PROPOSAL FOR COMPREHENSIVE NATIONAL SOCIAL ASSISTANCE PROGRAMME

REPORT OF THE TASK FORCE

MINISTRY OF RURAL DEVELOPMENT

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FOREWORD

India's National and State social assistance pension schemes are important social security programs that are aimed at alleviating chronic poverty through regular cash transfers to the elderly, widows and disabled persons, the most vulnerable among the poor.

The Cabinet while approving the increase in rate of central assistance under widow and disability pension schemes in October, 2012 directed the Ministry of Rural Development (MORD) to come up with a proposal for a Comprehensive National Social Assistance Programme. MORD has accordingly constituted a Task Force under the Chairmanship of Dr. Mihir Shah, Member, Planning Commission.

The Task Force had its first meeting on 26th November 2012. The first meeting reviewed the Terms of Reference and identified focus areas for deliberations. The Task Force had a follow up meeting on 14th December, 2012 for consultations with State officials managing social security programs from the states of Maharashtra, Jharkhand, Tripura, Karnataka, Delhi, Haryana, Bihar and Tamil Nadu, to understand the ground level implementation challenges and also to obtain suggestions for improvement.

The Task Force reviewed an ongoing performance analysis of 5 states (Delhi, Haryana, Bihar, Uttar Pradesh and Andhra Pradesh) undertaken by MORD along with the World Bank. The Task Force has also taken into account and drawn information and inputs from the Report of the Committee headed by Sh. S.M. Vijayanand, Additional Secretary, Ministry of Rural Development.

The Task Force in a meeting held on 18 January 2013 finalized the Recommendations. The recommendations relate mainly to eligibility criteria, quantum of assistance, processes relating to identification, sanction and disbursement, and strengthening the administrative structure.

The Task Force wishes to place on record its appreciation of the help rendered by the officials of Ministry of Rural Development, Planning Commission and various State Governments. Dr. Rinku Murgai, Lead Economist, World Bank was particularly helpful in estimation of probable number of beneficiaries in each category and financial implications for the 12th Plan period.

The objective of the Task Force will be achieved if the implementation of its recommendations results in laying a firm foundation for Social Protection in the country.

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CHAPTER – 1 : INTRODUCTION

Article 41 of the Constitution of India states "the State shall, within the limits of its economic capacity and development, make effective provision for securing the right to work, to education and to public assistance in cases of unemployment, old age, sickness and disablement, and in other cases of undeserved want." Social Security, invalid and old age pensions figure as Items 23 and 24 of the Seventh Schedule of the Constitution of India in the Concurrent List. Several State Governments started social pension schemes for vulnerable groups, long before the Central Government. It was only in the year 1995 that the National Social Assistance Programme (NSAP) was introduced as a Centrally Sponsored Scheme and this was converted into Additional Central Assistance (ACA) Scheme in the year 2002.

When NSAP was introduced in 1995, it had three components:- National Old Age Pension Scheme (NOAPS) providing a monthly pension of Rs. 75 to destitute of 65 years or higher; National Family Benefit Scheme (NFBS) providing one time assistance of Rs. 5000 in the case of death due to natural causes and Rs. 10000 in the case of death due to accidental causes of primary breadwinner in the age group of 18-64 years in a below poverty line household; and National Maternity Benefit Scheme (NMBS) providing a lump sum cash assistance of Rs. 300 to pregnant women of 19 years and above for up to the first two live births in a below poverty line household. NMBS was later transferred to the Ministry of Health and Family Welfare from 2001-2002. On 1st April, 2000, a new scheme with the objective of providing food security to the destitute called Annapurna was introduced to benefit deserving beneficiaries who could not be given assistance under the National Old Age Pension Scheme. In 2007 NOAPS was renamed as Indira Gandhi National Old Age Pension Scheme (IGNOAPS) and made applicable to all aged persons belonging to families living below the poverty line, instead of restricting it to destitute aged persons. Further, in 2009, two more pension schemes for widows and the disabled were introduced.

NSAP at present has the following components:

1. Indira Gandhi National Old Age Pension Scheme (IGNOAPS)
2. Indira Gandhi National Widow Pension Scheme (IGNWPS)
3. Indira Gandhi National Disability Pension Scheme (IGNDPS)
4. National Family Benefits Scheme (NFBS)
5. Annapurna

The three main pension schemes under NSAP, as of December 2012, cover 2.60 crore beneficiaries belonging to families living below the poverty line with a total budgetary support of around Rs. 8000 crore. In addition, the States also significantly augment social security pensions through their own State specific schemes or through additional contribution to the NSAP resource envelope for the States. An analysis of the current coverage under NSAP and State social security pensions in 22 major States/UTs is at Annexe - I.

