

The Social Pension in India:

A Participatory Study on the Poverty Reduction Impact

And Role of Monitoring Groups

December 2008

Introduction

Background

According to Census figures, the proportion of older people in the population in India was 5.3% in 1961, and is expected to reach 9.9% in 2021. There is a transformation occurring in households in India, where the traditional extended family make-up of households is moving to a nuclear one. There is also a trend of migration from rural to urban areas, leaving many older people without familial support in rural areas. In addition, according to a World Bank estimate, the number of people living below poverty line (\$ 1.25/day) increased from 420 million in 1981 to 455 million in 2005. However, given the growing population, the share of the population in poverty fell from 60% to 42%. Almost half of India's poor and one third of India's population are concentrated in the three states of Uttar Pradesh, Bihar and Madhya Pradesh.

The weakening familial and social support system and the growing numbers of older people resulted in the Government of India playing a bigger role in providing a social safety net for destitute older people. In 1995, the Government adopted the National Social Assistance Programme (NSAP), which is made up of three components: the National Old Age Pension Scheme (NOAPS), the National Family Benefit Scheme (NFBS), and the National Maternity Benefit Scheme (NMBS).

The National Old Age Pension Scheme (NOAPS) is a means-tested scheme, meaning that it specifically targets older people in poverty. The NOAPS is a centrally-sponsored programme, where one hundred percent of the assistance is extended to the States/Union Territories to make allocations based on the guidelines and conditions set forth by the Government. Under the NOAPS guidelines, assistance will be provided on fulfilment of the following criteria: 1) The age of the applicant (male or female) should be 65 years or more; 2) The applicant must be a destitute in the sense of having little or no regular means of subsistence from his/her own sources of income or through financial support from family members or other sources. The amount of the old age pension in 1995 was Rs 75 per month per beneficiary.

Changes to the NOAPS occurred in November 2007. At that time, the Government renamed the pension programme the Indira Gandhi National Old Age Pension Scheme (IGNOAPS). The pension amount was raised to Rs 200 per month per beneficiary, and the State governments were allowed to contribute over and above this amount. In addition, eligibility under this scheme was now based on older people age 65 and over who are living below the poverty line (\$ 1.25/day). Following the institution of the pension programme, the Government introduced a food security scheme, called Annapurna, in April 2004. This scheme provides food security to older persons, who though eligible, have remained uncovered under NOAPS. Under the Annapurna scheme 10 kilograms of food grains are provided to the beneficiary every month at no cost.

In Fiscal Year 2005-06, the NOAPS and Annapurna covered approximately 8.84 million older persons in the country and the Government released a budget of \$ 266.5 million for both of these programmes. The estimated number of beneficiaries for the subsequent year (FY 2006-07) increased to 10.17 million, and the Government's budget also increased to \$ 456 million. [add footnote and source]

Purpose and Methodology

The means-tested pension schemes impacts a large number of destitute older people in India. This participatory study was undertaken to gain insight into the poverty reduction impact of the pension among older people through the collection of their perceptions and opinions, as well as perceptions of community stakeholders. It was also undertaken to assess whether the monitoring by older people's groups contribute to making the pension scheme more effective and efficient in the view of the stakeholders.

To explore these two issues, a participatory study was undertaken in two districts: Unnao District of Uttar Pradesh and Mandla District of Madhya Pradesh. Both of these districts were under the Poorest Areas Civil Society (PACS) programme initiated by HelpAge India¹, supporting older people's groups in advocating for their rights and entitlements. Under this programme, the older people's groups (*Vridh Sanghas*) were formed at village level and the friends of older people (*Vridh Mitra*) were trained to develop awareness among older people, as well as State and non-State actors on issues concerning older people. Within each district, two villages were selected for gathering information: in Unnao District, the villages were Sarai Malkadim and Nindemau; and in Mandla District, the villages were Munu and Pipariya.

The study instruments were both individual interviews and focus group discussions. In Mandla District, five individual interviews were held in each village with beneficiaries and non-beneficiaries. In Unnao District, four individual interviews were held in each village on similar lines. This was followed by group discussions with beneficiaries on the same topics in each district. Two individual interviews were also held with the local community leader and one government official in each district.

