributions and benefits for the organised sector. After making these provisions, there will remain a small number of elderly who can make their own arrangements for old age and will not need a formal social security arrangement.

The World Bank's five pillar framework has the following components of social security that may be adapted to the Indian context: 1) Unfunded social pension supported from budget funds 2) Mandated contribution-based defined benefit (DB) pension with benefits linked to earnings 3) Mandated defined contribution (DC) plan (individual accounts) 4) A voluntary contribution-based plan that could be employer sponsored, individual accounts DB or DC plan and 5) Informal support system (Holzmann & Hinz 2005). As can be seen from the history of Social Security for the Elderly in India in the following section, different schemes adopted in India from time to time in the private and public sectors conform, by and large, to the above framework.

IX. A Brief History of the Development of Social Security for the Elderly in India

In India, since time when the British introduced the concept of retirement benefits for employees, a multi-tiered system of social security evolved over the long period. However, until recently, the focus has been on the organized sector. The pension system that was created for government employees in 1881 by the British rulers was retained by the Indian government even after independence. The Adarkar Report of 1944 laid the groundwork for a social security system in India. Pension policies that evolved from 1940s to 1960s cover mainly employees in the organized sector.



Source: Constructed by the author

Note: From 1 January 2004, all newly recruited civil servants at the Centre (except for armed forces personal) are on a DV scheme. Nineteen states have also issues notifications for a shift to the DC scheme, but their starting dates vary.

Abbreviations Used

DB	Defined benefit
DC	Defined Contribution
EDLI	Employees' Deposit Linked Insurnce Scheme
EPF	Employees' Provident Fund
EPS	Employees' Pension Scheme
GPF	Government Provident Fund
GS	Gratuity Scheme
CSPS	Civil Service Pension Scheme
NGO	Non-government organizations

Source: Asher, M. G. and A. S. Bali (2010), 'India's Social Security Systems: an Assessment', in Asher, M. G., S. Oum and F. Parulian (eds.), *Social Protection in East Asia – Current State and Challenges*. ERIA Research Project Report 2009, Jakarta: ERIA. pp. 399-423. Figure: India's Social Security System

The elderly, who were working in the organized sector could also avail of the benefits under various acts such as the Employees' Provident Fund Act 1952, Family Pension Scheme 1971, Payment of Gratuity Act 1972, Deposit-linked Insurance Scheme1976, Group Insurance and General Provident Fund Scheme 1982 and finally, the National Pension Scheme 2004.

Benefits available on non-contributory basis are a pension program, pension-dearness relief, unused leave encashment on retirement and gratuity. Contributory schemes include group insurance, contributory provident fund and general provident fund. According to Bloom et.al (2010), 40-45 million individuals or about 10% of the working population mandatorily contribute to pension and retirement saving schemes for formal sector workers and a third of these contribute to Employees Provident Fund or Employees Pension Scheme (or both). In 2010, the Employees State Insurance Corporation (ESIC) provided retirement benefits and health coverage to about 50 million employees who were formally employed in private sector enterprises.

As to social security for workers in the unorganized sector and other weaker sections of population, the Government of India and several state governments have launched subsidized insurance schemes through the Life Insurance Corporation of India and General Insurance Corporation of India via different policies such as Jeevan Akshay for the self-employed, endowment plans, which are savings-linked insurance plans like Jeevan Mitra policy, money back policies that are designed to provide old age security through lump sum benefits over periodic intervals (Jeevan Dhara, Jeevan Suraksha, Jeevan Arogya etc.) Under the Janshree scheme, which is subsidized to the extent of 50%, a premium of Rs. 100 is to be paid by the insured person, which is matched by an equal amount from the Social Security fund of LIC.

These schemes are funded by individuals or through employers' contributions, but none of them involve direct funding by the government. Most of them are not suitable for agricultural workers, as the contribution levels are high (Vijay Kumar, 2003). In 2001, the Government of India launched in certain clusters the Khetihar Mazdoor Bima Yojana, which provided a lump sum payment in case of accident, disability or death and an old-age pension ranging from Rs. 190-1900 per month. The premium to be paid by the insured was Rupeee one per day (Rs. 365 per year). The government contributes double the amount (Rs. 730 per annum). However, it has been the experience of insurance companies that regardless of how low the premium may be, the take-up of subsidized insurance policies has not been encouraging (Subrahmanya, 2005).

The National Commission on Rural Labour (1991) recommended an old age pension of Rs. 100 per month for all men and women subject to prescribed income limits. The Second Labour Commission (2002) proposed a pension based on a savings-linked scheme. The National Commission for Enterprises in the Unorganised Sector (2005), set up by Government of India, improved upon the recommendations of the earlier labour commissions and suggested two types of Old Age Security: i) Provident fund for Above Poverty Line (APL) workers, based on a daily contribution of rupee 1 a worker and rupees 2 by the government/employer to the National Security Scheme and ii) Monthly old age pension to all Below

Poverty Line (BPL) workers. The cost of the pension would be borne by the central government and will substitute Government's contribution of Rs. 565 per worker to their provident fund (Irudaya Rajan, 2008).

In seeking to create a social security net for the poor and underprivileged, the budget for 2015-16 proposed two insurance and one pension schemes. These aim to provide social security for those who are already 60+ as well as to those who are young today but will age in the course of time. First, the soon to be launched Pradhan Mantri Suraksha Beema Yojana will cover accidental death risk of Rupees Two Lakhs (Rs. 2,00,000) for a premium of just Rs. 12/- per year. Second, the Atal Pension Yojana will provide a defined pension depending on contribution and its duration. The Central Government will contribute 50% of beneficiaries' premium (limited to Rs. 1000/- each year) for 5 years to the new accounts opened before December 31, 2015. This is expected to bring large section of the population under the pension protection. The third, Pradhan Mantri Jeevan Jyoti Beema Yojana covers both natural and accidental risks to the extent of Rupees Two Lakhs (Rs 2,00,000) per year for a yearly premium of only Rs. 330. However, this scheme is applicable only to persons in the age group of 18-50 years. In addition, the budget proposes to utilize unclaimed funds from Public Provident Fund (PPF) and Employment Provident Fund (EPF) (estimated to be Rs.30,000 millions and Rs. 60,000 millions respectively) to provide life insurance and health insurance cover to all on payment of a small premium, under the proposed Jansuraksha Yojana.

Towards The Social Assistance Programm

As stated in the Directive Principles of State Policy, Article 41 of the Indian Constitution enjoins the state 'to make effective provision, within the limits of its economic capacity, for public assistance in case of unemployment, sickness, old age, disablement and other cases of undeserved want'. However, the needs of the elderly, who have no support, were first recognized only in the third five year plan. However, the onus of making provisions was left to local bodies and welfare organizations without any plan allocation. The draft 4th five year plans (1966-70) allocated Rs. 40 million for the benefit of the elderly but it remained unutilized. The fifth plan recognized the need of social security for the disadvantaged elderly but left it to the discretion of the state governments.

The International Action Programme, aimed at guaranteeing the economic and social security for the elderly, was launched at the World Assembly on Ageing at Vienna' in 1983. It was a landmark that finally led the member countries of the UN General assembly to recognise the problem and the need for action. India's sixth and seventh plans recognised this need but there was no central plan allocation. The Central government, however, started giving grants to voluntary organisations for taking up the welfare activities of the elderly. By this time, many state governments took initiatives to have legislations passed for providing security to the elderly and increased the grants for providing pensions to the aged. The financial provision made by The Seventh Finance Commission's award, which allowed the expenditure of Rs. 2640 million in 22 states during 1979-84, enabled the State governments to pay a monthly pension of Rs. 60 to the elderly. This helped to cover only the needy 1.7% of the 60+ population (Kumar & Anand, 2006). By the end of the eighth plan, all the states and union territories had an old age pension scheme. In 1998, 4.9 million elderly

were receiving an old age pension (HelpAge India, 2002). The approach paper for the Twelfth Five Year Plan (2012-17) proposed health care for the elderly along with pension and insurance reforms to enhance their quality of life.

X. Policies, Programmes and Major Schemes in India for Social Security of the Elderly- Current Scenario

Initiatives by the Government of India

i. National Policy for Older Persons (NPOP), 1999

NPOP 1999, the first major initiative taken by the Government of India for the welfare of the elderly, provides a broad framework for inter-sectoral collaboration within the government and between government and non-government agencies. The primary objectives of NPOP are:

- To encourage individuals to make provision for their and their spouse's old age
- To encourage families to take care of older family members
- To support voluntary and non-government organisations to supplement the care provided by families
- To provide care and protection and health care facilities to the vulnerable elderly
- To promote research and training facilities for geriatric care
- To help the elderly to lead productive and independent lives and to create awareness about the elderly

The Ministry of Social Justice and Empowerment (MOSJE) co-ordinates implementation of the various aspects of NPOP, which are in the jurisdiction of different ministries. The National Council for Older Persons (NCOP), established in 1999, is the highest advisory body for the formulation and implementation of programmes for the elderly. A Review Committee was appointed in 2010 under the chairmanship of Dr. Mohini Giri. Its mandate was to review the implementation of NPOP and assess the status of various issues concerning the elderly, and to draft a new policy for their benefit. The Committee submitted its report in March 2011, which is presently under scrutiny by MOSJE. The approach of the Draft Policy (2011) to social security for the elderly is discussed in the last section of this paper, i.e. 'Critical Issues and the Challenges Ahead'.

ii. Maintenance and Welfare of Parents and Senior Citizen's Act

Though the Act was passed in 2007, it was by 2010 that the act was notified by 22 states and in all Union Territories.It enables senior citizens, if they so desire, to claim maintenance allowance of up to Rs. 10,000 per month from their children and specifies the claim procedure. The Act also envisages i) establishment and management of Old Age Homes for the needy elderly, ii) provision of geriatric beds and wards in Government hospitals, partially or fully funded by the government, iii) facilities like separate queues for senior citizens, iv) action plan for protection of the life and property of senior citizens. It also prescribes penal provision for the abandonment of senior citizens (3 months imprisonment or fine up to Rs. 5000/-).

iii. Integrated Programme for Older Persons (IPOP)

The Programme has been operational since 1992. Its objective is to improve the quality of life of senior

citizens by providing basic amenities like food, shelter, medical care and entertainment opportunities. Under IPOP, 90% of the project cost is provided to NGOs for building and maintaining old age homes, day care centres and mobile Medicare units. IPOP underwent a revision in 2008 after which several innovative projects for the elderly have been added. These include Day Care Centres for Alzheimer's/ Dementia patients, physiotherapy clinics, helplines, counselling centres, awareness programmes for the elderly and caregivers, sensitization programmes for children in schools and colleges, formation of senior citizens' associations, etc. Financial support for capacity building in government and non-government organisations is also provided. After a situational analysis of the elderly in 2011, the scheme was made flexible to cater to the needs of older persons of diverse types — destitute, slum dwellers, those living in inaccessible areas, etc.

iv. National Initiative on Care for Elderly (NICE)

NICE was launched in 2000 by the National Institute of Social Defence (under MOSJE), which conducts various courses to prepare skilled and committed professionals to provide services to the elderly.

v. National Programme for the Health Care for the Elderly (NPHCE)

NPHCE was launched by the Ministry of health and family welfare, during the 11th plan period to: i) provide preventive, curative and rehabilitative services to the elderly at various levels of the health delivery system, ii) strengthen the referral system, and iii) develop specialised manpower and promote research on geriatric diseases. Under the National Programme for the Health Care of Elderly (NPHCE) scheme, financed in the ratio of 80:20 by centre and the state, provision is made for geriatric infrastructure, geriatric wards and OPDs in hospitals, mobile units and regular geriatric clinics.

vi. Facilities, Services, Concessions, Schemes Provided by Various Ministries

These initiatives include (a) initiatives for the general population, which are relevant for the needy elderly, and which the eligible elderly can benefit from and (b) initiatives that are specifically targeted at the elderly.

a. Central schemes (not specifically targeted at the elderly)

The elderly, if eligible, can avail of:

- Mahatma Gandhi National Rural Employment Guarantee scheme (MGNREGA) guarantees 100 days of employment. All the districts in India are in its ambit since 2008.

