

Trends in Cash Transfer Programs for Elderly and Vulnerable Community in Karnataka

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Abstract: *Cash transfer programs has long being used as strong social protection tool for curbing poverty and vulnerability among poor in low and middle income countries. In India, cash transfer programs both CCT and UCT programs largely focus on scholarship, pension, unemployment allowance, health, MNREGA and public distribution system. These programs effectiveness largely depends on its implementation, coverage, target and budget allocation which should consider inflation effects. In present paper, researchers have attempted to understand coverage and budget allocation towards social pension schemes in state of Karnataka. Using regression model, trends were constructed majorly for three social pensions namely old age, widow and disability pension schemes for period of 5 years. The result highlights that as compared to other southern states, coverage of widow pension and disability pension scheme in Karnataka is low and also high variance in coverage for widow pension scheme. There is an increase trend of budget allocation from year on year, which could strain state fiscal budget in long run. Demographic shift strongly insist for alternative pension structure including tailor made contributory micro pension schemes targeting vulnerable and unorganized sector.*

Keywords: *Cash transfer, Pension scheme, IGNOAPS, Sandhya Surkash Yojana, Below-Poverty line, Elderly*

I. Introduction

Since Independence, Government of India is strongly committed towards achieving balanced economic growth along with critically addressing the issues of poverty and deprivation. Cash transfers, a small amount of predictable short term/long term financial assistance, targeted towards economically underprivileged, has been widely accepted as tool for 'social protection' for reducing poverty and hunger, across the world. There are growing number of evidences demonstrating that, as compared to traditional social protection programmes such as subsidies, basic food security etc., cash transfer programs act as a better anti-poverty strategy, contributing towards improving the socio-economic conditions (Bonnet et.al, 2012; Venkatesh, 2016) for vulnerable population, especially female beneficiaries. Elderly women are even more vulnerable to old age poverty as compared to their male counterparts because of high life expectancy, derive lower income, shorter working age (Sahu 2014) along with family responsibilities. To a large extent, a targeted and means-tested program can supports these poor, and funds can concentrate on needy such as elderly, disabled people and so on. In developing countries, major budget allocations are devoted towards broad-range of social safety nets and welfare programs with agenda of right target mechanism.

In India, social assistance programs especially pension schemes is a form of cash transfers targeted normally by age or income criteria, has widest coverage and budget allocations depending upon safety net approach. Pension reforms is one of the most crucial and the utmost complicated 'second generation' economic reforms of India. The stream of pension reforms involves complex questions of public finance, division of labor market, political economy, income distribution pattern, behavior psychology, socio-culture, economic reforms and its post effect on the overall society. For all these reasons, pension and its reforms have become worldwide debatable topic today, trying to answer for 'Ageing Population' Crisis. There is need for pension reforms focusing on establishment of systems, structure and regulatory framework that would promote efficient management of pension funds.

In India, the State of Karnataka contributions towards economic growth rates have been very high; but they have not really resulted in trickle-down effects and improvement in livelihood conditions of poor unorganized sector. Though, the Government of Karnataka has taken number of initiative in smoothing the channelization of pension schemes, but there are evidences highlighting on issues such as wrong target, delays in payment, ghost beneficiaries, lack of accountability and transparency, leakages, complication in enrollment or renewal of scheme etc., The minimum pension amount of Rs. 500/- paid to old age, widow, disability and maximum amount of Rs. 1500/- paid for 80% and above disability for BPL cardholder, have not provide a relief in times of illness or any other economic depletion. In the present study, researchers have attempted find out the level of pension coverage and budget allocation of one of the largest cash transfer program for elderly

population in Karnataka. Since there is a considerable budgetary allocation (from Central and State Government) year on year involved in operating the elderly and poor pension schemes, it is important to identify crucial issues that affects the efficacy of these schemes.

II. Review Of Literature

In India, the expansion of social assistance through central government initiatives shows a process of change management due to economic liberalization and pressures from left parties for inclusive growth. Social welfare depends substantially on the choice of the tax regime that will be utilized to adjust the accompanying changes in tax revenues (Okamoto 2010). Further, accountability at the central government level is diffused due to an absence of single ministry or autonomous agency. There are over 300 different types of anti-poverty schemes spread over 13 different ministries. It was clearly observed that hardly there is any coherence among these programmes. Thus, there is strong urge for integration at national level in providing social assistance which is widely perceived as an instrument of development inclusion (Barrientos 2013; Olukuru 2014). The present initiatives of social security schemes of the government have contributed towards welfare of large workforce (Kumar et.al 2013) and reduction of vulnerability by creating safety nets to cope with health risks and old age. Pension benefits are largely utilized for purchasing food items, cloths, medicine and to certain extent educating their grand children (Babu 2013). However, empirical evidences have identified critical issues concerned to registration and coverage of eligible categories of workers under any existing social security scheme. There is substantial wrong targeting of these schemes is apparent with up to 9 percent of non-BPL card holders benefiting from IGNOAPS and 15 percent from IGWPS (Holzmann 2000; Joddar 2006; Singh 2013). In absolute terms, anti-poverty strategies like promoting opportunities, facilitating empowerment and raising social security to the vulnerable are not yielding desired results (Aruna 2015) for poor and elderly. The pension system is passing through a crisis of confidence. The economic, demographic and labor market trends of the current system are moving in troublesome directions (Goswami 2001). Most of the reforms are initiated in a piecemeal manner. The policy makers, therefore, need to take a fresh view and develop new mechanisms to rejuvenate the pension system. Thus, establishing financially viable pension system are much more difficult and policymakers have take prompt action for shift in demographic dividend.