Given the significance of the scheme for the poor in the country and its budgetary size, the MORD, with the objective of restructuring it constituted a Task Force under the Chairmanship of Dr. Mihir Shah, Member, Planning Commission to prepare a proposal for Comprehensive NSAP. The Order constituting the Task Force is given as Annexe - II.

Based on the internal deliberations and discussions with the states, the following focus areas were identified by the Task Force, for priority consideration.

1. *Amount* of Pensions.
2. *Identification/Targeting criteria* – Are they appropriate in terms of inclusion? Are they adequate in terms of ease of identification? Does the intended beneficiary get covered? How difficult is it for a beneficiary to get into the pension list?
3. *Timeliness and frequency of payment of pensions* – What is the current experience? How to ensure regular and timely delivery?
4. *Business processes relating to identification, sanction and disbursement* – What improvements are necessary to the existing institutional infrastructure?
5. *Role of Panchayati Raj institutions and Urban Local Governments* in the above process – How can democratic institutions strengthen the system?
6. *Service delivery* – What is the scope for exploring new channels (e.g., involvement of new partners) as well as new modes of service delivery?
7. *State wide digitized repository of beneficiaries* – need, usefulness and challenges.
8. *Fund management* systems.
9. *Use of IT in pension management*.

The recommendations pertaining to each category were finalized after taking into consideration all the relevant factors and are elaborated in the subsequent chapters.

CHAPTER – 2: SUMMARY OF RECOMMENDATIONS

The recommendations of the Task Force focus on improving the reach and level of assistance provided by NSAP. They also focus on ensuring timely delivery of the pensions to the beneficiaries.

The main recommendations of the Task Force are summed up below:

ELIGIBILITY CRITERIA AND RATE OF ASSISTANCE

- **IGNOAPS**: Immediately, with effect from financial year 2013-14
    - Increase central assistance under IGNOAPS from Rs. 200 per month to Rs. 300 per month for the age group 60-79 to make it equal to pensions under the other two schemes for this age group.
    - This revision will require an additional outlay of Rs 1762 crore per annum. This will benefit the existing 1.47 crore old age pensioners in this age group.
- **IGNWPS**: Immediately, with effect from financial year 2013-14
    - Revise eligibility norms for IGNWPS by reducing minimum age from 40 years to 18 years, providing pension at Rs 300 per month.
    - To implement the recommendation, IGNWPS will need an additional outlay of Rs 392 crore per annum, which will benefit an additional 11 lakh poor widows.
- **Pension for Women in difficult circumstances:**
    - Presently, the IGNWPS covers only widowed women and does not cover single women, divorced/separated/abandoned women. Single women and divorced/abandoned/separated women face the same kind of discrimination as widows especially stigmatization leading to social exclusion and imposition of restrictions on socio-economic development. States like Tamil Nadu, Kerala include these categories also as eligible for social pensions. Government of India needs to follow suit. Therefore, the pension may be extended to single never married women above 40 years and divorced/abandoned/separated women above 18 years.
    - In addition there are women whose husbands are 'missing' / disappeared but not formally proved to be dead. Such 'half widows' should be treated at par with widows. In such cases the 7 years condition for 'missing' / disappeared persons should be reduced to 3 years. It must be noted that cause of

disappearance / missing / death of the husband shall not be a reason for denial of pension.

- Pension to divorced/separated women (18 years and above) and never married women (40 years and above) in below poverty lines households will benefit 12 lakh beneficiaries with additional expenditure of Rs 428 crore (assuming that on par with widow pensions, the pension amount will be Rs 300 per month until the age of 80 years, and Rs 500 per month thereafter).

- **IGNDPS**: : Immediately, with effect from financial year 2013-14
  - Remove age restrictions and reduce disability level from 80% to 40%.
  - Provide, double the pension amount, for those with severe (80% disability) or multiple disabilities.
  - This will help to reach an additional 22 lakh disabled persons at an additional outlay Rs.1156 crore

- **National Family Benefit Scheme (NFBS):**
  - At present, one time assistance of Rs 20,000 is being provided under NFBS, in the event of death of "the primary breadwinner" (male or female) in the age group of 18-59 years in BPL families. This has been generally interpreted at the field level to mean the death of a male member. In poor families all adult members contribute to the family's livelihood and more so, women who are homemakers. Therefore, the assistance may be made available on the death of any adult member to the bereaved family.
  - As per the present estimates, the number of cases to be covered under NFBS is 4.50 lakh. If the benefit is to be extended as recommended, the number is estimated to double to 9 lakh. The additional financial implication would be Rs. 900 crore per annum.