Findings of the Research

General Characteristics of the Respondents

All the respondents are in the age group of 67 to 85 years of age, and had been receiving pension for the last one-two years. Most of the respondents are economically inactive, some working intermittently in the village. Most of them had worked as agriculture wage labourers during their productive years; although some had very small agricultural

¹ For additional information on the PACS programme, see <http://www.helpage.org/News/Latestnews/2007/@64471>



plots, which in old age was either sold off to meet some emergency/social obligation or divided amongst their sons. The older people respondents were all destitute. Those living with family had income of not more than Rs 1000 per month. The average size of family in most cases was not less than 6 members. In Mandla District, all the respondents lived alone or with a spouse. They did not have any source of family income. They were completely dependent on the social pension for meeting basic needs. In many cases, they also reported taking loans to fulfil their basic needs. In Unnao District, some of the older people respondents were living with other family members. In the case of extended family living arrangements, the proportion of social pension ranged from 30-40% of the total monthly family income.

Use of the Pension

In Mandla District, the respondents spent approximately three-fourths of the monthly social pension on household expenditures (food and personal supplies) and one-third on health-related expenditures (healthcare services and medicine). All of the older persons interviewed were living alone as it was a district with very high rate of out-migration of adults in search of wage employment, and most were widowed. Almost all the respondents had no family support or regular income of their own. So, the pension was of critical significance for them. Some of them borrowed money in advance to cover expenditures for current needs.

In Unnao District, the respondents spent two-thirds on health-related expenditures and about one-third on household expenditures (food and personal supplies). Some respondents did spend small amounts on their grandchildren as well. Many of the respondents, particularly the women from upper caste, were found to be completely dependent on the family because of cultural taboo on upper caste women working. The spending patterns varied depending on whether the respondent was living with the family. For those living with extended family, the pension money was coupled with the general income of the family to spend on the needs of the household. The proportion on health-related expenditures was higher than in Mandla District, largely due to the extended family living arrangement. Some older persons reported spending about 5% of the pension money on the education of their grandchildren and some also reported saving a portion of the pension amount in case of an emergency.

Quality of Life

Many respondents felt that the past was better than their present life as they were previously able to work and provide for themselves. According to some women, life was more comfortable when the husband was alive; when their husband died, they claimed they were thrown out of the house by the sons and the land divided amongst the sons. Increase in the cost of living was also a major cause of concern for the older persons. Most of them expressed inability to work due to failing health. But, some did continue to work in the village intermittently for wages and some were paid in kind. Their daily routine was mainly to do household work, some did manage the cattle and some took care of the grandchildren.

My quality of life has deteriorated as I do not get a pension or have regular work.

-- Chamu Gaud (78 year old male, and a non-beneficiary)

We use this amount [pension] with the amount that my son earns to run the household.

-- Babu Lal (83 year old male)

The same sentiment was echoed in the focus group discussions as well. The older persons felt that the life in the past was better than the present and cited inability to work, failing health and neglect by younger people as reasons for their current predicament.

The condition of the families in the village is such that nobody wants to take care of the older person. The condition is worse if the children have migrated in search of employment and the spouse is dead.

-- Ganga Ram Sahu (69 year old male)

Impact of the Pension

Respondents in Unnao District reported getting subsidised food-grains, sugar and kerosene oil from the ration shops. Some also benefited from the Indira Awas Scheme that provided financial support to build low-cost housing. But in Mandla District, nobody received any other support except the pension amount. So the respondents in Mandla District indicated unanimously that life had improved after the receipt of the pension. Although, they also indicated that the amount was just enough to cover the subsistence expenses for themselves (a single person). Those living with spouse found it difficult to make their ends meet.

Earlier I had to work to make ends meet, but after I started receiving the pension I have mental peace. Earlier I was always worried about finding wage employment.

-- Ramkali (70 year old female)

Most of the respondents reported having a poor health condition. The common ailments were deteriorating eyesight, persistent cough and joint problems. Some did mention the usefulness of pension to enable them to access basic/primary health care facilities, but some were of the view that the amount was not enough to get effective treatment.

The respondents acknowledged the usefulness of the pension in improving their quality of life, such as maintaining their social status in family (where applicable), ensuring dignity, lessening dependence, dealing with destitution and at times enabling them to support other the family members. The indicated the usefulness of the pension, however, was limited due to increasing cost of living and absence of any other support system.

It has improved relations with the family as I am now able to contribute.

-- Shyam Kumari (80 year old female)

Family members give some attention to older persons who receive the pension; though, the amount is very small.

