Social Security Pensions in India
An Assessment

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Social security pensions in India have acted as a vital source of stability for approximately 2.6 crore elderly, disabled and widowed persons today. A 10-state survey in 2013 revealed that the pension scheme was running reasonably well. There is strong evidence to support the fact that the money is reaching the intended beneficiaries without any major leakages. The patterns of usage of the pension are indicative of its importance in the lives of the beneficiaries. An evaluation of the scheme also brings to the fore issues related to the diminutive amount, inefficient disbursal mechanism, cost of collection and the lack of a fixed pattern of payment.

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Vifai is an 80-year-old dalit widow from Getara village of Surguja district, Chhattisgarh. She receives a monthly pension of Rs 300 under the Indira Gandhi National Old Age Pension Scheme (IGNOAPS). She lives alone as her sons have abandoned her. She is very frail, and unable to work. To collect her pension, she has to walk all the way to the bank, 12 km from her house. As she describes it, "*Rengat rangat jaati hun, ab kya karun*" (I crawl to the bank, what to do?). The bank employees allow her to jump the queue, but even then it takes her a whole day to collect her pension and come back. She survives exclusively on pension money and food from the public distribution system (PDS): "*Sarkar paisa deti hai, sarkar khaana deti hai, bas usi par jeeti hun*" (The government gives me money and some food, I survive only because of this).

Vifai symbolises the plight of many elderly women and men in rural India. Abandoned by her family and with no alternative means of subsistence, she desperately needs a pension, and does get one. But the amount of the pension is very low (Rs 300 per month in Chhattisgarh), and collecting it is full of hassles. Many other pensioners are in a situation similar to Vifai's, and many more do not get a pension at all.

Social security pensions are meant to help some disadvantaged sections of society (such as the elderly, widows and disabled persons) to live with dignity by giving them some basic financial security. The pension certainly has a great importance in the lives of the elderly, as most of them are either unable to earn a living for themselves or cannot do so due to societal factors. In a country like India where the elderly population is projected to reach 116 million in 2016 and 179 million in 2026, pension-related issues demand more urgency and sustained focus. A recent survey of social security pensions in 10 states sheds some light on these issues.

Pension Schemes

The National Social Assistance Programme (NSAP) was set up in 1995, and underwent various modifications over time. Currently, five schemes come under the NSAP: the IGNOAPS, the Indira Gandhi National Widow Pension Scheme (IGNWPS), the Indira Gandhi National Disability Pension Scheme (IGNDPS), the National Family Benefit Scheme and the Annapurna Scheme.

Under the IGNOAPS, the central government makes a diminutive contribution of Rs 200 per month per person to old-age pensions, raised to Rs 500 per month for persons aged 80 years and above. State governments are allowed to contribute over and above this minimum amount, and many do. The identification of beneficiaries and disbursal of pensions are the responsibility of the state government. In order to be eligible for the IGNOAPS, a person must be above the age of 60 years and belong to a below poverty line (BPL) household.

Similarly, the IGNWPS involves a minimum contribution of Rs 300 per month from the central government, often topped up by the state government. Widows from BPL families, aged between 40 and 59 years, are eligible. Presumably, a widow who turns 60 years is expected to be transferred from the widow pension scheme to the old-age pension scheme. Some states are using their own funds not only to top up the pension amounts but also to relax the eligibility conditions (e g, lower the minimum age) or extend the coverage of pensions under their own schemes.

The PEEP Survey

A survey nicknamed PEEP (Public Evaluation of Entitlement Programmes) took place in May-June 2013 in 10 states of India: Bihar, Chhattisgarh, Himachal Pradesh, Jharkhand, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Tamil Nadu and Uttar Pradesh. The survey, initiated by the Indian Institute of Technology

(Delhi) and conducted by student volunteers, covered two poor districts in each state – districts like Surguja in Chhattisgarh and Baran in Rajasthan. Five entitlement programmes were studied: the National Rural Employment Guarantee Act (NREGA), the PDS, the Mid-Day Meal (MDM) scheme, the Integrated Child Development Services (ICDS) and social security pensions. These schemes can be seen as potential foundations of a social security system for rural India.