- **Inflation Indexation and Phased Universalisation:**

  For all NSAP Pension schemes --
  - Rates of assistance should be indexed to inflation annually using the criteria adopted for payment of Dearness Allowance to Central Government employees.
  - Coverage should be expanded over the 12th Plan Period in a phased manner, with the ultimate objective that all households eligible for benefits under the National Food Security Act will also be provided pensions under the National

Social Assistance Programme by the end of the Plan Period (2016-17). Based on present discussions of the National Food Security Act, coverage is projected to expand to 75% of the population in rural areas, and 50% in urban areas.

DELIVERY OF PENSIONS

- Pro-active identification of beneficiaries with no demand for documentary proof from the applicant is recommended. In the case of disability, government will reach out and make arrangements for provision of disability certificates. Priority to be accorded to SC, ST and Minority households fulfilling eligibility criteria.
- Ensure convergence with other Poverty Alleviation Programmes across Ministries/Departments.
- Strengthen Administrative Structure at field level.
- Convert NSAP to CSS.

FUND MANAGEMENT FOR SOCIAL SECURITY PENSIONS

- State governments may declare Social Security Pension as “a green channel scheme” on par with salaries of government servants to allot funds on priority.
- Funds to be managed by establishing a state level nodal NSAP account, with fund flows enabled by core banking solution.

PENSION PAYMENTS TO BENEFICIARIES

- Pension payments or credits must follow a fixed monthly schedule for disbursement on 1st of every month irrespective of the mode of payment. Such a monthly payment schedule should be mandated as a non-negotiable requirement.
- Cash payments are subject to significant fiduciary risks and are to be discouraged. States may move to Bank or Post office based systems.
- The payment methodology adopted and related payment processes should be designed such that a beneficiary will not have to travel more than three kms to access her pension account. The ultimate goal should be to provide door-step

services to the pensioners, given the profile of the target and their attendant physical difficulties.

INFORMATION TECHNOLOGY FOR PENSION MANAGEMENT

- MORD should facilitate and encourage States to establish a transaction based IT solution for program implementation and monitoring for strengthening service delivery under NSAP, in a time-bound manner.
- MORD should support states to develop their own customised software based on key guidelines specified by MORD.
- The state IT applications must be designed to cover all administrative processes such as identification, application, sanction, payment reconciliation, grievance management, disability certification, accounting and generation of Utilization Certificates.
- The IT application should interface with eFMS, IT solution of MORD and that of other partner agencies.
- The IT application should be web-based including web-based MIS that provides all key physical, financial and exception reports for monitoring of performance of NSAP.

MONITORING ARRANGEMENTS

- Monitoring has to be a continuous process and has to be done at all levels. Nodal Officers in each State should be appointed for updating the database of beneficiaries and disbursement details every month. NSAP-MIS may be developed for the purpose of monitoring not only at the Central level but also at the State and District level.

GENERAL PRINCIPLES

- All reforms proposed and implemented must be undertaken with citizen-centricity or beneficiary-centricity, as its focus.
- The success of implementation will lie in proactive identification, enrolment and coverage led by the State without imposing entry level or other subsequent burdens on the potential or existing beneficiaries.

- The onus for transition to reforms shall vest fully and unambiguously on the implementing agencies. There shall be no burden imposed on the beneficiaries. At no time and in no circumstance shall reform or change in norms result in withholding or delay in payment of eligible pensions. The transition period needs to be very carefully managed.

CHAPTER – 3: DETAILED RECOMMENDATIONS FOR REFORM OF SOCIAL SECURITY PENSIONS

RECOMMENDATION 1: INCREASE IN SOCIAL SECURITY PENSION AMOUNTS AND INDEXING TO INFLATION.

The current levels of cash transfer under NSAP are small amounts and inadequate. It is a national obligation to provide social security to the poor based on a norm which has to be linked to the minimum wage or poverty line cut off figure. The national minimum wage which is not statutory was fixed at Rs.66 per day in 2004, and the current value would be around Rs.130. It has been argued that Old Age Pension should be at least half this amount which would make it Rs.1950 per month. If the poverty line fixed by the Tendulkar Committee is taken, averaging it across the rural and urban areas and factoring inflation, it would come to around Rs.950 per month.

Similarly, assistance under National Family Benefit Scheme was fixed at Rs.10,000 in 1995 which was around 80% of the per capita GDP. If that criterion is adopted, the current value would come to around Rs.60,000. Of course, it is not possible to reach these figures, with immediate effect.[*] But we need to chart out the path to achieve these landmarks.