- Indira Gandhi National Disability Pension Scheme (funding shared by the central government and state government) provides for pension of Rs.300 per month to destitute with severe or multiple disabilities and who do not receive other pension. The eligible age group is 18-79 years.

- National Family Benefit Scheme provides the dependent family a lump sum of Rs 10,000 if the breadwinner dies between ages 18-64 years.

- Rashtriya Swasthya Bima Yojana (RSBY), which was launched in 2008 by the Ministry of Labour and Employment provides insurance cover to five members (including the elderly)

in BPL families, They are entitled to hospitalisation expenses up to Rs. 30,000. They have to pay only the registration fee of thirty rupees. The premium is paid by the Central government and respective State government.

- Indira Awas Yojana (IYA) of the Ministry of Rural Development gives grants for the construction of dwelling units for BPL households. Central: state ratio for funding is 75:25. Elderly persons belonging to the below poverty line households, if in need of a dwelling unit can avail of this scheme.

b. Central Facilities/Services designed specifically for the Elderly

- In 2005, an advisory was issued by the Ministry of Home Affairs to the State governments directing police departments to pay special attention to the protection of life and property of the senior citizens, to keep a friendly vigil, to sensitise the police force about the security concerns of the elderly and to formulate action plans for setting up helplines, home visits, mandatory review of old persons' cases by senior police officials, etc.

- Concessions given by the Finance Ministry, Government of India: i) Income tax exemption up to Rs. 3 lakhs per annum for Senior Citizens (It is Rs 5 lakhs for senior citizens over 80) ii) Deduction of Rs. 20,000/- under section 80D for individuals paying insurance premium for senior citizen parents. (In the budget for 2015 -16 this was raised to Rs. 30,000. If the assesse or spouse is 60+, the premium paid for medical insurance entitles the asssesse to a deduction of Rs. 30,000/- per annum from the gross taxable income. The same deduction is also permissible for individuals taking medical insurance for their parents above the age 60, iii) deduction of Rs. 60,000/- or actual amount spent, whichever is less, on medical treatment for specified diseases of dependent senior citizens.

- Ministry of Communications and Information Technology: Priority must be given to the complaints of senior citizens (VIP Flag), Telephone connections under special category NOYT (Non- Own Your Telephone) were a few of the actions taken.

- Savings: Postal schemes for senior Citizens that offered higher interest rates such as Senior Citizens' Saving Scheme for ages 55-60 and Monthly Income Scheme for people of 60 years or older.

- Travel facilities: Indian Railways offer 40% concession in railway ticket rates for 60+ males and 50% concession for 58+ females respectively. Domestic airlines offer 50% concession in the airfare for persons who are 63 years and older. The first two rows in State Transport buses are reserved for senior citizens.

- The Department of Pensions has set up a Pension portal to enable pensioners to obtain information about the status of their applications and to lodge grievances.

- The Old Age Solutions Portal was initiated by the Dept. of Science and Technology and the All India Institute of Medical Sciences (AIIMS) to enhance the welfare of the elderly and disabled. The web portal gives information regarding health, nutrition, assistive devices, indoor and outdoor recreational activities and available facilities like old age homes.

- Insurance Regulatory Development Authority (IRDA) has instructed Chief Executive Officers (CEO's) of General Health Insurance Companies to allow the entry into insurance schemes till the age of 65, to maintain transparency in the premium charged, to record reasons for any denial etc. This initiative is expected to facilitate access to and the use of insurance schemes for the elderly: Varishtha Mediclaim Policy by National Insurance Company, Jan Arogya, Nav Prabhat, Ashadeep, and Group Mediclaim policies operated by the Life Insurance Coporation (LIC) of India.

vii. Major Central Schemes Specifically for the Elderly

The Ministry of Rural Development introduced three major schemes that were targeted specifically at the BPL elderly. These are important landmarks in the history of social security for the elderly in India. They provide directly income and food security to the elderly covered by the schemes.

- **IGNOAPS**

  National Old Age Pension Scheme (renamed as Indira Gandhi National Old Age Pension Scheme (IGNOAPS) in 2007), targeted at the destitute elderly, was launched by the Central Government on 15th August 1995. This was seen as a big step towards fulfilment of Article 41 and 42 of the constitution. From April 2011, the eligibility age for this scheme was reduced from 65 to 60 and the pension amount was raised from Rs.75 to Rs. 200 per month for elderly persons in the age group 60-79 years and Rs 500 for those above 80. The entire funding for this is disbursed by the central government to the states and cover is limited to 50% of the BPL population above age 65 (now 60).

  The selection of beneficiaries is done by gram panchayats on the basis of targets communicated by the state government. It was made explicit that the central assistance is not a substitute for state governments' expenditure on pensions for the elderly, but is intended to ensure that a uniform minimum amount is paid. State governments, however, may expand coverage or increase the pension amount per person. It is also specified that the benefits of the scheme should be disbursed in not less than two instalments in a year. The ceiling on numbers and qualifying financial entitlements for the states are worked out by the following formula:

  Numerical Ceiling = ½ of population in the state aged 65 and above multiplied by the poverty ratio of the state.

  (Here, it is assumed that 50% of the population aged 65 + below the poverty line will qualify for pension under the destitution criteria. The Qualifying Financial Entitlement for each state = Numerical ceiling * 900 (i.e. Rs. 75 for 12 months). With increase in pension amount figure, the amount of 900 will be

suitably modified. By 2008, about 6.5 million elderly benefitted by the scheme and the qualifying amount was Rs. 6193 million (Irudaya Rajan, 2008).

- **IGNWPS**
  The Indira Gandhi National Widow Pension Scheme (IGNWPS), introduced in 2009, provides BPL widows in the age group 40-64 (later revised as 40-59) with a monthly pension of Rs. 200/- per beneficiary. After they attain the age of 60, they qualify for pension under IGNOAPS.

- **Annapurna Scheme**
  Launched in 2000, the scheme provides food security (35kg. food grains per month free of cost) to senior citizens not covered under IGNOAPS. As per the National Food Security Act 2013, every person belonging to priority households shall be entitled to receive five kilograms of food grains per person per month at subsidised prices specified in Schedule-I from the State Government under the Targeted Public Distribution System. The act specifically states that "The provisions of this Act shall not preclude the Central Government or the State Government from continuing or formulating other food based welfare schemes". It implies that this facility will not affect the continuation of existing schemes providing subsidised or free food to the poor. Some states like Tamil Nadu have been implementing such schemes and the poor elderly have been availing of such schemes (Pl. see the Annexure).

viii. State Schemes

The central schemes described above are operational in the states. In addition, many states have framed and implemented their own schemes, some of which were launched even before the social assistance programme was initiated by the central government. It is important to note that, since the central government did not initiate any old-age pension program for the poor and needy elderly until the mid-nineties, the only guaranteed retirement income for them was old age pensions offered by the State governments. The majority of States and Union Territories (beginning with Uttar Pradesh in as early as in 1957) had pension plans in the 1970s with monthly benefits ranging from Rs.30 to 100 with Rs. 60 being most common amount (Vijay Kumar, 2003).

Table 3 gives the year of introduction of old age pension schemes, age criteria and the monthly pension amount in different States and union territories (Irudaya Rajan, 2004).

Table 3. Old Age Pension Schemes in the States and Union Territories

State/ U.T.	Year of Introduction	Monthly Pension the time of Introduction of Scheme Rs.	Stipulated Age for Eligibility
Andhra Pradesh	1960	75	65
Arunachal Pradesh	1988	150	60
Assam	1983	75	65(M), 60(F)
Bihar	1970	100	60
Delhi	1968	200	60

Goa	1983	75	60
Gujarat	1978	200	60
Haryana	1969	100	65
Himachal Pradesh	1968	150	65
Jammu & Kashmir	1976	125	55
Karnataka	1965	100	65(M), 60(F)
Kerala	1960	110	65
Madhya Pradesh	1970	150	60
Maharashtra	1980	100	65(M), 60(F)
Manipur	1981	75	65(M), 60(F)
Meghalaya	1980	75	65(M), 60(F)
Mizoram	1975	100	65(M), 60(F)
Nagaland	1979	100	70
Orissa	1975	100	65
Punjab	1968	200	65(M), 60(F)
Rajasthan	1964	200	58(M),55(F)
Sikkim	1981	75	74(M),65(F)
Tamil Nadu	1962	150	65
Tripura	1978	75	70
Uttar Pradesh	1957	125	65
West Bengal	1964	300	60
Andaman& Nicobar Islands	1981	75	60
Chandigarh	1969	200	65
Dadra Nagar Haveli	1974	75	65
Daman & Diu	1983	75	60
Lakshadweep	1975	100	60
Pondicherry	1987	100	60

Source: Irudaya Rajan (2004). Chronic Poverty Among Indian Elderly, Working Paper 17, Chronic Poverty Research Centre and Indian Institute of Public Administration (IIPA). New Delhi .

After the introduction of IGNOPAS, states got central funding to supplement their resources. State governments are now implementing central schemes in partnership with the centre, and also operate their own schemes.