In each district, eight villages were randomly selected for investigation. Twelve pensioners, randomly selected from the official lists of IGNOAPS and IGNWPS beneficiaries, were interviewed in each village. In addition, door-to-door surveys were conducted in these villages to verify the entire lists of IGNOAPS and IGNWPS beneficiaries.

Table 1: Socio-economic Profile of the Respondents

	Percentage Distribution
Sex	
Male	28
Female	72
Education	
Illiterate	82
Literate (below primary)	9
Primary (Up to Class V)	6
Above primary	3
Marital status	
Married	36
Widowed	62
Divorced/abandoned/ separated/unmarried	2
Community	
Scheduled caste	22
Scheduled tribe	30
Other Backward Classes	33
Others	13
Unclear	2
Main occupation	
Unable to work	31
Help with household chores	15
Self-employment (agriculture)	22
Casual labour	21
Other	11
Living arrangements	
Lives alone	18
Alone with spouse	13
Alone with unmarried children	13
With spouse and unmarried children	3
With married adult son(s) and his/their family	39
Other	14
Type of dwelling	
Kutcha	58
Semi-pucca	29
Pucca	13

Source: PEEP Survey 2013.

The need for social security pensions is evident from the general characteristics of the respondents (Table 1). A large proportion of them are economically inactive and live in households where familial support is limited: almost half live alone, or just with a spouse, or with unmarried children. Most of them (82%) are illiterate, and about half were unable to engage in any productive work other than helping out with household chores. This makes them dependent on others for things as basic as food, clothing and shelter. Even where family support was available, it was inevitably meagre. Only 13% of the respondents' families live in a pucca house, 18% have access to piped water, and 13% have a latrine at home.

A large majority (72%) of the sample pensioners were women, and more than half of these women were widows. In India where women, and in particular widows, have limited financial independence and little voice in household decision-making, social security pensions are all the more important. Extending and strengthening pension schemes can help to enhance both the financial and the social status of women.

Does It Work?

One of the key findings of the PEEP survey is that, by and large, pensions are reaching the people for whom they are intended. Almost all the respondents confirmed that they were receiving a pension – the stipulated amount in most cases, though some respondents had to pay a small bribe to get their monthly pension. Only 3% were not receiving any pension even though their names were on the list.[1]

The discrepancies were larger in Rajasthan and Jharkhand, where 8% and 6% of the respondents, respectively, were in that situation. In Rajasthan, the main reason was that pensioners' lists had recently been expanded and that many of the new pensions were yet to be sanctioned. In Jharkhand, some people were not aware that their name was on the list. In states like Chhattisgarh, Himachal Pradesh, Odisha and Uttar Pradesh no discrepancies of this sort were found.

The sample consisted mainly of people receiving a pension under the IGNOAPS (60%) or IGNWPS (32%) (Table 2). Some – about 5% – turned out to be getting a pension under a different scheme, e g, a disability pension scheme or a state scheme.

Table 2: Type of Pension

	(Percentage Distribution)
Old age pension (IGNOAPS)	60
Widow pension (IGNWPS)	32
Other pension	5
No pension	3

Source: PEEP Survey 2013.

Among the IGNOAPS and IGNWPS beneficiaries, about 75% confirmed that they were receiving the entire pension amount. About one-fifth (20%) of them reported that they were receiving less than their full entitlement. This was particularly common in Jharkhand and Tamil Nadu, where nearly half of the respondents were getting less than the full amount – most of them were paying a monthly bribe to the postmaster or to some middleman. In contrast, only 2% of the respondents in Chhattisgarh and 1% in Odisha were getting less than their due – an impressive achievement.

Pensions and the Family

A common objection to social security pensions is that they might displace or undermine family support for widows and the elderly. The survey suggests that, if anything, it is the other way round: a pension often helps them to earn some respect and bargaining power in the family.