Against this background the **Task Force recommends:**

Phase I (wef 1st April 2013)

1. Increase Indira Gandhi National Old Age Pension Scheme (IGNOAPS) amount from Rs. 200 per month to Rs.300 per month for the age group 60-79 years to make it at par with Widow and Disability Pension.
2. Increase coverage under Indira Gandhi National Widow Pension Scheme (IGNWPS) and Indira Gandhi National Disability Pension Scheme (IGNDPS) by relaxing eligibility norms of age and disability (as described in Recommendation 2).
3. Introduce Pension for women in difficult circumstances under IGNWPS..
4. Relax the norms under National Family Benefit Scheme (NFBS) to cover death of any adult member in a poor family living below poverty line..
5. Rate of pension for persons with severe or multiple disabilities should be double the pension amount of other pensioners in the same age category. That is, in Phase I, provide Rs 600 per month to those 79 years or below, and Rs 1000 for ages 80 years and older.

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* Notes given by Prof. K P Kannan and Shri Harsh Mander on this are given as Annexe-VI and Annexe-VII respectively.

Phase II (w.e.f. April 1st 2014):

6. Rate of all pensions should be indexed to inflation annually with effect from 1st of April 2014, using the criteria adopted for payment of Dearness Allowance to Central Government employees. In year 5 of the 12th Plan period, pension may be stepped up to Rs. 500 (below 60 years of age) and Rs. 1000 (age 80 years and above) if the inflation-based increment is less than that amount.
7. For the pension schemes, coverage should be expanded over the 12th Plan Period gradually, with the ultimate objective that all households eligible for benefits under the National Food Security Act will also be provided pensions under the National Social Assistance Programme by the end of the Plan Period (2016-17). Based on present discussions of the National Food Security Act, coverage is projected to expand to 75% of the population in rural areas, and 50% in urban areas.
8. The above pension amount needs to be treated as full GOI contribution. In doing so, there may be savings in the current outlays / expenditure of state governments which could be used by the states to top-up pension amounts or to expand coverage. An advisory should be issued to the states to ensure that eligible beneficiaries are covered under NSAP with due augmentation of at least an equivalent amount from States.
9. FINANCIAL IMPLICATIONS:
    a. To implement Phase I recommendations for the NSAP schemes the total financial outlay required would be Rs. 14369 crore in 2013-14 i.e. Rs.5207 crore additionally. Relaxation of eligibility criteria, as detailed above, and adjustments to coverage rates to account for population growth in the last decade, will help increase coverage to an additional 64 lakh beneficiaries.
    b. The financial implications of Phase II recommendations of near-universal coverage with pensions at Rs 500/1000 per month are provided year-wise in Annexure III. This will mean an outreach to an additional 549 lakh beneficiaries by the end of the 12th Plan.

RECOMMENDATION - 2: SIMPLIFY TARGETING CRITERIA AND ELIGIBILITY NORMS

The use of BPL lists as eligibility criteria under NSAP has led to huge errors of inclusion and exclusion, which reflect the flawed nature of BPL lists. The government has also taken an in-principle decision to delink government entitlements under different programmes from the BPL lists. Many State Governments have introduced state specific schemes to cover those who deserve but are currently excluded under NSAP. This has also led to variations in eligibility criteria in several state specific schemes that cause confusion amongst the beneficiaries as well as posing administrative/implementation challenges.

The Task Force recommends:

1. The current targeting criteria should be replaced by select exclusion criteria. NSAP should gradually move towards universal coverage, excluding families so identified by the Socio-Economic and Caste Census (SECC) data. <u>The ultimate objective to be achieved latest by the end of the 12th Plan should be to cover all those beneficiaries who are eligible for the proposed National Food Security Act, in both rural and urban areas.</u>
2. To ensure consistency with existing legal norms of marriage, minimum age for IGNWPS should be reduced from 40 to 18 years.
3. For IGNDPS, there should be no minimum age limit and basic disability pension should be made applicable to 40% disability and above. Also definition of disability may be guided by National Trust Act, Persons with Disability Act, and extant guidelines of Ministry of Social Justice and Empowerment. Persons with severe (80% or more) or multiple disabilities should be given double the basic amount as pension.
4. The present system mandates migration of widow or disability pensioners to old age pension on crossing the age of 79. This is fraught with implementation difficulties and delays. Hence it is recommended that migration of pensioners from one type of pension to another type of pension be dropped as a requirement and pensioners may continue in their respective categories.

RECOMMENDATION – 3: UNDERTAKE PROACTIVE IDENTIFICATION.