The salient features of schemes for the social security for the elderly in the seven states surveyed under BKPAI are given in its state reports. Apart from supplementing the pension amount given under central government schemes discussed above, states have been implementing various schemes to provide other aspects of social security to the elderly. e.g. In Kerala, contributory pension and welfare funds managed by 16 Labour Welfare

Boards have been catering to various occupational groups such as artisans, beedi workers, coir workers, toddy workers etc. Also there are schemes like Snehapoorvam (for grandparents taking care of grandchildren), Vayomitram (free mobile clinics for the elderly). Tamil Nadu has been implementing pension schemes for various vulnerable groups (destitute, widows, deserted wives etc) since early seventies and elderly in specific categories have been benefitted by them. In addition, elderly can avail of the government schemes for the supply of free nutritious meal, free rice and free supply of dhotis/sarees. In West Bengal, with the financial assistance of HelpAge India, a model of sustainable care for elderly is being implemented through self help groups of elderly and Reverse Mortgage Scheme . Besides this , there are schemes like Briddhashree, Sanjbhati and Pranam schemes to provide health and physical security to the elderly. In Odisha, Madhubabu Pension Yojana, which has been there for all widows is recently combined with state old age pension scheme. Pensions are disbursed publicly on a single day in a Samarthya Shivir. Apart from this, medical care financed through Odisha Treatment Fund, Old Age Homes with financial support from the government, and Emergency Feeding Programme in the KBK region are the other state schemes for elderly in Odisha. In Maharashtra, apart from the Shravanbal Pension Scheme and Sanjay Gandhi Destitute Women Pension Scheme (now combined with IGNOAPS and IGNWPS respectively), poor elderly can also avail other schemes. They mainly include state government funded old age homes and health security to all yellow/orange/Antyodaya/ Annapurna card holders (covering expenses of hospitalisation, kidney transplant and heart/ cancer/ kidney surgery) upto a fixed limit. In Punjab, old age homes for the destitute and neglected elderly are run by the state since early fifties. Atta Dal state scheme provides food security to the poor elderly. Punjab government has set up a dedicated social security fund to ensure smooth flow of funds to assist the elderly and destitute. In Himachal Pradesh , apart from state's share in the central pension schemes for the elderly, state assistance is provided to elderly widows and destitutes for free dentures and health check ups. In order to enable the elderly to avail of various schemes, identity cards are issued and a software is developed to ensure the utilisation by the eligible needy elderly.

XI. Awareness and Utilisation of Major Schemes and Facilities – Evidence from BKPAI Survey, 2011

The critical issue however is, to what extent these schemes have reached the targeted population of the needy elderly. How many are aware of them and how many of these have actually availed of the benefits of these schemes and the various facilities /concessions provided by the government?

BKPAI's survey of the seven states shows that 40% of the elderly are aware of the concessions for train travel, but barely 9% have availed of them. In Maharashtra and Kerala, utilisation is about 20%. Barely 4% from the lowest wealth quintile avail of this facility. Nearly 37% elderly are aware of the reservation of bus seats for the elderly, but only 8% reported having availed of the facility. Only 4% of the elderly from the lowest wealth quintile reported having benefitted from Mahatma Gandhi National Rural Employment Guarentee Act (MGNREGA), which is to be expected as ability to work depends on the condition of the person. The other facilities like preference for telephone connection, income tax benefits and higher interest rate on deposits are relevant only for the better off. Their utilisation by the elderly from the highest wealth quintile was 2, 3 and 14% respectively. Awareness of Rashtriya Swathya Bima Yojana (RSBY) was reported by 11% of BPL elderly but only 7 % were actually registered under RSBY. Among Non-BPL,

these percentages were 17 and 4 respectively (UNFPA, 2012).

It is obvious that, more than these concessions and facilities,it is the outreach of the schemes providing income and food security, which is vital for bringing about substantial change in the lives of the poor elderly in India. Figures 3 to 12, based on the BKPAI survey data for 7 states discussed below, throw light on the glaring gap between awareness about three central schemes – IGNOAPS, IGNWPS and Annapurna – among the BPL elderly and their utilisation.

a. Awareness and Utilisation of Three Schemes among All, BPL and Non-BPL Elderly

Fig.3 reveals that overall awareness of IGNOAPS and IGNWPS among the elderly is 70- 80%, but only about 40% were aware of the Annapurna scheme. Among the seven states, awareness about IGNOAPS was the highest in Punjab and Odisha (90%) and lowest in West Bengal (59%). Awareness about IGNWPS was the highest in Kerala and Odisha (85-87%) and the lowest in West Bengal (50%). About the Annapurna scheme, awareness ranged from 70% in Odisha to just 5% in Tamil Nadu. (A possible reason for low awareness in Tamil Nadu is that the state, as described in the Annexure, has been implementing – and efficiently managing – similar schemes for benefit of the elderly for several years before Annapurna was launched).

A comparison of Figures 3 and 4 reveals the wide gap between awareness and utilisation. Utilisation of IGNOAPS, IGNWPS and Annapurna is only 13, 20 and 2% respectively. Two-thirds of the elderly in Odisha were utilising IGNWPS (87% were aware of the scheme) and about a third of the elderly in Punjab and Odisha were availing of benefits from IGNOAPS (over 90% awareness). These are the only encouraging statistics from the study, but even here utilization is considerably less than awareness.

Figure 3. Awareness of Major Government Social Security Schemes among Elderly

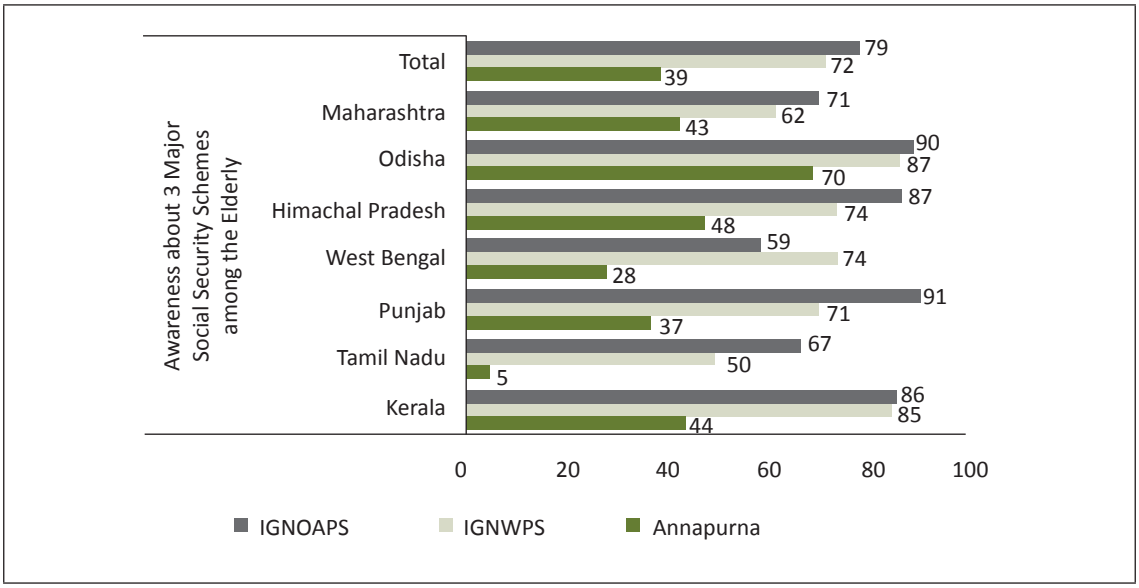
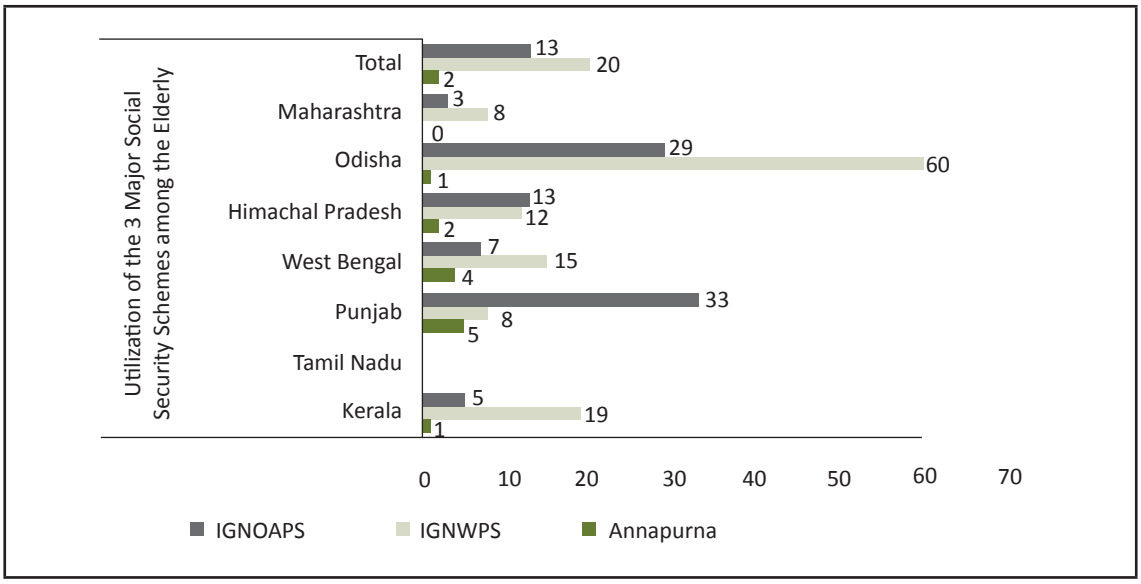


Figure 4. Utilization of Major Social Security Schemes for the Elderly



These programmes are targeted at the BPL elderly. The survey shows that, among the BPL elderly in sample, the awareness about IGNOAPS, IGNWPS and Annapurna is 75, 68 and 33% but their corresponding utilisation is only 18, 25 and 4%. If the utilisation percentage is calculated as a proportion of only those who are aware, a higher utilization – 24, 35 and 11% respectively – by the BPL elderly can be seen.

Though these programmes are targeted at the BPL elderly, it is a good sign that awareness is high, even among the non-BPL elderly (81, 75 and 44% respectively) but utilisation of these schemes by the non-BPL elderly to the extent of 10, 15 and 0.3% respectively indicates **leakage of these benefits to the better off among the elderly**. If this percentage is calculated from only among those who are aware, it is even higher (12, 21 and 0.7% respectively).

The crucial issue, then, is how far these schemes are accessible to the poor and socially vulnerable, and availed by them. A gender-wise break-up of utilisation and by their vulnerability (economic status and caste), shown in figures 5 to 12 reveals the gap between awareness and utilisation for each scheme even more starkly.

b. Awareness and Utilisation of IGNOAPS among BPL Elderly

A comparison of Figures 5 and 6 shows that, among the BPL elderly men, the overall awareness of IGNOAPS is as high as 81%; however, utilisation is only 22%. The corresponding figures for women are 71% and 15% respectively. For men, awareness ranges from about 72% in Maharashtra, W. Bengal and Tamil Nadu to above 90% in Odisha, Himachal Pradesh and Punjab. Utilisation ranges from just 3% in Maharashtra to 45 % in Punjab and Odisha, which means that even in states with high awareness only half of the men who are aware actually avail of the benefits.

For women, awareness ranges from 43% in West Bengal to 80-87% in Himachal Pradesh, Kerala, Odisha and Punjab, while utilisation ranges from 3% in Maharashtra to 64% in Punjab. Among the states with high awareness, the gap is widest for women in Kerala (where there is 80% awareness but only10% utilization) and Odisha (86% and 14% respectively).