JasoMahto is a 56-year-old illiterate widow who lives in Tulasikani village, Sundargarh district, Odisha. She gets Rs 300 a month under the IGNOAPS. She believes that her relatives would treat her worse than they do were she not getting a pension. She lives with her daughter and Rs 150 of her pension is spent on her daughter's medication every month. JasoMahto says that her son's family takes care of their meals but they provide no other support to them. The mother and daughter have no ration card – the pension is their only source of support.

In response to the question, "Do you feel that you would be getting better or worse treatment from your family if you were not getting a pension?", most of the respondents answered that it would make little difference. However, a significant minority (21%) felt that they would get worse treatment. Very few (4%) said that family members would help more if they were not getting a pension.

Tija Bai, a 65-year-old dalit widow from Rajpura village in Sirohi district (Rajasthan), told the team that her daughter-in-law ill-treats her. She is made to work a lot before she is fed. Tija Bai believes that the situation would be much worse if she were not getting a pension: "*Agar pension nahi milti to roti aisi di jati hai jaise kutton ko roti fenk dete hain*" (If I were not getting a pension, they would have fed me like a dog).

The contribution of the central government to social security pensions has remained a paltry Rs 200 per month since 2006, in spite of rapid inflation. Some states are topping this up, but others are not. "*Rs 500 milne chahiye. Rs 200 mein kuch nahi hoga. Ab to ek saaree bhi Rs 400 ki aati hai!*" (We should get at least Rs 500, you can't even buy a piece of cloth these days with Rs 200), said Dularo, a 55-year-old tribal widow from Katkona village in Surguja district, Chhattisgarh.

Nevertheless pensions are very important for the recipients, however insufficient the amount may be. Many respondents said that the pension amount, meagre as it is, helps them to gain some bargaining power at home. Yunus, an 80-year-old resident of Paharpur village in Muzzafarpur district (Bihar), gets a pension under the IGNOAPS. He says that he is tolerated by his sons because he is able to contribute a few hundred rupees every now and then to the household. "If I stop giving that money, my son will have a reason to ask me to leave".

A pension gives the recipient some sense of independence and security. Some pensioners are able to contribute to the household budget, especially in states where the pension amount is significantly higher than the measly central contribution of Rs 200 per month. This applies, for instance, to Sivabakkiyam Vairakkannu, a 64-year-old dalit widow who resides in Kothambakkam Colony of Viluppuram district (Tamil Nadu). She lives with her son and her four granddaughters. Every month Sivabakkiyam keeps Rs 200 out of her pension of Rs 1,000 (the standard amount in Tamil Nadu) and gives the rest to the family for expenses.

Awareness

The success of any scheme depends a great deal on adequate awareness among those for whom it is intended, so that they can fight for their rights. Among pensioners, awareness levels were relatively high in the sense that most of them knew how much they were supposed to receive. Here again, Chhattisgarh and Odisha were in the lead with close to 100% awareness among the respondents. Awareness levels were also high in Tamil Nadu, Rajasthan and Uttar Pradesh, where more than 90% of the respondents knew their pension entitlements. The corresponding figures were lower in other states, but nowhere lower than 70%.

Having said this, most pensioners had little sense of entitlement beyond the amount of the pension. For instance, they did not consider regular payment every month as an entitlement, except in Odisha where all pensioners are paid on the 15th of each month. Very few pensioners knew that they are supposed to be paid by the 7th of each month according to Supreme Court orders. Most pensioners and other elderly persons also knew very little about how to apply and how pensions were sanctioned.

Mode of Payment

Bineshwari Monghi is a 63-year-old dalit man living in Purni Palheya village of Manika district, Jharkhand. He lives with his wife and his two unmarried daughters, and also has a married son who stays in a separate house in the same village. Bineshwari Monghi receives a pension of Rs 400 per month under the IGNOAPS. He has an account with the Grameen Bank in Manika, 8 km away from the village. Since he is unable to walk to the bank, he must reserve a tempo which costs him Rs 200, half of the pension amount. His medication costs an additional Rs 75 per month; he is thus left with almost nothing. His son has to carry him on his back while waiting at the bank. Sometimes he even has to make multiple trips to the bank. Despite his disability he gets no consideration from the bank employees who make him wait in line with other pensioners.