With problems in existing BPL lists, difficulties of applying and gaining entry to the schemes, and uneven implementation, deserving beneficiaries risk exclusion. However, there are no clear estimates of whom or how many are excluded, or even an estimate of how many should be included at the local level. In most States, there is no record maintained at the Panchayat or Municipal ward level containing the list of *eligible* persons for receiving social security pensions. The scheme is administered within the physical targets fixed at the state level which in turn get distributed down to the last administrative unit.

The Task Force recommends:

1. MoRD shall issue guidelines to ensure that the identification and coverage are undertaken as pro-active State-led processes and should be complemented by biannual enrolment camps on a pre-fixed schedule. The camp based approach should result in complete identification, certification (in case of disability), coverage and sanction of pensions on-site as far as possible including opening of required post office or bank accounts.
2. To follow a proactive approach to identify and create a potential list of beneficiaries, States may cull out the list of potentially eligible beneficiaries from the SECC data or any other credible state specific database and prepare the list of persons already receiving pensions and the list of eligible persons not receiving pensions, to be termed as the *Pension Target List*.
3. The Pension Target list may be published in the Gram Sabhas and equivalent assembly in Municipal areas for obtaining feedback on the eligibility of the persons. The Pension Target List of eligible persons duly vetted by Gram Sabha or the equivalent body in case of Municipalities shall be taken up for verification and documentation by the local governments concerned. The verification and documentation exercise shall include collection of applications from the eligible persons, verification of the basic eligibility criteria and collection of mandatory certificates only in case of persons with disability. No other certificates may be insisted upon, as per the proposed simplified application norms (see Recommendation 4). The facts relating to eligibility should be ascertained by government functionaries based on the available information from SECC or similar database and local enquiry. On conclusion of verification and documentation by the government officials, the local governments concerned shall prepare the *Pension Eligibility List* and recommend the same for sanction of pension to the competent authority designated by the State Government after approval of Gram Sabha or its urban equivalent. Before sanction, the competent authority shall prioritize the *Pension Eligibility List* by giving primacy to SC/ST/Minorities persons and then accord sanction.

RECOMMENDATION - 4: SIMPLIFY APPLICATION PROCESS

A major problem faced by applicants, especially the poor and vulnerable, relate to fulfilling of documentation norms for submission of application and receiving updates on application status.

The Task Force recommends:

1. SECC data or any other credible State database should be considered sufficient documentary proof for NSAP applications. No other documents should be insisted upon except for disability certificates.
2. Even if persons are left out of the SECC process, no documents should be required to be produced by the beneficiary, except disability certificates.
3. Certain persons do not have fixed addresses, such as nomadic groups and urban homeless persons. There should be no requirement of a fixed address for eligibility for pensions under this programme.
4. Introduce common standardized application form for all types of pensions.
5. Expand use of Citizen Service Centers (CSC) and non-government agencies for filling up of application, registration of application and status update.

RECOMMENDATION - 5: TIME-BOUND SANCTION OF SOCIAL SECURITY PENSIONS.

Time bound sanction of pensions within a specified and publicized time frame is a key requirement for efficient service delivery. Currently there are no service delivery standards for sanction of pensions. Even if a beneficiary acquires eligibility and files application for sanction there is no time frame prescribed for sanction of the pensions.

The Task Force recommends:

1. MORD should advise the States to declare delivery of pensions as a public service and fix time limits for sanction of pensions by the competent authority, from the day of receipt of application from the eligible beneficiary. Social Security Pensions should be part of the Right to Public Services (RTPS) in those States that have legislation on public services. However, the specified time frame under RTPS should be such as to improve the time frame for the benefit of pensioners. MORD, therefore may prescribe a desirable timeframe, in consultation with the States to achieve the intended outcome.
2. Each State needs to identify a nodal sanctioning authority, preferably at the sub district level.
3. Sanction may be issued after verification of: (i) the availability of the applicant in the SECC/referred database (ii) a copy of application duly verified by the Gram Panchayat (or urban local government) and (iii) Disability Certificates in case of disability pensions.
4. All sanctions must be communicated to the beneficiaries.

RECOMMENDATION - 6: IMPLEMENT ELECTRONIC FUND MANAGEMENT SYSTEM, "DEBIT-PULL" BASED FUNDS FLOW ALONG WITH "GREEN CHANNEL" APPROACH FOR FUNDS ALLOCATION TO SOCIAL SECURITY PENSIONS.

The key issues noted in the funds flow cycle are:

(i) Irregular and bunching in funds transfer for SSP programs by the State Finance Department either due to 'ways and means position' of the States or because of lack of priority to timely disbursement of pensions.