III. Materials And Methodology

The requisite secondary data for understanding the physical coverage and budget allocation towards OAP, DWP and PHP was collected from Directorate of Social Security and Pension, Government of Karnataka and National Social Assistance Programme. Secondary data for period 24 years was compiled and time series analysis was used for 5 years forecasting to analysis the trends in pension beneficiaries coverage and budget allocation. In the present study, simple linear regression model was used for prediction, considering the data of physical coverage of targeted pension beneficiaries and budget allocation (central government plus state government contribution).

$$Y = a + (b)^t$$

Where:

Y = dependent variable

a = intercept

(b)^t = independent or predictor variable

The single-equation regression model has been constructed on time index. By extrapolating the model equation beyond the period over, which they were estimated, near future events are forecasted. The below single-equation regression model has been used as a forecasting tool – to understand trend patterns of pension coverage and fund allocation (tables and graphs) for social security pension schemes in Karnataka.

IV. Data Analysis And Interpretation:

Using pension coverage (beneficiaries and budget expenditure) data for period 24 years, trend projection for 5 years was constructed. The below table and figures shows the line chart and trend of OAP, DWP and PHP scheme coverage, depicts how target beneficiaries and budget expenditure variables will change over time period.

Table -1 Showing the Physical Coverage of Pension Beneficiaries in Karnataka (1991-92 to 2019-2020) (In 000's)

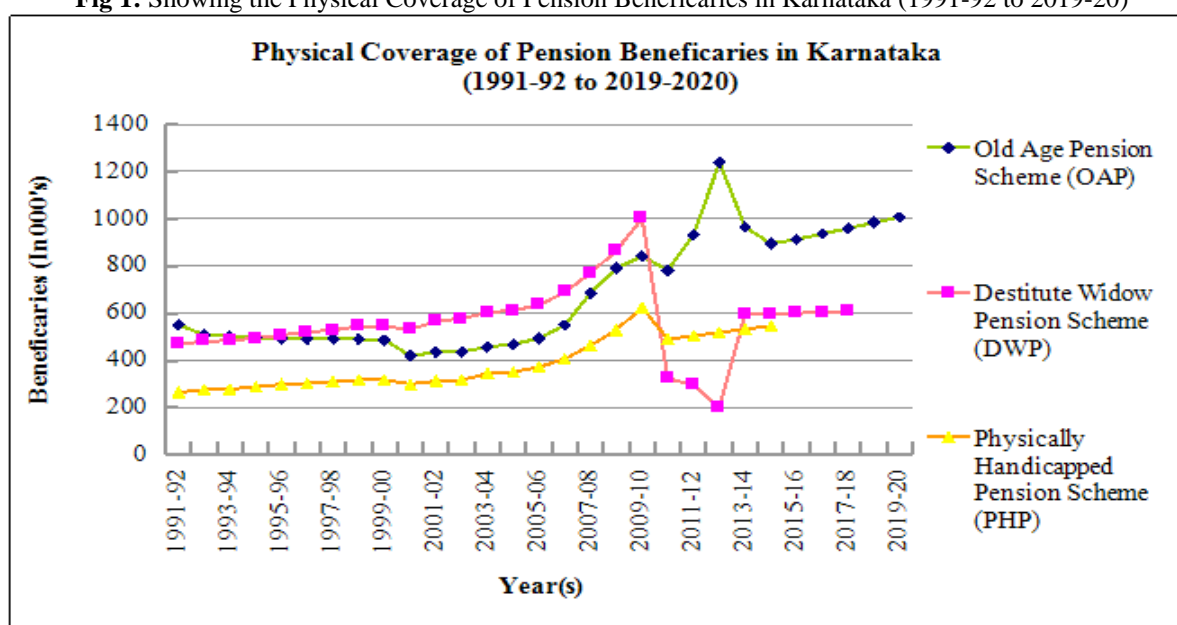
Year	Old Age Pension Scheme (OAP)	Destitute Widow Pension Scheme (DWP)	Physically Handicapped Pension Scheme (PHP)
1991-92	552	469	266
1992-93	509	482	276
1993-94	503	485	280