Bineshwari Monghi's case highlights the hassles of pension collection and the importance of the mode of payment. Four major mode of payments are being used for social security pensions: bank account payments, post office payments, cash payments (at the gram panchayat or block office), and postal money orders (sometimes disbursed at home by the local post person). Each state has devised its own system, and no single mode of payment seems clearly superior to others in all circumstances. Depending on the context, each system has some merits and demerits.

Bank account payments are the most common arrangement, accounting for about one-third of all pension payments (Table 3). Most states rely on a combination of bank payments and post office payments (including money orders). The main exceptions are Bihar and Odisha, where pensions are paid in cash at the block office and gram panchayat office, respectively (Table 4, p 71).

Table 3: Modes of Payment Reported by Sample Pensioners

Mode of Payment	Percentage Distribution
Bank account	34
Post office account	21
Cash payment	19
Postal money order	24
Other[a]	2

[a] Mainly payments through Banking Correspondents, in Tamil Nadu.
Source: PEEP Survey 2013.

The Odisha Model

The reliability and regularity of pension payments in Odisha seems to be part of the general commitment of the state to social security pensions. Aside from implementing the national schemes, Odisha has its own pension scheme, called Madhu Babu Pension Yojana (MBPY). The MBPY eligibility criteria are broader than those of national schemes. For instance, the minimum age for widow pensions is 18 years instead of 40 years, the minimum disability level for disability pension is 40% instead of 80%, and pension schemes are not restricted to BPL households – other households with an income below Rs 12,000 per annum per family are also eligible. Broader eligibility criteria in Odisha have helped to extend the coverage of pension schemes to all vulnerable groups, and to reduce the exclusion errors associated with the faulty BPL classification (Table 5).

Table 4: State-wise Frequency Distribution of Modes of Payment (%)

	Bank Account	Post Office Account	Cash Payments	Postal Money Order	Others
Bihar	0	0	100	0	0
Chhattisgarh	37	51	13	0	0
Himachal Pradesh	0	1.5	15	84	0
Jharkhand	80	20	0	0	0
Maharashtra	100	0	0	0	0
Madhya Pradesh	27	73	0	0	0
Odisha	0	0	100	0	0
Rajasthan	14	49	0	37	0
Tamil Nadu	1	4	0	74	21
Uttar Pradesh	99	1	0	0	0

Source: PEEP Survey 2013.

Table 5: Eligibility Criteria in Odisha

		National Schemes (IGNOAPS, IGNWPS, IGNDPS)	State Scheme (MBPY)
BPL		Mandatory	Also extends to non-BPL households with income below Rs 12,000 per year
Minimum age	Old-age pension	60 years	60 years
	Widow pension	40 years	18 years
	Disability pension	18 years	5 years
Disability level (for disability pensions)		80% and multi-disability	40%
Other eligibility criteria		-	Leprosy, HIV/AIDS

Odisha's payment system also reflects a strong commitment to social security pensions. A remarkable practice, diligently followed throughout the state, is that pensions are disbursed by the gram panchayat, in cash, on the 15th of every month (including 15 August, Independence Day). This makes Odisha the only state (among the 10 states included in the PEEP survey) with regular monthly payments on a fixed date. Compare this to a system where a pensioner may have to go to the bank or post office, stand in line, and wait for hours only to learn that the pension is yet to be credited to his or her account. The fixed date for pension payments ensures that pensioners can plan their expenditure for the month, and liberates them from the crippling uncertainty of irregular payments.

It is particularly interesting that this successful payment system uses the simplest technology (old-fashioned cash payments). The Odisha model defies the myth that advanced technology is the best guarantee of regular and transparent payments. It shows that use of biometrics, Unique Identification and related innovations are not essential for effective payment, helpful as some of them may be in some circumstances.