(ii) Multilayered fund flow management across administrative structures of the State and paying agencies resulting in delays.

(iii) Inefficient funds management due to parking of unutilized funds across administrative levels and lack of accurate/real time information on such unproductive funds.

(iv) Lack of formal systems for intimation on credit to beneficiary accounts or drawal/disbursement of pensions resulting in lack of information on effective usage of funds as well as timely recovery of undisbursed funds.

(v) Lack of standard procedures for recovery of undisbursed pension amounts from the banking system or the postal system leading to ad-hoc and varied procedures which mitigate efficient fund management.

The Task Force is of the view that effective funds flow management is one of the most critical steps for assuring timely and regular pension payments.

The Task Force recommends:

i. The State Governments should declare social security pensions as a "green channel scheme" for which funds are to be allocated on priority to meet sanctions and payment deadlines without fail.

ii. The States needs to put in place a fund management system by establishing a nodal account in a core banking solution enabled Bank. All SSP funds have to be transferred and managed through this account by transfer from the State Finance Department.

iii. The fund management should be implemented by an IT enabled application (i.e. eFMS) through the adoption of Central Plan Scheme Monitoring System (CPSMS) or implementation of a solution similar to CPSMS, as per the requirements of the State level agencies. The CPSMS or the eFMS of the States could be adapted to serve the fund management, funds flow and payment requirements of multiple programs of the State and Centre, as a shared application.

iv. Such an eFMS needs to provide for just-in-time release of funds for meeting expenditure through "debit-pull" from the state nodal SSP Nodal Account rather than the current system of periodic transfers to multiple administrative agencies (without reference to timeliness of expenditure) with resultant parking of funds and opacity in funds management. While an eFMS can be established as a stand-alone system, the efficacy of such a solution will be enhanced for debit-pull and transparency, if implemented with a strong IT solution for Social Security Pension Administration.

v. Standard procedures for recovery of undisbursed pensions from the banks/ postal system have to be developed. Given the ongoing initiatives of Direct Benefit Transfer (DBT) this is an opportune time for MORD, to evolve standard procedures for recovery of SSP as well as other such undisbursed transfers, especially in the context of the shift from existing no frill accounts to basic savings bank accounts.

RECOMMENDATION - 7: IMPLEMENT TRANSPARENT, ROBUST AND SUSTAINABLE PAYMENT SYSTEMS THROUGH POSTAL/BANKING NETWORKS.

Regular, monthly and timely pension payments are at the heart of the NSAP reforms as they then seek to ensure accountability and also address the needs of the beneficiaries. The Task Force examined various payment systems that are in operation for delivery of social security pensions, including payment through credit to post office savings accounts, payments through credit to bank accounts, payments through banking business correspondents (with or without biometric validation), direct cash disbursements by government functionaries and the Aadhaar based pilots for DBT.

The Task Force recommends:

1. Irrespective of the mode of payment of pensions, States should ensure that pensioners are able to draw their monthly pension from their Bank/Postal saving accounts or receive pension amount through Customer Service Providers under Business Correspondent model or by Postal Money orders or receive cash from designated Government/local government functionary **on 1st of every month.** The certainty about the money being available for the pensioners to withdraw, if they want, on 1st of every month is the norm that has to be fulfilled without fail and others are just enabling factors. Barring cash disbursement, and Money Order payment, which should happen on 1st of every month, it

is ultimately left to the choice of the pensioner to decide when to draw the pension amount, but the money should be credited to the accounts by 1st of every month.

2. States have to put in place fund flow system in such a way that the above requirement is fulfilled without fail.
3. The cash disbursement may be seen as an interim measure and every State should move towards payment through Bank with or without business correspondent or Postal Saving Bank accounts or Postal Money Order payment system.
4. The payment methodology adopted and related payment processes should be designed such that a beneficiary will not have to travel more than three kms to access his/her pension account except that people who cannot cover the distance physically should be catered to at their residences. The ultimate goal should be to provide door-step services to all the pensioners, given the profile of the target and their attendant physical difficulties.

RECOMMENDATION - 8: USE OF AADHAR BASED PAYMENT SYSTEMS

The Task Force is of the view that Aadhaar based platform for pension disbursement coupled with eFMS provides an opportunity for enhancing efficiency in the payment and disbursement process of pension to beneficiaries and for reducing duplication/leakages and in the longer term would provide (i) mobility/flexibility to the pensioners in case of migration from one place to another; (ii) support financial inclusion and (iii) serve as a repository for aggregation of government benefits flowing to individual citizens.

