Report on Old Age and Widow Pensions in Chhattisgarh

Lakhanpur Block, Surguja District

Submitted by:

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Public Evaluation of Entitlement Programs (PEEP) Survey 2013

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In May-June 2013 a team of five student volunteers, along with a volunteer from their local host organisation (Chaupal), spent three weeks in two districts of Chhattisgarh to carry out a field survey of five social protection schemes. This survey was organised by the Department of Humanities and Social Sciences at the Indian Institute of Technology, Delhi.

This survey was part of a much larger effort (also known as the PEEP Survey 2013) to evaluate social protection schemes across 10 states (these include Bihar, Chhattisgarh, Himachal Pradesh, Jharkhand, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Tamil Nadu and Uttar Pradesh). The five social protection schemes covered in this survey are:

1. Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)
2. Public Distribution System (PDS)
3. Mid-Day Meal (MDM)
4. Integrated Child Development Services (ICDS)
5. Social Security Pensions

These surveys have been envisaged in a bid to bridge the gap between classroom lessons and ground-realities. In doing so, the idea is that young students understand the nature and value of these entitlements in the lives of the beneficiaries, as well as gauge the weaknesses of these schemes. To venture beyond the scope of regular surveys, this survey has been designed to explore avenues of influencing policy decisions and affecting change in whatever practical way possible, giving it an action oriented edge.

In Chhattisgarh, the team visited 8 villages (4 in each district). The survey consisted of two parts: first, a household questionnaire that focussed on MGNREGA, PDS, MDM and ICDS; and, second, a door-to-door verification of social pensions (old age and widow) that also included a detailed pension questionnaire with 12 pensioners in each village. This report focuses on the latter (social pensions) in the four villages the team visited in Surguja **-** Lipingi, Potaka, Getara and Katkona.

Social Pensions: An Introduction

Social Pensions are meant to enable individuals in leading a life of dignity with the provision of some basic levels of security and comfort. While economic security is a prime objective for most people, it becomes a pressing matter for the elderly as most have crossed over to a phase where they are considered, or have become, unemployable. This setback for income generation places them in a category of the population on whom the impact of social and economic changes tends to be particularly harsh.

In a country like India, struggling to come to terms with its multiple social, political and systemic failures on a range of critical issues, the question of pensions, as an issue, lacks urgency and sustained focus, even today. The call for reform on the issue of pensions has brought about an array of conflicting opinions and perspectives. The so called ‘second generation economic reform’, as far as the issue of pensions is concerned, can be traced to the year 1998, under the then Ministry of Welfare, now renamed, the Ministry of Social Justice and Empowerment.

At a time that saw dramatic economic changes, its implications on social conditions and family relationships was inevitable. The National Old Age Pensions (NOAP) Scheme was set up in 1995, as one component of the National Social Assistance Programme (NSAP), in an attempt to address these changes. The NSAP was transferred to the State Plan from 2002-03. This effectively means that the State Governments handle identification of beneficiaries, sanction of pensions and disbursement.

NOAPS was renamed Indira Gandhi National Old Age Pension Scheme (IGNOAPS), officially launched in November 2007 by the Ministry of Rural Development. This scheme pays a diminutive Rs. 200 per month to a destitute person above the age of 60 years and up to 79 years of age, belonging to a Below Poverty Line (BPL) household. To a beneficiary who is 80 years old and above, Rs. 500 is paid per month. The State Governments have the option of contributing over and above this amount.

Under the Indira Gandhi National Widow Pension Scheme (IGNWPS), which came into effect officially in February 2009, a beneficiary between the age group of 40-59 years gets a pension of Rs. 200 per month. In both cases, the respective State Governments can match this figure with an equal amount, so that the beneficiary has a safety net of at least Rs. 400 per month. A quick glance over the figures mentioned above should dispel any doubts about the strength of the pension system in the country.

While a hike in pension figures is still being considered at the centre (linking it with the inflation index), one can perhaps comprehend the condition better by analyzing the impact of these schemes on relations of power at its extremities. There is a need to remind oneself of the fact that pension disbursals are also quite gendered. Women, including younger widows, are known to have lesser financial independence and a restricted voice in various decision making processes. In such a scenario, extending and strengthening the pensions has the potential of altering certain tricky circumstances of their personal lives, or even facilitate the development of an independent streak.

In acknowledgement of how insufficient the above pension figures are, the Rural Development Minister, Jairam Ramesh, recently announced that, “The most important issue we have agreed upon is that everyone should get a pension and the APL/BPL distinction should be done away with,” These agreements has been the result of persistent efforts of unorganized labour groups under the banner of Pension Parishad, led by MKSS, in influencing the debates on pensions. Calling for a Universal and Non-Contributory Old Age Pension system, to be implemented by the government with a minimum amount of monthly pensions not less than 50% of minimum wage or Rs. 2000, the Pension Parishad has also pushed for eligibility for old age pensions to be fixed at 55 years for men and 50 years for women.