Aside from being highly successful in terms of regularity, the simple arrangement of payment in cash at the gram panchayat office on a fixed date ensures people's participation in the programme. Disbursal in public, in the presence of all pensioners, helps to keep a check on leakages and embezzlement. Awareness of new entitlements or modalities can spread quickly. And this arrangement is definitely more convenient for most pensioners, since the gram panchayat office is usually much closer than the nearest bank or post office.

One could argue that money orders or home delivery of pension by the local postmaster are even more convenient. This arrangement can be found in Himachal Pradesh and Rajasthan, and also in Tamil Nadu (where 21% of the sample pensioners were paid through business correspondents). Doorstep delivery is surely convenient, but we found that in such a system there is no fixed delivery date, which makes it difficult for pensioners to keep track of their payments.

Collection Costs

Generally, pensioners have to collect the pension themselves (73% of the respondents did so), whether it is at the bank, post office, or gram panchayat. While this is an effective way to ensure that the money reaches the intended recipients, it can cause a great deal of inconvenience to the pensioner. "*Jab mein bimar hoti hun to dakiya mere bete ko pension nahi deta. Mujhe khud lana padhta hai*" (Even when I am ill, I have to go and collect the pension myself), says Firanteen, a 42-year-old widow of Mohandi village in Rajnandgaon district, Chhattisgarh.

More than half (53%) of the respondents get their pension from the bank or the post office. About 90% of those who do so said that they have to go themselves to collect their pension. Consider then that the average distance of the bank or post office from the respondents' house is about 5.5 km, with the maximum distance of 45 km reported from Simlod village in Baran district (Rajasthan). Post offices tend to be closer to the village than banks: the average distance to the nearest post office was 3.5 km, compared with 7.1 km for the nearest bank. The average time taken by the respondent to go to the bank or post office, collect his or her pension and return home is about five hours. A poorly functioning, sometimes virtually non-existent public transport system in the sample districts (except in Himachal Pradesh and Tamil Nadu, where most of the villages were well-connected), forces many pensioners to walk all the way.

Collecting the pension is a big problem for Hussaini Miyan of Vishnubandh village, Latehar district (Jharkhand). It costs him Rs 60 and takes him about eight hours to pick up his monthly pension from the nearest bank, 15 km away. There is no fixed date and no advance notice of the date when his account is credited. At the bank, he has to wait in line for hours before he gets the amount. In his frail state, collecting the pension is an ordeal: "*Line mein rookte rookte mere haath per sab kampne lagte hein,*" he says (I start trembling and my body starts aching as I wait in the queue).

To make things worse, 67% of the respondents said that they sometimes have to make more than one trip to the bank or post office to collect their pension. With a single trip costing about Rs 35 on average, a common complaint of pensioners is that a major chunk of their pension is spent on collection costs.

The long queues, and frequent need to make multiple trips, reflect the overcrowded and overburdened state of rural banks and post offices. About half of the respondents stated that the bank and post office staff are helpful, while 26% said that they are unhelpful and treat them poorly. Bokhi, a widow from Begdari village of Chitrakoot district (Uttar Pradesh) who has been getting a pension from more than a decade, says "*Bathai rakhte hain fir bolte hain kal aana*" (They make us sit for hours and eventually send us back, saying come tomorrow).

Only 18% of the respondents (mainly in Himachal Pradesh, Rajasthan and Tamil Nadu) said that their pension is delivered at home by post office or gram panchayat officials. The absence of any special provision for disabled pensioners to withdraw their money is a glaring lapse, as Bineshwari Monghi's story (mentioned earlier) illustrates. As Pocha, a blind 90-year old man from Lahsar village in Mandla district of Madhya Pradesh, pointed out: "*Aankh se andha hun isiliye pension ghar mein milni chahiye*" (I am blind, my pension should be delivered at home).