Given the national policy of using Aadhaar as the valid biometrics, it is recommended that States be mandated not to implement any new biometric based initiatives for NSAP or even other CSS programs of MORD to avoid duplication of biometric systems as well as financial resources. States which already are using non-Aadhaar based biometrics for pension payments should be urged to move towards Aadhaar based payments, in a time bound manner.

RECOMMENDATION - 9: USE END-TO-END TRANSACTION BASED WORKFLOW ENABLED INFORMATION TECHNOLOGY (IT) SOLUTIONS FOR IMPLEMENTATION, MONITORING AND GRIEVANCE REDRESSAL.

The Task Force has reviewed the use of Information Technology (IT) in various States and has noted that IT is being used mostly for digitization of beneficiary data but not as an integrated tool that supports program implementation or management. The task force is of the view that IT would need to be seen as central to scheme implementation and not just as a peripheral MIS system. Such a paradigm shift is essential for effective use of IT to bring about system–wide improvements, focused towards the beneficiary.

The Task Force recommends:

1. Each State should develop and implement a work-flow enabled transaction based IT solution which will support implementation of all administrative actions only through the IT application.
2. The IT solution should cover implementation of all administrative activities relating to identification of beneficiaries from SECC or other databases, generation of pension target lists, generation of pension application forms, uploading of pension verification forms, assessment of disability and generation of disability certificates, recommendations for sanctions, generation of pension sanction orders, interface to eFMS and other databases, as needed to track pensioner wise pension drawal /disbursement status.
3. The use of IT can be very effective for management of disability certification as well as in supporting rehabilitation initiatives. An indicative approach to use of IT for disability management is given in Annexure IV. Such features can be incorporated as a part of the IT architecture for management of NSAP.
4. The IT solution should also support grievance redressal and have a web-based MIS that can provide real time reports (for each category of pensions) that can be drilled down geography wise (District, Block / Mandal / Gram Panchayat / Municipal town/habitation/ward) and right down to the individual beneficiary.
5. While MORD currently has a central application for NSAP, it is the view of the Task Force that such centralized solutions may not effectively serve the specific needs of individual states. The States also need a single IT platform that it can utilize for both State schemes and NSAP, without reinventing the wheel. Therefore, MORD should make its central NSAP application flexible to allow States to link their specific modules seamlessly. The NSAP application of MORD should serve as a consolidating MIS at the national level and should support data interchange from the State solutions. To this purpose, MORD should also disseminate knowledge of best practices from other States, so that States can learn from each other.

6. MORD may urge states to use mobile-based technologies to reach the beneficiaries and provide two-way communication channels.
7. MORD should set aside specific budgetary resources to implement such an IT solution. The funds may be appropriated by MORD from the provision for administrative expenses allocable to the states. These funds can be made available to the States based on an MOU with well defined deliverables and timelines for establishment of the IT solution.

RECOMMENDATION - 10: DIRECT RELEASE OF ADMINISTRATIVE EXPENSES TO STATE LEVEL IMPLEMENTING AGENCIES.

Currently, GOI guidelines permit 3% of NSAP expenditure to be used for administrative costs. But this 3% is also transferred as Additional Central Assistance and gets merged with State budgets. The NSAP implementing agencies, in many States have expressed difficulties in accessing such funds to meet relevant administrative costs. Therefore, the **Task Force recommends:**

1. MORD should release such administrative costs directly to the implementing agencies.

RECOMMENDATION - 11: STRENGTHEN THE ADMINISTRATIVE STURCTURE FOR IMPLEMENTING NSAP.

It has been brought to the notice of this Task Force that dedicated staff is required for effective implementation of NSAP in the field. Such dedicated staff needs to be positioned at the district, sub –district levels to implement NSAP. Further, it is noted that social security pension schemes are distributed across different departments and directorates in some states, which leads to both duplication of resources as well as conflicting administrative strategies that confuse the functionaries and the beneficiaries.

The Task Force recommends:

1. All NSAP pensions need to be implemented by one Department and Directorate at the State level.
2. The State shall designate the Collector or CEO of Zilla Parishad as the District NSAP Coordinator with an Additional District Coordinator, to guide and monitor NSAP at the District level.

3. At the sub-district level, one NSAP program manager and an assistant may be provided as dedicated staff for managing pensions.

RECOMMENDATION – 12: ESTABLISH ROBUST MONITORING SYSTEM INCLUDING ANNUAL VERIFICATION, GRIEVANCE REDRESSAL AND SOCIAL AUDIT

At present, NSAP suffers from inadequate monitoring. Except for annual verification prescribed in the guidelines, there are no guidelines or processes for effective monitoring of the program. The guidelines also do not prescribe annual financial audit of the program. The Task Force feels the need for a strong monitoring mechanism that uses the ongoing business processes for monitoring the implementation of the program.