However, the matter of making pensions a universal entitlement is quite controversial. It is viewed either with cautious hesitance or fiery arguments in opposition, invoking catchphrases like ‘fiscal deficit’ or, ‘welfare state hangover’, or charges of paternalism. The debates on universal pensions are far from settled and indeed require more deliberation, made complicated by the involvement of cash transfers. The profound problems of targeting social schemes highlight the intensity of an issue like that of the reach of Social Security Pensions and how deeply valued even these inadequate pension payment amounts really are for its beneficiaries.

Table 1: A Global Perspective on Pensions

South Africa has a system of non-contributory old age pensions, or the Old Age Grant, which is income based, and that has evolved into a poverty alleviation programme targeting not just older citizens but also the younger generation in a vulnerable economic and social position aggravated by the HIV-AIDS epidemic. South African Social Security Agency (SASSA) has made significant changes in the lives it comes to effect.

New Zealand also has a means tested old age pension for people who are 65 years and older, the beginnings of which can be traced to a period as early as 1898. Its 1911 Widow's Pension has also expanded to the formulation of Working for Families programme, which amongst other things, comprises of paying a minimum family tax credit to working families to ensure they earn a minimum annual income after tax, as part of the effort to support people, "into work".

UK, having passed a number of legislations in the domain of pensions, is currently undergoing a contentious public debate, with proposals pending for a major overhaul of the system, aiming to simplify the system by getting rid of all the means-tested sections entirely, for all those retiring from April 2016. The plan is to provide a universal payment - of £144 a week at present prices - for all who reach their state pension age and have 35 years of National Insurance (NI) contributions. However, critics feel these new plans of making universal flat rate payments are not quite as simple as imagined, as many may actually be worse off following its implementation.

Brazil's pay-as-you-go system, spending 13% of its GDP on Pensions, more than any G7 member, except Italy, has received criticism from some quarters for being disproportionate with its needs, and straining its well-known *Bolsa Familia* programme.

USA's most important pension system of the government is the Social Security program, run by the Social Security Administration, providing full benefits to working people who retire and apply for benefits at age 65 or older (reduced benefits to those retiring and applying for benefits between the ages of 62 and 65). Despite being controlled by a federal agency, its resources come from employers and employees through payroll taxes. US workers are encouraged to start saving for their retirement under the '401k' plans by investing in equities, especially the shares of the company they work for.

Denmark's pension system consists of a combination of public basic pension scheme, a means-tested supplementary pension benefit and fully funded, mandatory private schemes, run by large funds rather than individual companies. However, this pension system, as a whole, has very little locked in shares, investing about 80% in bonds. This system has been rated the best in the world, according to the Melbourne Mercer Global Pension Index.

Important Points

- The rising number of pensioners in India places it in an interesting spot as it is likely to have an elderly demographic of 113 million by 2016 and 179 million persons by 2026. While India's elderly population has been growing, the ratio of the elderly to the overall population has been rising at a much faster pace. By 2050, the aged population would constitute 1/4th of the population of the country.

- According to NSSO data for 2004-05, around 37 million elderly in India are engaged in productive work.

- Regardless of peoples' inclinations in the pensions debate, one aspect of near unanimous agreement is that receiving Rs. 200 as pension per month DOES NOT provide for a dignified way of life.

- Even after additional budgetary spending by some of the States, the amount paid as pension to elderly people ranges from Rs. 2000 per month in Goa and Rs. 1000 in Tamil Nadu and Delhi to a measly Rs.200 per month in states like Andhra Pradesh, Bihar and Orissa.

- Employment-linked pensions are restricted to the elderly in the organized 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 unorganized sector.

- In the unorganized sector (comprising 90 percent of the 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)

- National Pension Scheme (NPS), a contribution based pension system launched formally on January 1st, 2004 by the Government of India. NPS is available to non-government employees, who want to voluntarily save for their retirement.

- The Pension Fund Regulatory and Development Authority (PFRDA) Bill created in 2003 as a regulator for pension assets, but were not given any powers. The bill, if passed, would legally empower it to make rules for this sector, including for fund companies which manage pension assets. Additionally, this pension regulator would oversee the NPS. Also, until now foreign companies could not be a part of pension fund companies, but the new rule would allow them part ownership. This is expected to face great backlash from various fronts.