On a more positive note, 97% of those who were being paid through bank or post office accounts had a passbook, and most of them (86%) were in possession of it (Table 6). Further, 68% of the passbooks are updated regularly and another 9% are updated but with incomplete entries. The passbook is a very vital document as it acts as a record of payments and as evidence of their regularity. Aside from helping pensioners to keep a check on monthly payments, it also enhances their awareness of their entitlements.

Table 6: Location of Respondents' Passbooks

	Percentage Distribution
With the respondent	86
With member of the household	3
With someone outside household	2.5
With bank or post office	6
Unclear	2.5

Source: PEEP Survey 2013.

An effective way of reducing collection costs is the pension disbursal system we observed in Bisra block of Sundargarh district (Odisha). Each pensioner is given a serial number and asked to come to the gram panchayat office at a designated time on the 15th of each month. This system ensures that pensioners do not have to wait in line unnecessarily, and is especially beneficial for those who suffer from physical disabilities.

Another simple measure has been put into place in Bedarwadi village of Osmanabad district (Maharashtra). A list of pensioners is displayed at the bank, along with a notice whenever pensions are credited to their accounts, so that people from the village who visit the bank can inform the pensioners. This system ensures that pensioners are not compelled to make multiple visits to the bank just to find out whether their pension has been paid.

Irregular Payments

As noted earlier, different modes of payment often coexist in a given state. This contributes to the lack of clarity in payment patterns. In states like Chhattisgarh, Rajasthan and Tamil Nadu pensions are usually paid every month, but with no fixed schedule. Whereas in Uttar Pradesh, Bihar and Himachal Pradesh payments are made for several months at a time, again without any fixed schedule.

Frequent delays make it difficult for pensioners to track their payments and check that they are getting their full entitlements. Consider, for instance, the status of pensions in Maharashtra, where IGNOAPS pensioners are entitled to Rs 600 per month but 82% of the respondents said that pensions are paid for several months at a time without a fixed schedule. It is difficult for these pensioners, most of whom were illiterate in our sample, to check that these erratic instalments add up to Rs 7,200 over the year, even if they are recorded in their passbook. Bamanibai Selya, a 75-year old tribal widow from Amala village in Nandurbar district, is in that situation. She is supposed to get Rs 600 per month, but payments are extremely irregular and most of her passbook entries record payments of Rs 400 or Rs 200. It seems that the central and state contributions to her pension are sometimes paid separately. Bamanibai Selya thinks that she is getting her due, but there is no way for her to check.

In the sample as a whole, about one-third of the respondents were receiving their pension every month, based on a fixed schedule (13%) or otherwise (21%). More than half were getting their pension every few months, without any fixed schedule in most cases (Table 7). There were other patterns also, but the general feature was a lack of regularity and predictability in pension payments. Odisha is the only state that disburses pensions regularly every month according to a fixed schedule. Chhattisgarh and Tamil Nadu come in second with 92% and 86% of the payments being made on a regular monthly basis, but without any fixed schedule.

Table 7: Pattern of Payments

States	Monthly (Fixed Schedule)	Monthly (No Schedule)	Monthly (with Delay)	Several Months (Fixed Schedule)	Several Months (No Fixed Schedule)	No Clear Pattern
Bihar	0	0	0	13	81	6
Chhattisgarh	2	92	1	0	2	3
Himachal Pradesh	0	2	0	49	49	0
Jharkhand	3	7	39	1	46	4
Maharashtra	1.5	1.5	0	5	83	9
Madhya Pradesh	1	6	18	9	39	27
Odisha	99	0	0	0	1	0
Rajasthan	1	1	1	42	43	12
Tamil Nadu	10	86	1	0	0	3
Uttar Pradesh	0	0	0	16	84	0
All India	13	21	6	13	41	6

Source: PEEP Survey 2013.

Usage of Pension

We have already encountered several cases of elderly persons or widows (Vifai, Bineshwari Monghi, JasoMahto, Dularo and Yunus among others) who depend critically on their monthly pension to survive or meet their basic needs. For many other pensioners too, the monthly pension is a lifeline.