Figure 5. Awareness about IGNOAP Scheme among the BPL Elderly by Gender

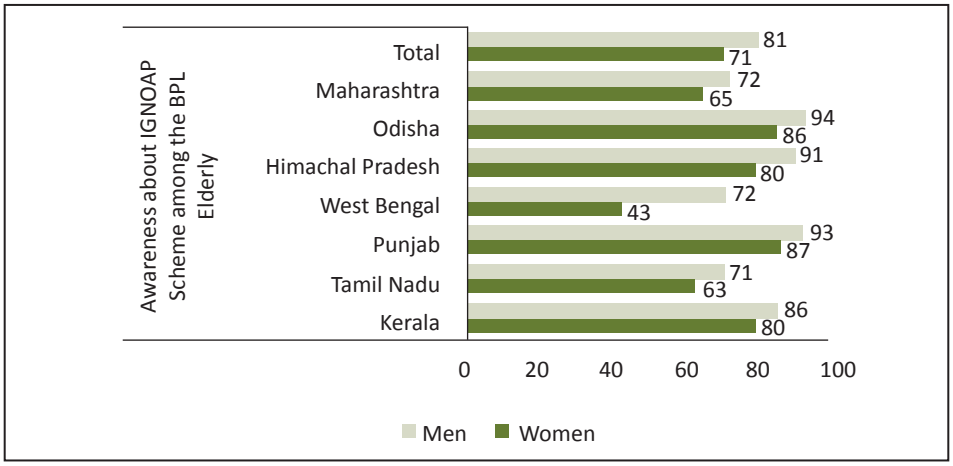
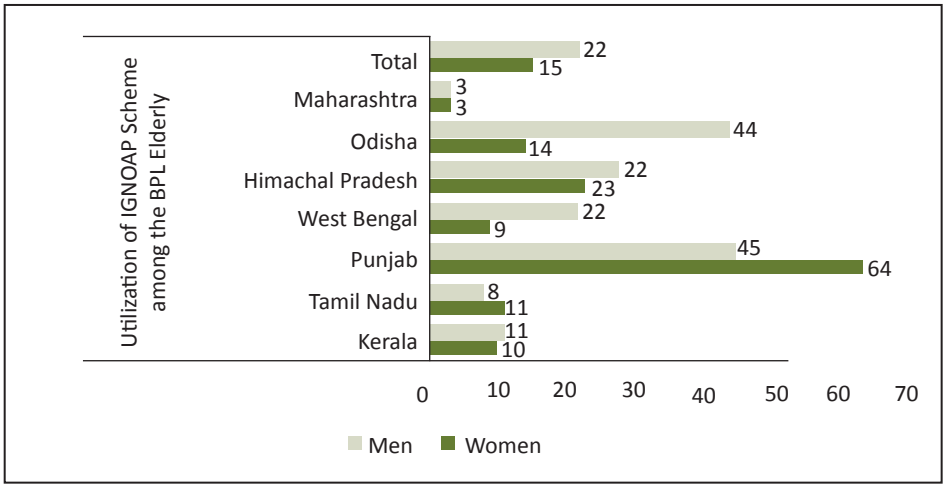


Figure 6. Utilization of IGNOAP Scheme among the BPL Elderly by Gender



Figures 7 and 8 show the extent to which IGNOAPS has reached the poor by criteria of vulnerability other than BPL. The lowest and the second lowest wealth quintile were taken as indicators of economic vulnerability and SC/ST/ OBC status as an indicator of social vulnerability.

Figure 7 shows that in Maharashtra, West Bengal, Kerala and Tamil Nadu, among the poorest and the poor elderly (lowest and second lowest wealth quintile), less than 16 % utilise the scheme. Punjab, with three-fourths

of the poorest (lowest quintile) elderly, Himachal Pradesh with one-third of the poorest elderly and Odisha, with one-fourth of the poorest elderly utilising the scheme are the three better performing states. In these three states, utilisation, even among the poor (second lowest quintile), was found to be in the range 21-46%.

Figure 7. Utilization of IGNOAP Scheme among Elderly from the Lowest two Wealth Quintiles In Seven States

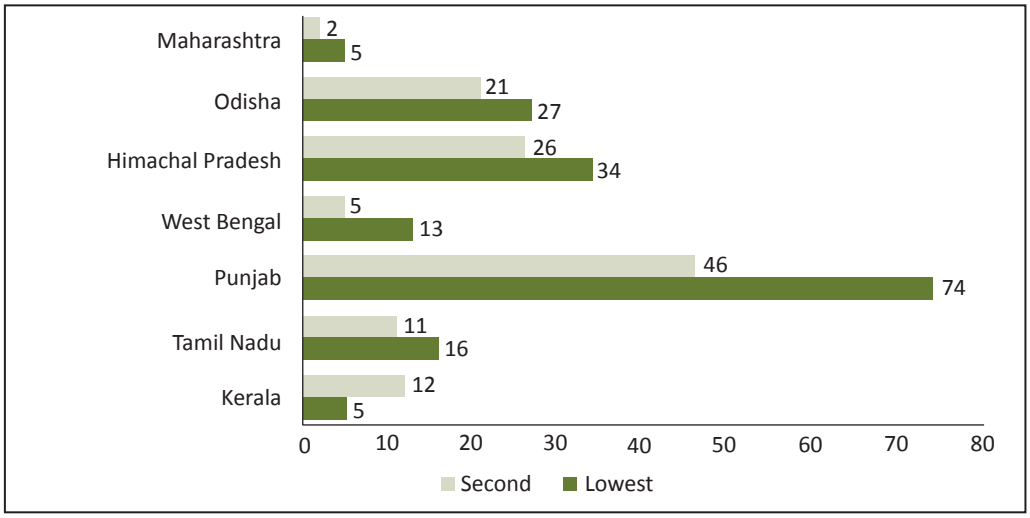


Figure 8 shows the extent of utilisation of IGNOAPS by the socially vulnerable elderly. In all the surveyed states except Kerala, utilisation among SC/ST elderly was the same or higher than that of the OBC elderly.

Figure 8: Utilisation of IGNOAP Scheme among elderly from the SC/ST & OBC Households

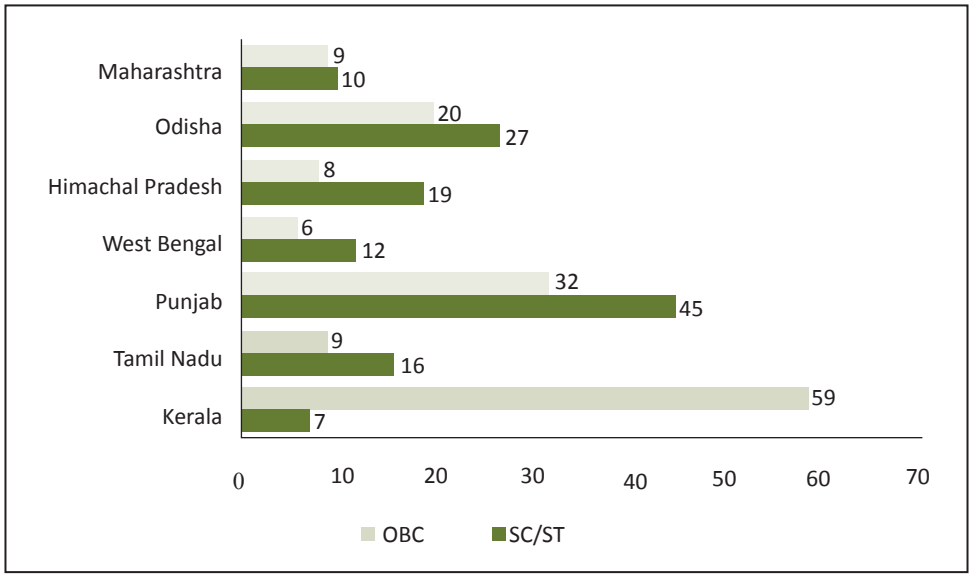


Figure 8 also shows that in Maharashtra, Himachal Pradesh, West Bengal and Tamil Nadu less than 10% of the elderly from OBC and less than 20% of SC/ST elderly utilised IGNOAPS. Utilisation by the OBC elderly is the highest in Kerala (59%), followed by 32% in Punjab and 20% in Odisha. Utilisation by SC/ST elderly was the highest in Punjab (45%) and followed by 27% in Odisha. Utilisation by the OBC elderly was the lowest in West Bengal (6%) while among SC/STs utilisation was the lowest in Kerala (7%).

c. Awareness and Utilisation of IGNWPS among BPL Elderly

Similarly, a comparison of Figures 9 and 10 shows the gap between awareness and utilisation of IGNWPS. Among the elderly males in the BPL category, awareness of IGNWPS ranges from 51% in Tamil Nadu to 85% in Odisha. Among women, awareness is the highest in Odisha (89%) followed by West Bengal and Kerala (80-81%). It is the lowest in Tamil Nadu (49%). Utilisation among women (widows), as shown in Figure 10, is the highest in Odisha (60%) but even here, it is considerably less than awareness (89%). For the other 6 states, utilisation ranges between 7-9 % (Maharashtra, Punjab and Tamil Nadu) and 24-30% (Himachal Pradesh, West Bengal and Kerala) The gap is very large for Maharashtra and Punjab where awareness about IGNWPS is nearly 70% whereas utilisation is less than 10%.