1994-95	496	495	289
1995-96	496	508	300
1996-97	492	523	304
1997-98	493	528	311
1998-99	491	546	318
1999-00	487	545	319
2000-01	420	531	301
2001-02	436	567	314
2002-03	437	578	318
2003-04	458	604	345
2004-05	469	613	352
2005-06	495	634	373
2006-07	550	690	407
2007-08	686	771	464
2008-09	791	865	530
2009-10	842	1002	625
2010-11	782	325	491
2011-12	933	295	505
2012-13	1239	202	519
2013-14	966	594	533
2014-15	895	598	547
2015-16	913	601	
2016-17	937	604	
2017-18	960	607	
2018-19	984		
2019-20	1007		

(Source: 5 years projection based on data compiled from NSAP, SFC and DSSP)

To analyze the empirical relationship between physical coverage and time, simple linear regression was calculated. In case of OAP data, regression equation was found ($F(1, 22) = 68.76, p < 0.03$), with an R^2 of 0.704. The result depicts that, every year on an average there is 1.17 times increase in old age pension coverage. On the other hand, DWP scheme regression equation was found ($F(1, 20) = 99.64, p < 0.04$), with an R^2 of 0.673. The result depicts that, every year on an average there is 1.02 times increase in destitute widow pension coverage in Karnataka. Further, PHP scheme regression equation was found ($F(1, 17) = 96.54, p < 0.05$), with an R^2 of 0.819. The result depicts that, every year on an average there is 1.03 times increase in physical handicapped pension scheme coverage in Karnataka. To know the level of target beneficiaries coverage-comparative analysis was carried over (figure-1) among all the three pension schemes.

Fig 1: Showing the Physical Coverage of Pension Beneficiaries in Karnataka (1991-92 to 2019-20)



(Source: DSSP, GoK and NSAP)

The comparative physical coverage results highlights that, trend line for OAP scheme shows sudden increase for the year 2012-13 and 2013-14, this is because of relaxation of age limit from 65 years to 60 years under old age pension scheme. Further, based on last 24 years data (i.e., 1991 -92 to 2014-15) predicts a consistently increasing (i.e., till 2020) physical coverage of old age pension scheme targeted towards BPL families. But, DWP scheme shows a sudden decline in its trend line from year 2011 onwards. The Government of Karnataka and DSSP ensured strict monitoring under this scheme specially, to reduce the issues of 'ghost' beneficiaries and misrepresentation of enrollment. For PHP scheme data was based on last 19 years (i.e., 1991 - 92 to 2008-09) predicts a consistent increase in (i.e., till 2015) physical coverage in targeted towards individual enrollment. In next table- 2 shows pension budget expenditure for period of 1991-92 to 2019-2020.

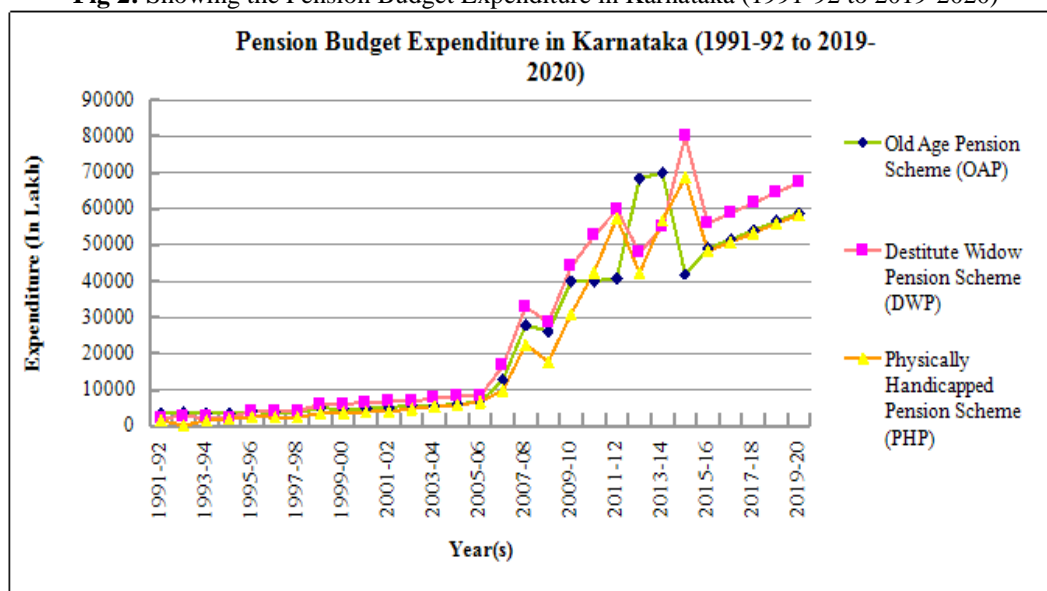
Table -2 Showing the Pension Budget Expenditure in Karnataka (1991-92 to 2019-2020) (Rs. In Lakh)