Social Pensions in Chhattisgarh: Results from Surguja District

Chhattisgarh is implementing four schemes for the elderly and widows. These include the Indira Gandhi National Old Age Pension Scheme (IGNOAPS), the Indira Gandhi National Widow Pension Scheme (IGNWPS), *Samajik Suraksha* Pension and *Sukhad Sahara* Pension. While IGNOAPS and IGNWPS are centrally-sponsored schemes, the remaining two are being financed and implemented by the state.

The *Samajik Suraksha* Pension covers disabled children (6-14 years), people above 60 years who are not receiving IGNOAPS and widows above 50 years. *Sukhad Sahara* Pension covers widows between the age of 18 -50 years, a group that is not covered by IGNWPS. In two villages of Surguja district, we observed that the disabled and the widowed were getting 10 kg rice at Rs 2/kg along with their pension payment. This was part of the Chhattisgarh Government's effort to expand the coverage of the PDS to these groups.

Of the 275 pensioners interviewed during the door-to-door pension verification, 65 percent were female. Approximately 42 percent of the respondents were receiving state pensions while the remaining 58 percent received either the IGNOAPS or the IGNWPS.

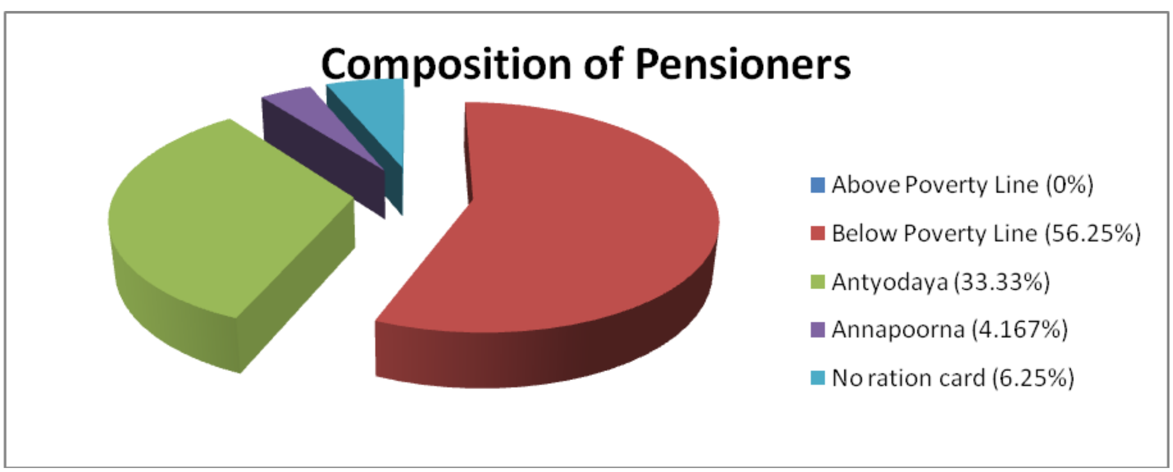
Table 2: Gender Composition of Pensioners

S. No.	Gender	Proportion (%)
1.	Male	35.3
2.	Female	64.7

Table 3: Caste Composition of Pensioners

S. No.	Caste	Proportion (%)
1.	Scheduled Castes	16.4
2.	Scheduled Tribes	52.4
3.	Other Backward Classes	28.7
4.	General	2.5

Graph 1: Composition of pensioners based on their Ration Card



Apart from the door-to-door pension verification of the abovementioned 275 pensioners, the team met 48 pensioners (12 in each village) for a detailed interview. The results from these detailed interviews are given below:

Table 4: Occupation Structure

S. No.	Occupation	Proportion (%)
1.	Self Employed (Agricultural activities)	20.8
2.	Self Employed (Non Agricultural Activities)	10.4
3.	Daily Wage labour	16.6
4.	Unable to work	27
5.	Helps in Domestic chores	39.6
6.	Regular Employment	4.2

Table 5: Family Structure

S. No.	Family Structure	Proportion (%)
1.	Living Alone	22.9
2.	Living with Spouse	27.1
3.	Living with unmarried children, without spouse	8.3
4.	Living with spouse and unmarried children	2.1
5.	Living with married children and their families	35.4
6.	Other	4.2

These tables explain the occupational and family structure of our respondents. Majority of them (66.6%) are either unable to work or can help in the household chores only. And almost 50% of them are living either alone or with their spouse. These statistics explain the importance pensions hold in their life.

Chhattisgarh is known for dramatically overhauling its PDS to increase coverage and include poor and vulnerable households that were excluded due to the 'poverty caps' imposed on BPL lists by the Planning Commission. However, according to our findings, 6.25 percent of our respondents did not have ration cards.