Figure 9. Awareness about IGNWP Scheme among the BPL Elderly by Gender

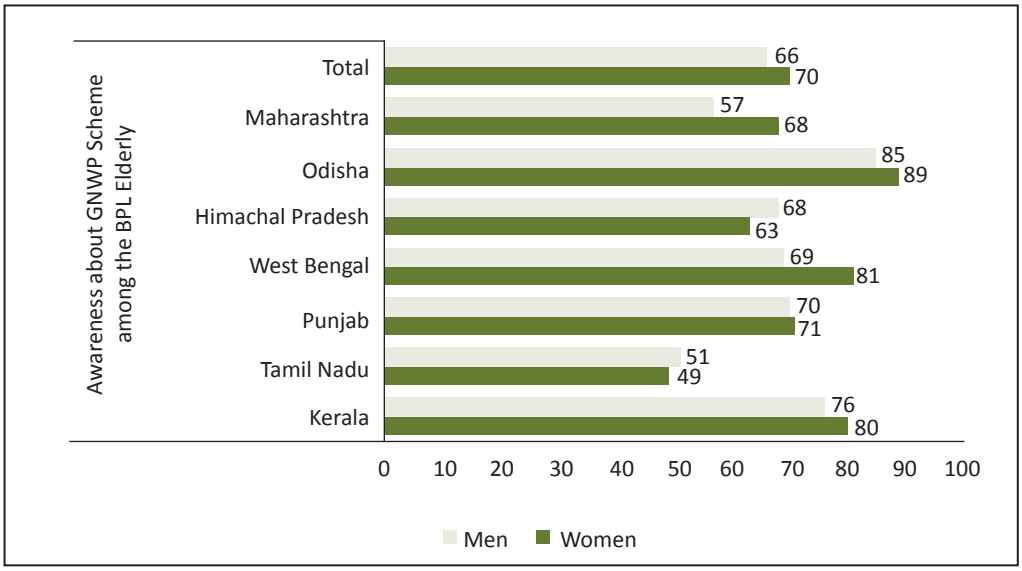


Figure 10: Utilisation of IGNWP scheme among the BPL Elderly Women

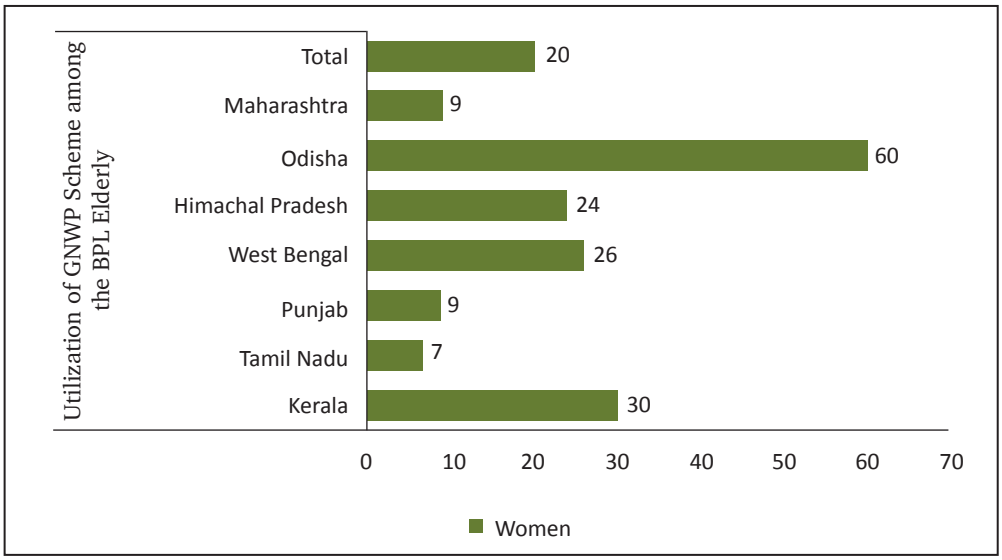


Figure 11 shows the utilisation of IGNWPS among the poorest and poor elderly (the lowest and second lowest wealth quintiles). It is the highest in Odisha (57% in the poorest and 50% in the poor quintiles). In the other six states, it is in the range of 4% to 23% among the poorest (lowest quintile) as well as poor (the second lowest).

Figure 11: Utilization of IGNWP Scheme among elderly from lowest two wealth quintiles

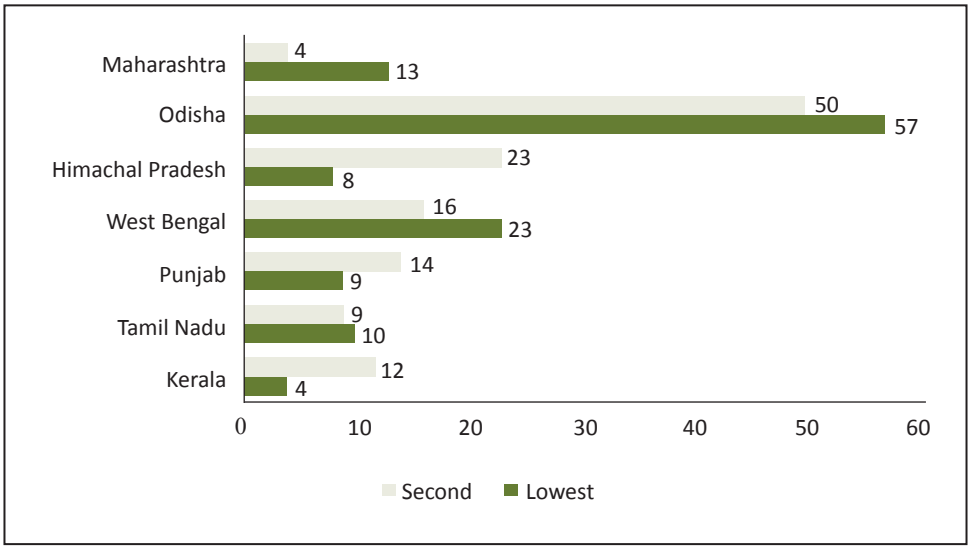
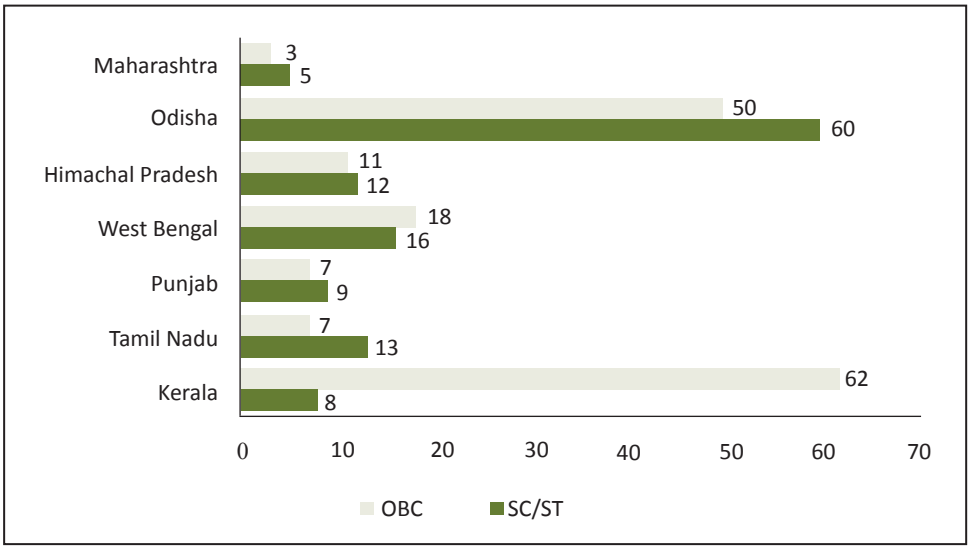


Figure 12 reveals that utilisation of IGNWPS in Odisha is high among both the OBC (50%) and SC/ST elderly (60%). With 62%, Kerala is better than Odisha as far as utilisation by the OBC elderly is concerned but utilisation among SC/ST is very low (8%). For the other five states, utilisation among both OBC and SC/ST is in the range 3-18%.

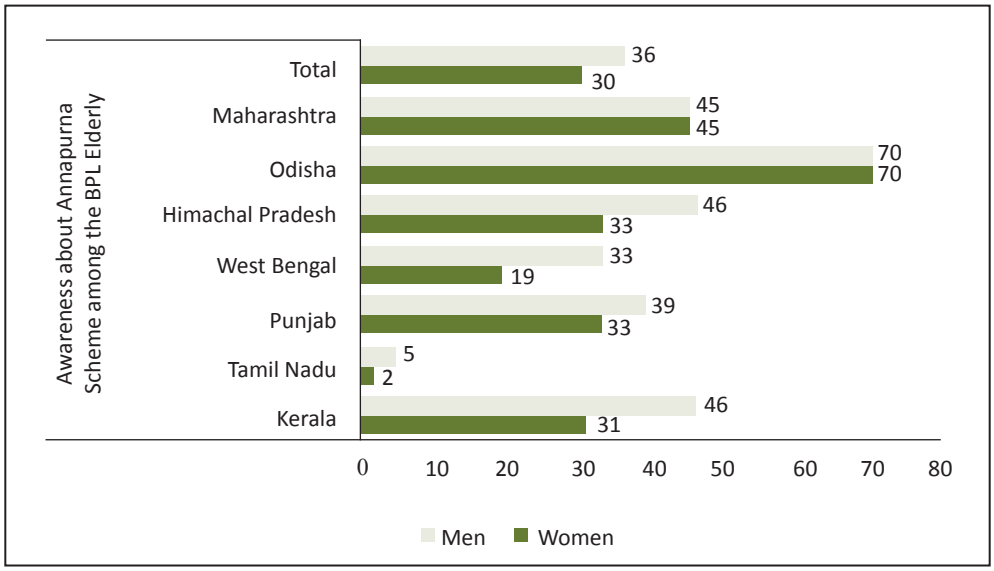
Figure 12 - Utilisation of IGNWP Scheme among elderly from the SC / ST & OBC Households In Seven States



d. Awareness and Utilisation of Annapurna Scheme among BPL Elderly

Nearly one-third of the BPL elderly – men as well as women – were aware about the Annapurna scheme (Fig.13) but, as seen in fig.4, barely 2% avail of the scheme's benefits. Awareness is the highest in Odisha (70% for both men and women) and the lowest in Tamil Nadu (5% men and 2% women). In the other five states, awareness ranged from 31 to 45% among both men and women except that in West Bengal where it was only 19% among women. However, irrespective of awareness, utilisation was low (below 5%) in all the states (Fig. 4.).

Figure 13. Awareness about Annapurna Scheme among the BPL Elderly by Gender



The discussion so far indicates that Odisha has performed better than the other states as revealed by this study.

e. Pension Schemes – Have They Reached the Needy Elderly?

It is expected that to achieve the objectives of the two pension schemes, there should be an extensive usage by the poor and the deprived sections who are the intended beneficiaries. A comparison of the percentage share of a particular category among those who utilize the scheme and among those who do not (Comparison of Col. 2 & 3 of Table 4) can be made to see whether there is a disproportionate concentration in one category. Such comparison for IGNOAPS, as shown in the table, reveals that among those who utilise IGNOAPS scheme,the percentage share of elderly (a) with no education, (b) those belonging to the lowest quintile of economic status, and (c) those belonging to the SC/ST category is disproportionately low. It also shows that the comparatively young among the elderly (below age 70), women, elderly in urban areas and the elderly living with their children are more likely to avail of IGNOAPS.

A similar comparison of Cols. 4 & 5 of table 4 for IGNWPS reveals that, contrary to our expectations, the percentage share of rural women, women with no or less than 4 years of schooling, women of the lowest economic status is disproportionately low among the beneficiaries. The comparison also shows that widows below 70 or above 80 as well as those living alone form a higher proportion of those utilizing the scheme. Less than proportionate share of the deprived, vulnerable sections of elderly (with no education,SC/ST, Lowest wealth quintile) among the beneficiaries is, a matter of greater concern. In the following section,an attempt is made to examine the reasons for the leakage of benefits of these schemes to the better off sections and non-utilisation by the needy elderly.

