

27 February 2015

Dear Hon. Prime Minister,

As you are aware, the elderly poor in India live in a state of perpetual crisis. The Pension Parishad - a conglomerate of many groups working in the social sector, – has been involved with a sustained campaign to bring large number of vulnerable people some degree of justice and dignity.

In the month of March, the Tata Institute of Social Sciences (TISS) was requested to carry out a study that would look at provisions for social security pensions in different states, and their implementation.

Pursuant to this request, in May and June 2014, TISS and Pension Parishad jointly conducted a study on the implementation of pension schemes in 8 states in India. The study was conducted in two of the most backward districts (chosen based on the literacy rates of districts as per Census 2011) of each of these states. The states studied were: Gujarat, Rajasthan, Haryana, Assam, West Bengal, Andhra Pradesh, Telangana and Kerala. A total of 1384 poor people – beneficiaries and potential beneficiaries, participated in this study. The study was conducted by a team that comprised of student volunteers from TISS, Pension Parishad and social sector institutions with experiences of working with the elderly and the disabled. The study was also conducted with the help of local partners in the districts.

The following areas of concern stand out and urgently need to be addressed:

- 1) **Pathetically low pension of Rs.200 per month provided by the Center** : Pension amounts continue to be criminally low and completely insufficient. In many states of India, in the absence of contributions by states, people continue to receive a paltry sum of Rs. 200 a month. In Assam, the monthly pension amount is a meagre Rs. 250. In West Bengal and Gujarat it is Rs. 400 a month. In Rajasthan and Kerala social security pensioners are paid Rs. 500 while in Haryana it is Rs. 1000 per month. Recently, the governments of Andhra and Telangana have revised their monthly pension from Rs. 200 to Rs. 1000. Participants interviewed across the 14 districts of Assam, West Bengal, Rajasthan, Kerala, Haryana Andhra Pradesh and Telangana complained that the pension was so low it could not even begin to look at supporting their basic and minimum needs.

The Pension Parishad has recommended that the pension amount be increased at least Rs. 2000 a month or half the minimum wage, whichever is higher. See annexure: demands of Pension Parishad.

- 2) **Pension must be indexed to inflation**: The amount of Rs. 200 has been frozen for almost a decade. This means that in real terms, the already meager amount is further reduced due to inflation. Although some states have increased their pensions from time to time, no state has yet indexed it to inflation. **It is only rational, reasonable**

and humane to index pensions to inflation and to revise the amounts at least once a year.

- 3) **Improving implementation through a single window system:** The study examined the different modes of pension payments being made in different states. It was clear that even applying for a pension was extremely cumbersome and time-consuming. Pension payments and the system adopted were also inefficient and lent themselves open to rent-seeking. There is an urgent need to revamp the entire payment process. There are best practices from different states that could be brought together to ensure that we come up with a payment platform that is transparent, timely, corruption-free and efficient. There are many ways through which the application and sanctioning process could be simplified. To get their pensions started, most participants reported high out of pocket expenditure (ranging from Rs.20 – 100), multiple trips to various offices at gram panchayat/block/district, bribes to middlemen, difficulties in filling up the application form. A single window system at the Panchayat level could easily be institutionalized across the country that can assist people in getting and tracking their pensions. Bringing transparency and accountability through best practices would ensure that ever rupee allocated for pensions would reach beneficiaries on time and without leakage.
- 4) **Widen coverage and universalize:** The study indicates that BPL identification is not the best way of targeting the poor. In group discussions held in states where pension was not universalized, survey teams found that exclusion was very high. We found that the poorest and most vulnerable people, in fact, were the ones who did not have BPL cards, and were therefore left out of pension coverage. It was only in states like Haryana, where pensions are universal, that exclusion was not a widespread problem

Given the fact that pensions are an entitlement for the work done by our senior citizens in their lifetime and not a dole, there is no reason to deny eligibility to anyone who does not already have a proper pension or equivalent income. It is therefore, necessary to universalize pensions immediately with clearly defined exclusion criteria.

- 5) **Timely payments:** The biggest problem being faced by those who have been fortunate enough to make it to the coveted beneficiaries' list of pensioners is that they don't receive their pension amounts regularly. A delay of 3 – 12 months was observed in all states (including ones like Andhra and Haryana that are considered relatively better off in implementation of the scheme). It is necessary to combine best practices to ensure timely and regular payments. Odisha, for instance, seems to have met with a high degree of success by providing for payment in cash at the Panchayat on fixed dates.

- 6) **Revise eligibility criteria:** Currently, some states like Andhra, the age for eligibility for pensions is as high as 65 years. This should be brought down across the country to 55 years of age – at least for women.
- 7) **Disability pension:** The study found that disabled people have multiple access barriers to pensions. The process must be simplified, the unreasonably high degree of disability required to draw a pension must be revised and the age bar for awarding disability pensions must be removed so that children can also use this benefit as a scholarship and support for education and training.
- 8) **Petty bribery to be addressed, increasing transparency and accountability:** All pension sanctions and payments must be put online. A citizen-friendly janta information system including access to all official records, wall paintings of names of beneficiaries and payments made to them, and the use of public hearings and collective camps would help ensure that eligible people get their pensions and ineligible ones don't. Finally, social audits of social security pensions, such as in Andhra, have shown that leakages can be significantly reduced.

We hope this budget will have significant relief for this segment of society that has practically no voice but comprises almost 10% of our population. It is our collective responsibility to ensure that our elderly lead their lives as senior citizens with some measure of dignity and economic security. If delivery systems are made more efficient and accountable to the people we will be able to make sure that money that is allocated reaches the intended beneficiaries without leakage.

We look forward to positive action from the Government and Parliament during this budget session. We will submit our full report on the findings of the study to the relevant ministries. We would be happy to sit with officials to suggest the best possible moes of implementation based on the findings of the study.

Thank you,

With best regards,

S. Parasuraman, Baba Adhav, Akhila Sivadas, Mathew Cherian, Aruna Roy