About one-third of the respondents said that they shared the pension money with other household members. Others spent it mainly on themselves. As Shokeen, a 75-year old pensioner of Barod village in Shivpuri district (Madhya Pradesh), put it, "if my children do not give me money why should I give them my money?"

Pensions are spent overwhelmingly on basic subsistence needs, especially food and healthcare. The proportion of respondents who were spending pension money on "food", "other subsistence needs" and "health" was above 80% in each case (Table 8).

Table 8: Uses of Pension Money Reported by the Respondents

	Proportion of Respondents Who Reported Using Their Pension Money for This Purpose (%)
Food	93
Other subsistence needs	88
Healthcare	85
Helping other household members	33
Savings	6

Source: PEEP Survey 2013.

Only 6% of the respondents said that they managed to save some money. One of them is Chinnamma, a 60-year-old dalit widow from Surnnavurkilpathi village of Villipuram district in Tamil Nadu, who gets a pension of Rs 1,000 a month. She lives with her married daughter and unmarried son. She has started using a part of her pension to lend money to others, and she may even be earning some interest from this.

As one might expect, most of the pensioners felt that the amount of the pension was too low. As Bhajan Lal, a 65-year old resident of Basthooni village in Baran district, put it: "*Pension ki raashi kum se kum Rs 1,000 honi chahiye jisse kapda tel khareed sake. Mehman aajaye to shaker dudh khareed sake*" (It should be at least Rs 1,000, so that we can spend some money on clothes and other necessary items, like sugar and milk when a guest turns up).

Rations and Pensions

One useful role of pensions is to make it easier for pensioners to buy subsidised food from the PDS. Having a ration card as well as a pension goes a long way in protecting old people and widows from destitution. It really helps them to spare some money for basic necessities other than rice or wheat.

It was encouraging to find that 90% of the respondents lived in a family that had a ration card. This statistic, however, must be read in light of the fact that being on the BPL list is still an eligibility criterion for pensions in most states. The remaining 10% of respondents were mainly cases of households that were on the BPL list and yet did not have a ration card, or of pensioners who had separated from a BPL household after applying for a pension.

In Vishnubandh village of Latehar district (Jharkhand), the team interviewed an old pensioner, Hussaini Miyan. Though he is only 67 years old according to his voter ID card, he looked much older and was extremely frail. He lives alone with his wife – their sons do not support them. Hussaini Miyan had not received his pension for several months at the time of the survey. He and his wife are too old to work, so the pension is their only source of income. They used to have a ration card and buy cheap rice from the PDS every month. But once the husband's old age pension was sanctioned, the PDS dealer took away their ration card and transferred it to their son. This was a severe blow to Hussaini Miyan and his wife.

In some districts we encountered an erroneous belief, among pensioners as well as PDS dealers, that it is not permissible to have a ration card as well as a pension. Pensioners were extremely worried about losing their ration cards, and there were even instances where this had actually happened, as Hussaini Miyan's story illustrates. Official policy should be the opposite – endeavouring to ensure that elderly people and widows have both a ration card and a pension.[2]

Malpractices

The PEEP survey did not uncover any evidence of massive corruption or rampant embezzlement in pension schemes. In fact, pension schemes seem to be doing relatively well in this respect compared with many other development programmes. Nevertheless, the survey found some evidence of irregularities and leakages.

We asked pensioners whether they had to pay a bribe to get their pension sanctioned, when they applied for it. A significant proportion, 29%, answered in the affirmative. Further, this figure may be an underestimate as some respondents were perhaps reluctant to admit that they had paid a bribe. In most cases, the bribe had been paid to the head or secretary of the gram panchayat. The amount varied from Rs 200 to Rs 2,000.

Gulab Razan Shaikh, an 80-year old man from Antarvalli village in Osmanabad district (Maharashtra), had paid the highest bribe in the sample – Rs 2,000 to get his pension sanctioned. Yet he was still waiting for his pension, one year after applying and paying the bribe. He had gone to the bank the day before the survey, and was sent back with a request to check again on the following Monday.