Table 4. Profile of BPL elderly Utilizing and Not Utilizing IGNOAPS & IGNWPS (BKPAI Survey)

	IGNOAPS		IGNWPS	
	% Share among total utilisers	% Share among total Non-utilisers	% Share among total utilisers	% Share among total Non-utilisers
Age (in years)				
60-69	69.8	44.1	59.0	54.6
70-79	23.1	37.3	27.7	37.1
80+	7.1	18.5	13.4	8.3
Sex				
Men	43.8	55.2	-	-
Women	56.2	44.8	100.0	100.0
Residence				
Rural	72.2	83.7	63.7	86.0
Urban	27.8	16.3	36.3	14.0
Education				
No Schooling	55.7	70.8	69.7	78.8
1 - 4 years	13.1	13.8	9.3	14.0
5 - 7 years	12.7	8.8	11.4	5.1
8 + years	18.1	6.3	9.2	2.2
Caste				
SC/ST	31.1	48.5	28.9	46.8
OBC	48.4	32.7	52.1	29.8
Others	20.5	18.8	19.0	23.4
Wealth index				
Lowest	35.9	46.9	33.6	56.9
Second	29.1	26.5	27.4	25.6
Middle	20.5	18.7	22.9	12.4
Fourth	11.9	6.3	13.8	4.3
Highest	2.6	1.7	2.3	0.8

Living Arrangement				
Alone	8.8	7.9	21.3	16.7
Spouse only	18.2	23.1	0.0	-
Children and others	72.9	68.9	78.7	83.3
No. of BPL elderly	3369	677	1132	319

The discussion so far was based on the findings of the BKPAI survey. In the following section, evidence from other micro-studies and some other surveys is presented in conjunction with the findings of BKPAI reports to determine whether the major social security schemes have reached the intended beneficiaries – the elderly from the needy and deprived sections of the society – and to examine the possible reasons, if they have not.

XIII. Implementation of Major Social Security Schemes for the Elderly – Concerns, Constraints & some Positive Experiences

The low utilization of the major schemes targeting the elderly raises vital issues: Is it only due to the inefficiency of the department responsible for implementation or are there any basic constraints involved? It must be noted that some studies have pointed out the positive features, good practices that were adopted to improve efficiency. These studies were largely optimistic in their outlook and stressed that if properly implemented these schemes have the potential to improve the quality of life of the needy elderly. On the other hand, a few studies have raised governance issues, identified administrative bottlenecks, fiscal constraints and socio-political dimensions that are significant constraining factors.

- Lack of stakeholder participation (older people, family and community) in the formulation of policies and programmes (Gokhale, 2011).

- Multiplicity of schemes and implementing agencies: Before the introduction of National Old Age Pension Scheme (NOAPS), many states had been implementing Old Age Pension Scheme (OAPS) through different agencies like Department of Labour, Social Welfare etc. These agencies have little or no interaction with the District Rural Development Agencies (DRDAs) who are funded directly by the central government for the implementation of IGNOAPS.

- Improper implementation (Mutalik and Shah, 2011): Implementation of IGNOAPS is done by district level authorities with the assistance of Panchayats, who are responsible for (i) selection of the beneficiaries by verifying the eligibility on the basis of given criteria (ii) reporting the death of a pensioner. The central government transfers the fund directly to district administration in bi-annual instalments. Pension amount is given to the beneficiaries either by crediting the money into the

beneficiaries' bank accounts, by money orders or through public disbursement of cash payments in the presence of the Gram Sabha to ensure transparency.

Though the procedure appears to be fair and transparent, there are certain lacuna and loopholes which can lead to improper implementation and misuse of the provisions. Local politics, caste considerations often come in the way of the selection of the needy elderly.

- Variations in age criteria: For OAPS the age criteria varies between 55 and 74 years (Table 3) whereas for IGNOAPS it is 60 years since 2011. The Maharashtra government has retained 65 as the minimum age. Hence, there is a need for uniformity.

- Issues regarding eligibility criteria: Application procedures call for documentary proof that all eligibility conditions are met. In a country like India, a poor, illiterate rural elderly finds the whole process cumbersome or even impossible. Producing identity proof, age proof or *even* proof of being a destitute can be unimaginably difficult. In addition, the requirement of obtaining a recommendation from Panchayat members or local MLAs, often results in the emergence of middlemen and bribery.

  As the caste affiliations, political loyalty discretion of local leaders play important role in the selection process, many needy elderly get left out. A survey carried out in Karnataka (Dutta et al., 2010) showed that only 9% of the recipients of old age pension and only 1% of the recipients of the widow pension met *all* eligibility criteria. In most cases pensions did go to the elderly and widows, but many were not destitute – they had an income or received income support from their adult children/ grandchildren.

- The criteria for pension schemes like IGNOAPS and IGNWPS are that the beneficiary must belong to the BPL segment. But, as is well known, there are serious problems regarding the accuracy of the BPL list. As a result, many eligible elderly are excluded while some elderly from the APL segment manage to get the benefits. Utilisation of IGNOAPS, IGNWPS and Annapurna schemes by non-BPL elderly (10%, 15% and 0.3% respectively), as reported in the BKPAI survey of seven states is proof of leakage. This has led to the demand for simplified criteria or even an universal pension scheme. Suggestions have also been made to prepare new BPL lists by using simple exclusion criteria (like ownership of expensive assets like a car, being an income tax payer, etc.) and inclusion criteria like SC/ST (Dreze & Khera, 2010).

- Limited role of government officials and functionaries in reaching the potential beneficiaries: As was found in Punjab, the application forms are made available only by the local leaders and community representatives like sarpanch in community gatherings. The elderly cannot obtain the forms directly (from, say, an office). Direct access by the applicant is not possible (Nanda et al., 2011).

- Long waiting period: Due to the long and time-consuming administrative processes, one-sixth of the

applicants in Punjab had to wait for one year to get the pension (Nanda et al., 2011). The average waiting time is one year in Karnataka and six months in Rajasthan. Complexity of the process was a major deterrent to applying in both the states (Dutta et al, 2010).

- Irregular disbursement: Despite the creation of special Dedicated Social Security Fund for the smooth disbursements, only 23% of rural and 40% of urban beneficiaries of OAPS in Punjab reported getting the pension regularly i.e. every month (Nanda et al., 2011). A survey in two districts of Jharkhand and Chhattisgarh also revealed that beneficiaries have difficulties in accessing the banking system and face inordinate delays in receiving their meagre pensions (Gupta, 2013).

- Frauds and fake cases: Many people with influential political connections manage to get assistance from more than one scheme or even multiple times, while genuine claimants could be excluded (Irudaya Rajan, 2001). It was suggested that the data base of rejected cases should be uploaded on the website to ensure transparency. In some states ineligible persons or families of dead persons have been receiving pensions. In 2012-13, there were 71,426 fake cases of OAPS registered in Punjab's tribunals (Nanda et al., 2011). In the Karnataka survey, in 9% of the cases, the enrolled pensioner could not be found and in another 20%, either the household or the pensioner was fictitious (Dutta et al., 2010).

- Bribery: Paying bribe to become a pensioner is common practice in Karnataka, where 28% of the unsuccessful applicants reported paying bribes. Large number of pensioners – one in five in Karnataka and one in four in Rajasthan – reported paying small bribes to the postmen and government officials (Dutta et al., 2010).

- Variation in Pension amounts: Not only are there inter-state variations (Rs. 75 to 300 as seen in Table 3) in the pension amount under OAPS operated by the states, there is also a difference between the pension amount disbursed under the central scheme and the state OAPS. For claiming pension under IGNOAPS, a central government funded scheme, there is a condition that the person is not getting pension from any other scheme. This requires verification and often allows scope for occurance of malpractices.

- Chances of fraud are limited if the pension amount is credited to the bank account or savings account in the post office. However, many elderly, due to their health condition, prefer to get the money delivered to their homes through money orders. To achieve transparency, some states like Orissa, disburse the amount in a public function on a fixed day or in the presence of the village committee as is the practice in Himachal Pradesh.

- State contribution to IGNOAPS: Some States also contribute to the pension amount that is paid under the central scheme. The Centre: State ratios are different in states, as mentioned earlier. Besides, if the State does not make provision for its share in time, the scheme is affected due to the lack of timely release of the state funds, as was the case in Punjab in 2012-13 (UNFPA, 2014). Earlier

Evaluation by Operations Research Group (ORG) also corroborates this being a problem in many states (ORG, 1998).

- For allocating the amount to be given to the states for IGNOAPS, there is a ceiling on the numbers and qualifying financial entitlement for each state, which is worked out with a formula:

½ of population in the state aged 65 and above multiplied by the poverty ratio of the state.

This formula, used to work out the financial entitlement, implies that only half of the BPL elderly population in each state are considered worthy of receiving pension benefits (Alam, 2004) but as pointed by Irudaya Rajan (2001), the actual allocation is lower than the financial entitlement. It was found that many states could not utilise the amount allotted to them, a pointer to their failure to identify the potential beneficiaries. Rajan also observed that utilisation improved from 74% in 1995-96 to 95% in 1999-2000.

- Inadequate pension amount: In the year 2000, the benefit under NOAPS was only about 10% of per capita income (Palacios & Sluuchynsky, 2006). The World Bank (2011) concluded on the basis of IHDS 2004-5 data that median annual NOAPS benefit among eligible households was Rs. 2008 or about Rs. 170 per month. The majority of respondents in a micro-study in Rajasthan were not happy with this amount (received under the NOAPS) and suggested that it should be raised to Rs. 300. According to Irudaya Rajan (2004) on an average, the pension amount under state OAPS works out to about Rs. 150 per month, which is more than the cost of his food requirements (8Kg. rice & wheat each & 0.4 kg sugar) if bought from the Public Distribution System (PDS). He argued that this is adequate if the beneficiary is living in a family but not if s/he is living independently and has to spend on rent, electricity, etc.

- There is a need to revise the pension amount periodically to compensate for the effect of inflation.

- Based on his study in Jharkhand, Drez (2003) feels 'the main problem is not so much of corruption as limited coverage and lack of funds. According to local officials, 2421 applications for the old age pension are pending in one block because the quota assigned to that block is fully utilised and new pensions are sanctioned only when the existing pensioners die. Drez estimates that a new applicant would have to wait for 30 years before receiving a pension.

  Yet, notwithstanding the problems discussed here, some evaluative studies have expressed optimism about the working and impact of the pension schemes in India. In some cases, however, the findings of the same study are contradictory. For instance, an All India evaluation of the scheme by the Government of India (Ministry of Rural Development), as quoted in Anand Kumar and Navneet Anand (2006), found that the working of NOAPS to be satisfactory but the sample Survey conducted by them for the evaluation identified problems like lack of awareness (25% of non-beneficiaries i.e. Among the eligible elderly who did not avail of the scheme, 25% were not aware of the scheme) irregular disbursement of pension (40% beneficiaries), non-cooperation of the authorities in availing

of the benefit (18.77% of beneficiaries), pending applications (46% of non-beneficiaries), leakage of benefits to non-elderly (11%) and to higher income group (10% of beneficiaries) and, to a small extent, bribery (2.5% of beneficiaries).

Anand Kumar and Navneet Anand (2006) also felt that, from a macro perspective, the pension programme appeared to be working well and meeting its objectives though micro-analysis indicates that there are gaps in the identification of beneficiaries and distribution of benefits. Irudaya Rajan (2001) concluded on the basis of statistics compiled by the Ministry of Rural Development that the percentage of beneficiaries among the SC, ST, women and handicapped has increased and NOAPS (later on IGNOAPS) has benefitted the weaker sections more than others but this observation is based only on the data for two years, 1998-99 and 1999-2000. Among elderly SCs and women, about one-third benefitted but for STs and handicapped only 14% and 2% respectively benefitted. An evaluation of NOAPS by the Asian Development Bank (ADB Institute, 2004) found that the scheme is well-functioning in terms of targeting and implementation without corruption and interference. However, the study noted some implementation problems that were mainly related to the bureaucracy.