While the state government has been able to ensure wide coverage of social pensions, there are still some hurdles in the effective implementation of social pensions that need to be removed. For instance:

- 75% of respondents have not received pensions for the past 3-4 months. This was primarily due to the change in the mode of payment at the block level (earlier the block office would transfer the pension amount to the gram panchayat's account but now the amount was being transferred directly to the pensioners' accounts). This change has led to these delays in the payment of pensions. In some cases, the respondents reported missing payments for months other than the last 3-4 months. These missing payments need to be probed further.
- 95.8 percent did not receive their pension on a fixed date. 48 percent of our respondents claimed they had to make more than one trip to collect their pensions (i.e. for various reasons they were asked to return home and come on a later date).

- On an average, it took pensioners 5 hours to reach the bank/post office, collect their pension and return to their house. All 4 sample villages did not have a post office or bank so most pensioners had to travel to another village to withdraw their pensions. The average distance each pensioner had to travel (usually on foot) was 5 km.
- 37.5 percent claimed that the officials at the bank or post office were unhelpful.
- 95.8 percent of respondents were illiterate. 45.8 percent of the respondents had irregular passbook entries, including some with no entries in their passbooks at all. This poses a great danger in the effective implementation of social pensions as people can easily be cheated by the postmaster or bank officials.

Some positive trends from the data:

- 92 percent people never had to pay a bribe for getting their pension sanctioned. This is something worth consolidating on.
- 62.5 percent of the people are in possession of their own passbook. However, 27% of the respondents' passbooks were with the Sarpanch or Gram Rojgar Sewak.
- Other than the pensions for the last 2-3 months, pensions prior to April 2013 were fairly regular.
- While 37.5 percent of the respondents were not happy with how the bank and post office officials behaved, 35 percent agreed they were helpful and had no complaints regarding them.

Although Rs. 300 is an extremely insufficient amount, 96 percent of our respondents spend all their money on food, health care and other daily needs items. 4 percent said they shared the amount with other family members.

Village-wise Issues in the Implementation of Social Pensions

- **Lipingi (Bank-Kunni, 3 kms):** Passbooks have not been updated, especially those which are not computerized. Pensions have been held up for past 4 months, despite the fact that people have gone to collect payments a number of times.
- **Potaka (Post Office-Jamdih, 8kms):** No one has received pension payments for past 3 months. (Here, the Sarpanch collects pensions on behalf of the beneficiaries and delivers them at the Panchayat Bhavan)
- **Getara (Post Office-Khetka, 10 kms):** Pensions have not reached beneficiaries' accounts for the past 3 months. Most of the passbooks are in the custody of the Postmaster. Probing further, in the case of both Potaka and Getara, we were told by Panchayat officials that this is a result of problems at the block level.
- **Katkona (Bank-Puhputra, 3kms):** Pensioners complained about not receiving full payments when they go once in three months. Checking passbooks of respondents, we noticed few cases where they were getting lesser amounts, and in some cases, it looked like the bank was just sitting on their money.

Recommendations

Though there are quite a few systemic dysfunctions in the delivery of social pensions, they can be resolved with some political will and imagination. Below are a few recommendations, stemming from our experiences and understanding:

- **Fixed date of payments**: There should be at least one day in the week, dedicated solely for pensioners, to avoid chaos and confusion on payment day. The Supreme Court has already passed orders directing payment of pensions to beneficiaries no later than the 7^{th} of every month. Only in Odisha, is the monthly pension paid on the 15^{th} of every month, without exception.

- **Opening up of extension counters of banks and post offices:** This could be an effective way to improve delivery of pensions, considering the distance and time spent to collect pensions.

- **Door-step delivery:** For the extremely aged/infirm, something on the lines of either a business correspondent (BC) model or a home-delivery of pension by the postman can be implemented.

- **Computerized passbook entries:** These seem to be more effective in curbing cheating, and creating a more transparent mechanism than manual entries especially in the case of post offices.

- **Illiteracy and its discontents:** While no one understands how vital pensions are than pensioners themselves, it is striking how a majority of our respondents were illiterate (spanning across generations) and its consequence was that most of them could not track their own pension payments (several irregular passbook entries, including some, which had never been updated). In acknowledgement of this point, self-help groups could be created, involving pensioners, focused on making them aware of working of banks and passbook entries through simple and basic techniques, so that they are empowered in demanding what is rightfully their own. This option could be explored by engaging local school teachers in orienting pensioners who are particularly vulnerable about what and how much they are entitled to, how to make sense of their passbooks and to bring pensioners on a common platform to discuss and debate matters peculiar to their circumstances.

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