Year	Old Age Pension Scheme (OAP)	Destitute Widow Pension Scheme (DWP)	Physically Handicapped Pension Scheme (PHP)
1991-92	3617	2300	1490
1992-93	3637	2631	121
1993-94	3530	2336	1531
1994-95	3503	2237	1913
1995-96	3979	4181	2614
1996-97	3753	4040	2421
1997-98	3635	4190	2431
1998-99	4946	5876	3486
1999-00	4666	6085	3687
2000-01	4830	6448	3938
2001-02	5154	6856	4049
2002-03	5657	6747	4716
2003-04	5517	7688	5481
2004-05	6070	8350	5790
2005-06	6570	8237	6619
2006-07	12777	16504	9817
2007-08	27841	32874	22491
2008-09	26253	28674	17802
2009-10	40000	44000	31000
2010-11	40000	52500	42500
2011-12	40850	59780	57454
2012-13	68340	47956	42240
2013-14	70000	55000	56809
2014-15	41900	79983	68693
2015-16	49051	55945	48292
2016-17	51518	58794	50825
2017-18	53986	61643	53358
2018-19	56453	64492	55891
2019-20	58921	67341	58424

(Source: 5 years projection based on data compiled from NSAP , SFC and DSSP)

To analyze the empirical relationship between budget allocation and time, simple linear regression was calculated. In case of OAP scheme, regression equation was found ($F(1, 22) = 60.34, p < 0.05$), with an R^2 of 0.794. The result depicts that, yearly on an average there is 1.07 times increase in old age budgeted allocation in Karnataka. On the other hand, DWP scheme regression equation was found ($F(1, 22) = 128.63, p < 0.03$), with an R^2 of 0.832. The result depicts that, yearly on an average there is 1.07 times increase in destitute widow pension scheme budgeted allocation in Karnataka. Further, PHP scheme regression equation was found ($F(1, 22) = 123.48, p < 0.04$), with an R^2 of 0.817. The result depicts that, yearly on an average there is 1.22 times increase in physically handicapped pension scheme budgeted allocation in Karnataka. To under the pattern of budget allocation for pension schemes- comparative analysis was carried over (figure-2) among all the three pension schemes.

Fig 2: Showing the Pension Budget Expenditure in Karnataka (1991-92 to 2019-2020)



The comparative analysis for budget allocation for pension schemes results highlights that, from 1991-92 to 2002-03 old age pension beneficiaries were receiving cash transfers less than Rs. 200/- (central plus state contribution). From 2005-06 onwards, pension benefits was revised to Rs. 500/- per month for all the enrolled beneficiaries. Last 24 years data set for OAP, DWP and PHP schemes (i.e., 1991-92 to 2014-15) trendline shows a consistently increasing (i.e., till 2020) in budget allocation (assumed no changes in monthly pension amount). This results shows an enormous pressure on fiscal budget conditions for both central and state governments.

V. Discussion And Conclusion:

Cash transfer under social pension schemes has significant impact on social – economic conditions for its existing beneficiaries in Karnataka. For elderly and economic backward population, monthly pension amount has provided certain relief to sustain in raising cost of living conditions. A person especially with destitute situations Rs. 500/- per month receipt has surfaced them from further vulnerability conditions.

The existing social security schemes initiated by the Government and other private players are unable to reach mass working population especially workers under unorganized sector, contributing around 56 % income generation towards countries GDP. The existing social security schemes initiated by the Government and other private players are unable to reach mass working population especially workers under unorganized sector, contributing around 56 % income generation towards countries GDP. Additional impetus for pension reform comes from the fragmented nature of the existing benefit schemes. In spite of its limited scope and size, the Indian pension system in its current form, can at best be described as an extremely complicated and fractured one inducing distortion in the labor market.

In a situation where, the joint family is breaking down, and children are unable to take care their parents, millions of elderly and poor workers face destitution. The emerging demographic profile financial security scenario and absence of efficient social security system in the country indicates that, this scenario will dramatically worsen in the years to come. In addition, existing pension systems, both for civil servants and other citizens, as evolved over the years have begun to show signs of financial stress, steep rise in such liabilities adversely affect the fiscal soundness of the budget allocation. The efficiency and effectiveness of pension programs needs to be improved through addressing the issues of core administrative and governance inefficiency along with increasing female participation in social welfare programs.

Thus, it is critical to strengthen the existing social security benefits for elderly by implementing several policy options especially for the unorganized sector workers from private sector, casual workers and agricultural labours needs seriously considered for enhancing coverage of social security benefits and empower their family to take care health and diet patterns of elderly people.

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