-- Muliya Bai (62 year old female)

Status of Monitoring Groups

In Mandla District, it was found that the monitoring groups were very active during the PACS programme. Each *Vridh Sangh* had 20-25 members which met monthly. But, after the completion of the programme, people had noticed some inactivity and lack of interest by the members. Efforts had been made to reactivate these forums and to hold meetings at least once in a two to three month period; nevertheless, some groups



remained strong and were active in getting pensions for older persons. In Pipariya village, 9 applications were submitted through the groups and in Munu village, 19 new cases were taken up and accepted by the local authority. The *Vridh Sangh* now focus mainly on the pension scheme, which is the dominant topic at monthly meetings.

Role of Monitoring Groups

The participants of the focus group discussions were generally appreciative of the role played by the *Vridh Sangh* in creating awareness about the benefits under the pension scheme and efforts made to get many more older persons included in the list of beneficiaries. The participants in Unnao District also recognized the role played by the *Vridh Sangh* in building their capacity to interact with the district administration.

Yes, it is good to form groups of older persons in the villages. But, the groups should be based on equality and members should be helpful.

-- Fundu Das (75 year old male)

Now, we are no longer scared to approach the Block Development Officer or even the District Magistrate to talk with them. We put forth our problem in a united way. Now we are so confident that we can also talk to the Prime Minister!

-- Shiv Charan (66 year old male)

Those respondents who were members of the monitoring groups highlighted the contribution of the groups in facilitating the application procedure, the increased number of approvals and the availability of relevant information on the schemes and benefits. The majority were of the view that the groups could play a very constructive role in voicing the concerns of older persons at all levels. There was no variation in opinion between the two districts in terms of the role of the monitoring groups.

Yes, the association provides timely information on the pension procedures and benefits, and also helps older people deal with the difficulties they face from time to time.

-- Jagdish Ram(62 year old male)

I did not face any difficulty. The group helped in the application process and also in getting the benefit.

-- Gyarasi Patel (78 year old female)

Need for Monitoring Groups

The participants of the focus group discussions were critical of the village administration (*Panchayat*) and its role in getting pension or other benefits for them. According to them, many deserving people could not get their names included in the official list of Below the Poverty Line (BPL) families in the village. The village headperson (*Sarpanch*) was also criticised for not taking up matters concerning the older people in the village with any sense of urgency or priority.

The Panchayat does not benefit older persons. The secretary of Panchayat overlooks our demand for employment. He always says that the work available is not suitable for older people.

-- Bilkobai Sahu (78 year old female)

Community stakeholders also noted that the groups supported the overall pension process by providing important information to prospective beneficiaries.

There are many problems at the level of implementation. Very few people get pension benefit in the village. The relevant information does not percolate down to the village level.

-- Former village headperson (*Sarpanch*) in Pipariya

Conclusions

Impact on Lifestyle and Poverty

According to older people, community leaders and government officials, the social pension scheme provides a secure means of monthly income to older people, especially the poor and the weak. The amount, though small, proves useful to both groups as it means less dependence on the family and greater dignity and confidence. It relieves them of the worries of daily existence in old age and the need to work to provide for daily food

and necessities. In Madhya Pradesh, the socio-economic and cultural system was such that most of the older person lived alone, hence the pension was considered extremely useful to them. Some of them also had the flexibility to work in the village in order to get payment in kind. In Uttar Pradesh, those who lived with families were able to contribute to the family, especially in cases of emergency or urgent need.

The pension plays a very important poverty reduction role for older people in the four villages in this study. Many of the respondents reported that they would be in desperate conditions without the pension, dependent entirely on family and community for basic needs or simply going without these basic needs. Other respondents noted that the pension had improved their quality of life, through greater independence in their decisions, improved status in the family, and greater self-confidence.

Role and Importance of Monitoring Groups

The monitoring groups were of recent origin in both districts. The groups have not gained momentum to work for all the issues concerning ageing and older people's rights and entitlements in the villages. Most of them have confined their work in facilitating the pension application process. The groups appeared to be more active and useful in Unnao District than in Mandla District, where older people complained of inactivity. Almost all older people were of the view that groups had the potential to play useful role in creating awareness and in advocating for the rights and entitlements of older people. Many of them suggested improvements, including frequent meetings, involvement of all older people in the village, and facilitating travel to the Block Office or District Headquarters Office.

Monitoring groups, when active, are effective in ensuring awareness of the pension application process, and supportive to older people in applying to the district administration. Their effectiveness, however, will vary according the administrative capacity of the district and the number of applicants. Where there is weak administration and a large number of applicants, the monitoring groups can play a useful role in supporting the administration. Where strong administration already exists, the monitoring groups will play a less important role in awareness-raising and facilitating the application process.