An All India evaluation of the scheme by the Government of India (Ministry of Rural Development, 1998), however, found that (i) the scheme has been reaching the needy elderly as seen from the socio-economic profile of the beneficiaries and has succeeded in giving the beneficiaries a sense of security and improving their quality of life, (ii) the majority of beneficiaries received the benefits within 2 months. This observation, however, is not corroborated by other studies, as discussed above.

The Indian Human Development Survey of 2004-05 found that though only 9% of the 60+ respondents were beneficiaries of NOAPS, 88% of the villages studied had access to the scheme (Desai et al., 2010). According to Puja Dutta, Stephen Howes and Rinku Murgai (2010) 'these social pension schemes work reasonably well, levels of leakages are low, funds flow proportionately to poor rather than richer households and there is strong evidence that the funds reach vulnerable individuals. The main strength of these pension schemes is the relatively low level of leakage, as compared to PDS.' Their conclusion is based on their evaluation of cash transfers for the elderly and widows from the household survey data on social pension utilisation in two states – Rajasthan and Karnataka. But the same study, as mentioned on page 53, points out that 'paying bribe to become a pensioner is very common in Karnataka'. A study based on the survey of beneficiaries of NOAPS in two districts each of Chhatisgarh and Jharkhand identifies many difficulties faced by them but it concludes that a reasonable increase in the pension amount and streamlining the delivery mechanism would significantly help to reduce old age vulnerabilities (Gupta, 2013).

Evaluation of IGNOAPS in Tamil Nadu (Chathukulam, Balamurali & Rekha, 2012) , which was based on a survey of 3 districts, revealed both its positive side and the negative aspects. The report mentions good practices that were conducive to the efficient functioning of the scheme; it also highlighted instances of bribery, corruption and other malpractices. According to the study, an

IGNOAPS beneficiary gets a monthly pension of Rs 400. Profile of beneficiaries indicates that the programme is properly targeted at vulnerable groups such as women (66%), the poor old (51% above 70 years, 98% BPL), illiterate elderly (77%), SC (42%), ST (11%), OBC (29%), and widowed elderly (60%). The majority of beneficiaries reported that the pension amount is used by them for purchase of medicines.

The need for more efforts to include the vulnerable elderly, who remained uncovered, is also revealed by the profile of non-beneficiaries – 79.89% were from the marginalized communities (SC, ST and OBC), 70.26% were above 65 years old, and 97.38% from BPL.

More than 55% of the beneficiaries reported that they were receiving the pension for the last three years or more. More than 99% received the pension amount in cash and 92% reported receiving the money at home. Again, 99% of the beneficiaries reported that the pension disbursement was regular.

The beneficiaries have to submit to the Village Administrative Officer (VAO) their application for pension under IGNOAPS, certificate of proof of age from a competent authority and proof of BPL status. The documents that were mostly produced as proof of their claims are ration cards, voter ID cards and a certificate issued by a medical officer for proving their BPL status, residential status and age proof respectively. The application is verified by the Revenue Inspector and Special Tahsildar (ST) of the Revenue Department and eligible applications are recommended for pension to the district authorities. It was found that only nine beneficiaries faced difficulties in getting the application forms.

Gender sensitivity analysis gives the impression that women need a support structure or agency support in the submission and processing of their applications. It is important to note that 6.14% of the beneficiaries unhesitatingly admitted to paying a bribe to get their applications approved. Over 61% of the beneficiaries reported that their applications were processed on time. For the majority of the beneficiaries the pension amount was the only means of survival. Only 10.04 % of the beneficiaries admitted to having an income from other sources. The majority of the beneficiaries (88.34%) are satisfied with the scheme and expressed the opinion that it is capable of making a positive impact on their lives.

Recently, a decision was taken by the Government of Tamil Nadu to increase the pension amount from Rs.400 to Rs.1000. Every month, the Special Tahasildar makes field visits to verify the status of disbursement of pension amount. Every month, names of deceased beneficiaries are removed new names are included in the list. In every district, the authorities convened monthly review meetings to assess the progress of the scheme. Members of the public are also invited to submit their complaints regarding the implementation of the scheme. Besides meetings, complaints about corruption at the point of delivery (of the pension) are also taken during field visits.

The disbursement of Old Age Pension (OAP) amount is handled by Postal Department. It was

admitted by the Commissioner of Revenue Administration that "Several complaints are being received on belated payments, non- disbursement of amount properly to the OAP pensioners and necessary follow-up action is being taken by the Collectors" (Interview with the Commissioner of Revenue administration, Government of Tamil Nadu on 26 October, 2010). To plug such gaps, the department is considering other modalities of disbursement with the help of bio- metric systems.

Thus, the evidence from various studies reveals a mixed picture and contradicting findings but, predominantly, it underscores the need to take steps to improve the delivery mechanism and increase efforts to improve the coverage so that the benefits reach the elderly from the poor strata.

XIV. Total Coverage and Impact

Presently, about 6 million Indians receive old age pension and 3 million receive widow's pension (Gupta, Howes & Murgai, 2010).

The 2004-05 India Human Development Survey (IHDS) conducted by the National Council of Applied Economic Research (NCAER) and the University of Maryland found a national coverage rate relative to the number of elderly of about 7% for old age pensions (just under 5 million recipients) and a similar coverage rate relative to the number of widows for the widows' pension (about 3 million recepients); (from Dutta et al, 2010). The coverage rate varies from state to state e.g. Karnataka 20% and 27% respectively for old age and widows' pensions. In Rajasthan it is 7 % and 10% respectively.

The extent of overall coverage in the sample of seven states in BKPAI study is 13% for IGNOAPS and 20% for IGNWPS.

Many researchers and activists strongly feel that the real problem of the pension schemes is low utilisation and inadequate pension amount. Hence, there is a need for a more efficient system based on simple criteria and which does not involve cumbersome application procedures and avoids or, at least, minimizes delays and corruption.

XV. Demand for Universal Pension Scheme for the Elderly in India

Recently, the Pension Parishad, a non-governmental initiative to ensure universal, publicly funded, non-means related and non-contributory pension to all informal workers in India, made a demand for a uniform amount of Rs.2000 per person per month to all persons in the pensionable ages. Pointing out the limitations of the existing system, the Parishad says that "Currently, persons above 60 years get a pension of just Rs 200 per month, and those over 80 years get Rs 500 per month under the Indira Gandhi National Old Age Pension Scheme (IGNOAPS), which is overseen by the Union Ministry of Rural Development. This too, is limited to persons below the poverty line, which implies that only about one in every five persons over 60 years old receives old age pension. Further, even after the additional budgetary spending by some of

the States, the amount paid as pension to elderly persons ranges from a maximum of Rs. 1000 per month in Goa and Delhi to a paltry Rs. 200 per month in states such as Andhra Pradesh, Bihar and Odisha. Employment-linked pensions are restricted to the elderly in the organised sector or to those who are among the rich and upper middle-class categories. But groups that are most in need of old age pension are largely in the unorganised sector." In other words, in the unorganised sector (comprising of 90 per cent of the working population) only one-fifth of the elderly get pension and among these, more than half get less than Rs 500 (even after adding the State Government contribution). In place of the existing system the Pension Parishad has recommended the following system (Dogra, 2013).

- A Universal and Non-Contributory Old Age Pension System to be established by the government with a minimum amount of monthly pension not less than 50 per cent of minimum wage or Rs 2000 per month, whichever is higher.

- Any individual 55 years or older to be eligible for the old age pension; and, for women, the eligibility age for pensions to be 50 years.

- The monthly pension amount should be indexed to inflation bi-annually and revised every two to three years in the same manner as is done for salaries/pensions of government servants.

- A single window system for Old Age Pensions

- The APL / BPL criteria should not be used for exclusion. Individuals, whose income is higher than the threshold level for payment of income tax and individuals who are receiving pension from any other sources that exceeds the pension amount under the proposed Universal Old Age Pension System, could be excluded from this system.

- Pension Parishad further emphasises that this is not only desirable but can be done. It cited the examples of several low- and middle-income countries that have instituted universal or near universal non-contributory old age pension system. Some examples are:
  (i) Bolivia, with per capita Gross Domestic Product (GDP) 40 per cent higher than that of India pays a pension of about Indian Rupees 1500 per month per person.
  (ii) Lesotho has a per capita GDP of about two-thirds that of India. Its pension scheme provides about INR 2300 per month per person.
  (iii) Kenya's per capita GDP is about half of India. It pays a pension of over INR 1250 per month per person.
  (iv) Nepal's per capita GDP is about one-third of India's. It provides for a pension of INR 313 rupees per month.

- Pension Parishad has also emphasised that placing additional purchasing capacity in the hands of

elderly people and poor families will have a multiplier impact on stimulating economic activity in small scale, labour-intensive enterprises, thereby encouraging broad-based growth in the economy.

XVI. Financial Feasibility of Expanding the Pension Scheme for the Elderly – Some Estimates

- India's safety net costs about 2% of GDP (Weigand & Grosh, 2008). In the total central government spending on safety net, targeted, unconditional cash transfers which consist of social pensions to elderly, widows and disabled make up less than 4% as compared to almost half of the total spending on safety net for subsidised food through the PDS and about one-third for public works through National Rural Employment Guarentee (NREG) (Dutta, Howes and Murgai, 2010).

- Budget amount allocated by the Government of India to NOAPS and Annapurna together amount to only about only 0.6% of its revenue expenditure while the government spent nearly 6% of its revenue expenditure on pension to its employees (Irudaya Rajan, 2001)

- As estimated by Farrington & Saxena (2004), if individual pension is raised four-fold for all persons above the age of 65, it will cost U$800 million per year by reducing the age limit to 60, making widows' pension universal and providing an allowance to single parent families would cost around an extra US $ 2.0 billion per year. None of this would require new money as funds could be transferred out of the present low performance schemes.

- In Kerala, which is at the forefront in implementation of old age security schemes, total amount paid as pensions under the three schemes (for the destitute old & widows, agricultural workers, and the physically & mentally handicapped) in 1991-92 & 1992-93 worked out to 1.2 % of total state government expenditure and only 0.3 % of State Domestic Product (SDP). It was estimated by Gulati & Gulati (1995) that (i) if the three schemes are expanded to include all BPL widows, young & old and (ii) if the pension amount is raised to Rs. 100 per month, total coverage under the three schemes would be 8.5 lakhs people and the total expenditure (Rs. 102 crores) would be 3.4% of the total state government expenditure in 1991-2 and 0.75 % of SDP. It was projected that the burden of such liberalised scheme on state exchequer in 2001 would be around 5% of government expenditure. The government, however, would be spending 4 to 5 times as much on service pensions, payable to a much smaller number of beneficiaries, which would be only about a quarter of the beneficiaries of the three social pension schemes. Gulati & Gulati added that these arguments about the financial implications of the expansion of pension schemes would be equally applicable to other states in India.