Another common complaint was that postmasters or middlemen take a "cut" from the pension at the time of payment. About 20% of the respondents reported that they were receiving less than their full monthly pension, mainly because they had to pay a bribe to collect their pension. In some states, like Jharkhand, it is common for the local postmaster to deduct anything from Rs 5 to Rs 50 from each monthly pension. This practice has also been reported in cases where the pension is delivered at home.

Finally, in the process of verifying the entire IGNOAPS and IGNWPS lists in the sample villages through door-to-door surveys, we found that about 5% of those mentioned on these listes had passed away. In some cases, this was because the list was out of date, or because the process of discontinuing the pension after a recent death was yet to be completed. But there were also some cases where a fake pension was being siphoned off by corrupt functionaries or middlemen in the name of a dead person.[3] This highlights the need for regular updating and verification of pension lists.

Having said this, considering the numbers and amounts involved, pension schemes seem to be relatively free of scams or large-scale leakages. Current malpractices such as transaction bribes can be addressed by ensuring better awareness of their rights among pensioners as well through tighter safeguards. The removal of middlemen, the creation of self-help groups at the village level and the proper maintenance of passbooks along with stricter regulations and punishments can go a long way in controlling the problems of cuts and commissions.

Concluding Remarks

The NSAP covers approximately 2.6 crore elderly persons, widowed women and disabled people in India, making it a highly significant unconditional cash transfer programme. Most of the recipients of social security pensions are below the poverty line, have little family support and are unable to engage in remunerated work to sustain themselves. Thus, these are people who belong to the most deprived and vulnerable sections of society.

Pensions are of special importance for women. A majority of the sample pensioners were women, and more than half were widows. Pensions can help to enhance not only their financial security but also their social status.

An important finding of the PEEP survey is that, by and large, pensions reach the intended beneficiaries.[4] The amount, though undoubtedly insufficient in most states, helps them to survive and to gain some bargaining power in the family. The meagre pension amounts are spent mainly on basic necessities like food and medicines.

The survey also suggests that the NSAP is relatively free of major leakages. Many of the respondents had to pay a bribe to get their pension sanctioned, or to get their monthly pensions released. However, the small cuts and bribes that have crept into the programme can be curtailed with more stringent monitoring and transparency measures, including regular updating and verification of pensioners' lists.

There is also an urgent need to make pension schemes more user-friendly by simplifying the procedures, ensuring regular payments, promoting better awareness of pension entitlements, and so on. Pension amounts are also extremely low. Several states have already shown the possibility of addressing these concerns, but much more can be done.

An expert committee was recently constituted by the Ministry of Rural Development to look at possible improvements in the reach and level of NSAP assistance. The committee's report recommends increasing the central contribution to social security pensions, indexing pensions to the price level and relaxing eligibility norms. In addition, the report made some recommendations meant to ease the difficulties in collecting pensions. For instance, pension payments are to follow a fixed monthly schedule and the mode of payment adopted in a particular region is to be designed in such a way that no pensioner has to travel more than three kilometres. The ultimate goal is to ensure doorstep delivery of the pension.

This committee report is certainly a step in the right direction, but it is important to make sure that its recommendations do not remain on paper. Implementing them requires both political will and public pressure. Recent efforts, under the banner of Pension Parishad, to foster a wider debate on pensions have made an important contribution to this process.

NOTES

1 In such cases, it is unclear whether a pension was being paid at all, and if so, to whom. Since pensions are paid through bank accounts in Jharkhand, it is somewhat unlikely that the pension money was being embezzled.

2 Tamil Nadu has introduced an interesting arrangement in this respect: pensioners get a dual-purpose card that entitles them to a pension as well as to 10 kg of free rice from the PDS.

3 As mentioned earlier, this is very difficult to do when pensions are paid through bank accounts. But it does happen from time to time when pension are paid through post offices, or in cash.

4 Two earlier studies came to a similar conclusion – see Dutta et al (2010) and Aashish Gupta (2013).

REFERENCES

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