- Ram Kumar (2014) worked out for Maharashtra the financial implications of the Universal Old Age Pension Scheme (UOAPS) under two alternative scenarios of coverage: In scheme A, coverage becomes universal or 100 per cent coverage of all elderly (1.11crore persons). In scheme B, coverage is extended to only the economically dependent elderly (55.5 lakh persons).

For both alternatives, Kumar estimated the total and net burden for the three scenarios of pension amounts: 1.) Monthly pension remains Rs 600, 2.) Monthly pension rises to Rs 2000, State meets Rs 1800, centre meets Rs 200; and 3) Monthly pension rises to Rs 2000, State meets Rs 1000, centre meets Rs 1000. He estimated that the total burden will range from a minimum of Rs. 2665 crores to Rs. 23,991 crores. But the net additional burden over and above that of the the existing two schemes, Shravanbal Rajya Seva Nivrutti Yojana (SSNY) & Sanjay Gandhi Niradhar Anudan Yojna (SGNAY), will range from Rs. 1724 crores to Rs. 23050 crores.

- If the universal pension scheme of Rs. 2000 per month, as suggested by the Pension Parishad is made applicable to all the elderly in India above 60 (instead of 55+, as suggested by the Pension Parishad), which numbers to 103.8 million elderly, the total annual burden on the Government of India will be Rs. 249238 crores. This is the maximum required but it will be much less if it is restricted to non-income tax payers, and those not receiving a regular pension. Since income tax payers and pensioners are on government records, it will be easy to verify. These exclusion criteria are likely to work well for urban areas but to exclude the rural rich, it will be necessary to find a suitable exclusion criteria. BKPAI survey for seven states shows that about a third of the elderly come from the two topmost wealth quintiles. If the pension of Rs. 2000 per month is given to the remaining 66 % elderly (60+), i.e. to 68.5 million elderly, the annual burden on the government will be Rs. 1,64,400 crores The net burden will be much less as the expenditure on existing pension schemes will not be required.

- Narayana (2014) examined the fiscal sustainability of the UOAPS using the National Transfer Accounts Methodology developed by Lee and Mason. He took into account ageing of the population over the years as well as the alternative scenarios regarding productivity growth, discount rates and alternative income elasticity (0.5, 1.0, 1.5) of the public expenditures on cash transfers, including UOAPS. According to him , the expected increase in expenditure due to UOAPS will be fiscally sustainable if the policy makers will ensure to restrain the income elasticity of cash transfers, including UOAPS, to less than 0.5. Assuming 0.5 income elasticity, the required expenditure on UOAPS increases from Rs. 1,94,677 crores in 2005 -06 to Rs. 2,27,890 crores in 2010-11. The corresponding percentage annual increase in the required expenditure in these two years will be 4.38% and 6.66%. The corresponding required expenditure as per cent of GDP will be 6% in 2005-06 and 3.52% in 2010 -11.

- As against this, if income elasticity is 1.5, the required increase in expenditure will increase from Rs. 2,20,630 crores in 2005-06 to Rs. 2,71,344 crores in 2010-11. The corresponding figures for required expenditure as per cent of GDP will be 6.8% in 2005 -06 and 4.19% in 2010 -11.

XVII. Critical Issues and the Challenges Ahead

i. Approach & Focus of the proposed National Policy for Senior Citizens, 2011

The proposed National Policy for Senior Citizens will endeavour

- to strengthen integration between generations
- to strengthen the capacity of the family to take care of senior family members
- The policy visualises that the states will extend their support for senior citizens living below the poverty line in urban and rural areas and ensure their social security, healthcare, shelter and welfare. It will protect them from abuse and exploitation.

ii. Areas of intervention of the proposed National Policy for Senior Citizens, 2011

I. Income security in old age: The major intervention required in old age relates to financial insecurity as over two-thirds of the elderly live below the poverty line. Under the proposed Indira Gandhi National Old Age Pension Scheme for all senior citizens living below the poverty line, the rate of monthly pension is proposed to be raised to Rs.1000 per month per person and revised at intervals to prevent its deflation due to higher cost of purchasing. The oldest among the elderly would be provided an additional pension in case of disability, loss of adult children and concomitant responsibility for grand children and women. This would be reviewed every five years.

II. Public Distribution System. The public distribution system would reach out to cover all senior citizens.

III. Income Tax: Taxation policies would reflect sensitivity to the financial problems of senior citizens which accelerate due to very high costs of medical and nursing care, transportation and support services needed at homes

IV. There would be emphasis on provisions for geriatric care. From an early age, people will be encouraged to contribute to a healthcare fund that would help in meeting the increased expenses on healthcare in their old age. It will also pay for the health insurance premium in the higher socio-economic segments.

iii. Institutional Structure for Financing & Implementation machinery for National Policy for Senior Citizens

a. A welfare fund for senior citizens will be set up by the government and revenue generated through a social security cess. The revenue generated from this would be allocated to the states in proportion to their share of senior citizens. States may also create similar funds

b. The Ministry of Social Justice and Empowerment will establish a "Department of Senior Citizens", which will be the nodal agency for implementing programmes and services for senior citizens and NPSC 2011.

c. An inter-ministerial committee will pursue matters relating to implementation of the national policy and monitor its progress. Coordination will be by the nodal ministry. Each ministry will prepare action plans to implement aspects that concern them and submit regular reviews.

d. Establishment of Directorates of Senior Citizens in states and union territories

e. A National Commission for Senior Citizens at the centre and similar commissions at the state level will be constituted.

f. The Ministries of Home Affairs, Health & Family Welfare, Rural Development, Urban Development, Youth Affairs & Sports, Railways, Science & Technology, Statistics & Programme Implementation, Labour, Panchayati Raj and Departments of Elementary Education & Literacy, Secondary & Higher Education, Road Transport & Highways, Public Enterprises, Revenue, Women & Child Development, Information Technology and Personnel & Training will set up the necessary mechanisms for implementation of the policy.

g. Block Development offices would appoint nodal officers to serve as a one- point contact for senior citizens to ease access to pensions and handle documentation and physical presence requirements, especially by the elderly women. Panchayat Raj Institutions would be directed to implement the NPSC 2011 and address local issues and needs of the ageing population. In rural/ tribal areas, the tribal council or gram sabha or the relevant Panchayat Raj institution would be responsible for implementation of the policy.

iv. Critical Issues

Though the new policy emphasises the role of family in ensuring the quality of life to the elderly, by and large, the interventions suggested are on the same lines as in the present scenario. The experience so far, as discussed in this report, however, pinpoints the urgency for giving more thought to the following issues:

- Though income security is paramount –and the most debated aspect – it needs to be emphasised that in a country like India, it cannot be a substitute for the direct services provided to the elderly for food and health security. Hence, equal importance needs to be given to the proper implementation of programmes like NPHCE and Annapurna scheme.

- There is a big gap between awareness and utilisation of pension schemes by the BPL elderly. More serious is the leakage of these benefits to non-BPL elderly. Most studies have highlighted the ground realities like corruption, delays, bribery etc.

- A multiplicity of pension schemes, multiple implementing agencies, complicated application processes, impractical documentation demands are, to a large extent, responsible for the

emergence of middlemen as well as for the limited utilisation by the illiterate, poor, and rural elderly. It needs to be carefully studied whether the Universal Pension Scheme is indeed a panacea for all these problems and malpractices. The suggested scheme no doubt simplifies the process and perhaps does not put extraordinary financial burden as per the available estimates but it too requires effective exclusion criteria to prevent the better off elderly from taking advantage.

- In an effort to simplify the procedure and expand the scheme, if the base is made too wide, the feasibility of increasing the pension amount to a reasonable level becomes limited. So the choice of suitable exclusion criteria is crucial.

- In the present system, it is the responsibility of the elderly applicant to give a proof of eligibility; but in the Universal Pension Scheme with exclusion criteria, it is the responsibility of the implementing agency to reject non-eligible persons on the basis of data available to them.

- Excluding the income tax payers and those already receiving pension is a criterion suitable to some extent for the urban elderly. However, developing suitable exclusion criteria for the better off rural elderly is a complex and politically sensitive matter.

- For effective exclusion criteria as well as for prevention of misuse of the pension scheme by exploiting the loopholes, it is essential to build a sound data base, ensure its regular maintenance and timely updating. A comprehensive and reliable financial data base is an essential pre-requisite for successful implementation of schemes where monetary benefits are involved.

- A universal pension scheme for all the elderly women, with carefully selected exclusion criteria is an option that merits serious consideration as it has the potential to accelerate women's empowerment.

- Even if Universal Pension scheme is adopted, the practice of self- selection followed in some countries that requires one to make a personal appearance to claim the benefits in cash or kind is likely to lead to long queues. This is likely to deter the better off among the elderly, even though the scheme is universal.

- Developing an efficient delivery mechanism is a big challenge. Good practices followed in states like Orissa where the gap between awareness and utilisation is less, the success stories of various schemes in Tamil Nadu and Kerala (Please See the Annexure), and experiences of other countries need to be studied carefully so that the relevant aspects can be adapted to India's needs and incorporated in the system.

- Even if all precautions are taken in designing the scheme, regular and effective monitoring is essential and indispensable. The draft old age policy of 2011 gives an important role to

Panchayat Raj institutions; but the critical issue here is how to make the whole process free from political interference and considerations like caste, etc.

- In the ultimate analysis, the experiences of other countries and states like Kerala and Tamil Nadu indicate that such programmes and schemes reach the intended beneficiaries only when the people themselves are sufficiently aware to demand these benefits. Thought must given to the ways in which local NGOs can be involved for this purpose and as well be a part of vigilance committees to check and report on malpractices.

Finally, as pointed out by Chennery (1974) and Drez & Sen (1991), in spite of all the constraints, countries like China, Sri Lanka, Costa Rica and Jamaica, and the state of Kerala in India have shown that extensive systems of social security implemented through efficiently targeted and monitored programmes, widespread public participation, and the careful integration of social and economic policies can play important roles in maintaining the standards of living of vulnerable groups in the population, including the elderly

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About the Project

The United Nations Population Fund - UNFPA supported project BUILDING KNOWLEDGE BASE ON POPULATION AGEING IN INDIA aims at contributing and further expanding the existing knowledge base on the emerging population dynamics in India which are resulting in significant shifts in the age structure towards higher proportions of older persons aged 60 years and above. In first stage, the project supported the preparation of a series of thematic studies using existing secondary data sources. In the second stage the project initiated a primary survey in seven states in India. Dissemination of the findings to various stakeholders is a key objective of the project to help enhance the overall understanding of the situation of elderly in the country for further research and policy analysis on the growing numbers of India's senior citizens. The project is a partnership between the Institute for Social and Economic Change (ISEC), Bangalore, the Institute of Economic Growth (IEG), New Delhi and Tata Institute of Social Sciences, Mumbai

More information on the project can be obtained from www.indiaunfpa.org or http://www.isec.ac.in/prc.html

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