The Task Force recommends:

1. Standard administrative processes such as identification and enrollment camps should also be used for confirming the eligibility of beneficiaries. Similarly, payment activity should be proactively used to identify the status of beneficiaries. For strengthening annual verification, paying agencies (such as banks and post offices) may be asked to furnish “live certificates” based on payment made without putting the burden on the beneficiary.
2. A strong grievance management system is a key component of any program-monitoring framework. NSAP needs to mandate the establishment of a grievance redressal system with defined timelines for redressal, managed through an IT application as mentioned in Recommendation 9. Grievance registration should be supported through many modes, to provide strength and credibility to the system. The grievance process should also permit registration of grievance by a third party as well as investigation of grievance by third parties.
3. Annual financial audits have to be completed within 3 months of closing of financial year should be a mandatory requirement. MORD should define the scope for objective and effective audit.
4. Social audit should be established as a part of the monitoring tool for NSAP. MORD should encourage setting up / or use of state level nodal social audit institutions that can serve multiple programs of the State. To begin with, states could prescribe bi-annual social audits to be conducted to provide inputs to the State’s identification and enrolment camps.

CHAPTER-4: CONVERSION OF NSAP INTO A CSS SCHEME

The Task Force was apprised that NSAP was introduced in 1995 as a Centrally Sponsored Scheme. It was later transferred to State Plan in 2002-03. Funds are now being released as Additional Central Assistance (ACA) by the Ministry of Finance to State Finance Departments. In case of UTs funds are released by the Ministry of Home Affairs. State Finance Departments in turn release funds to the implementing Departments. States have been given flexibility in terms of increasing the number of beneficiaries or quantum of assistance in case they meet the excess expenditure from their own resources. Funds are allocated by the Planning Commission and monitoring of implementation is with the Ministry of Rural Development.

Given the reach and quantum of allocations, this Task Force recommends that NSAP may be reconverted into a CSS for better implementation for the following reasons.

a) After transfer to State Plan in 2002-03, scope of NSAP has been expanded considerably during the 11^{th} plan period. IGNOAPS was launched in 2007, and IGNWPS and IGNDPS in 2009. The number of beneficiaries covered by central assistance has increased threefold and corresponding increase in budget allocation has been fourfold. Thus, even now NSAP is a large scheme having an annual allocation of Rs. 8447 crore. With restructuring, it is expected to increase sizably and merits being called a Flagship Programme. Further it reaches 2.6 crore beneficiaries as of now which is likely to increase significantly with re-structuring.

b) In the context of Direct Electronic Benefit Transfer, pensions to the poor would assume special priority and could make significant impact on the lives of the poor through timely delivery.

c) Present NSAP is an Additional Central Assistance Program and funds flow to the Consolidated Fund of the State Government. In most of the States, the Departments implementing NSAP find it difficult to get funds on time due to the ways and means problems. This results in inordinate delays in releasing pensions to the beneficiaries. Also ACA occupies a kind of no-man's-land with neither the State nor Central level departments exercising a sense of ownership. Issuing of detailed instructions does not happen and reporting is weak. Converting it into

CSS will ensure uniform procedures covering all aspects like from canvassing of application up to reporting and monitoring.

d) Since Government of India is in the process of bringing in a comprehensive Social Security system, therefore, it is better that NSAP becomes a CSS. It may be noted that Social Security comes in the Concurrent List.

e) NSAP satisfies the following conditions indicated by the BK Chaturvedi Committee:

i) It is an umbrella scheme having components related to Old Age, Widows and Disabled

ii) It is a major intervention in accordance with the national priority focusing on the poorest of the poor.

iii) It is proposed to be 100% funded by the Central Government with States having flexibility to increase the pension amount.

iv) It has a massive annual outlay in excess of Rs. 8000 crore per annum

The Task Force, in light of the above facts, strongly recommends conversion of NSAP to a Centrally Sponsored Scheme of Government of India.

ANNEXE - I - Current Physical Coverage of Social Security Pensions under NSAP and State Schemes in major 22 States/UT s

Sl. No.	States/UTs	Number of beneficiaries (IGNOAPS) in lacs			Number of beneficiaries (IGNWPS) in lacs			Number of beneficiaries (IGNDPS) in lacs		
		Centre	**State**	**GOI share (in %)**	**Centre**	**State**	**GOI share (in %)**	**Centre**	**State**	**GOI share (in %)**
1	Andhra Pr	15.88	29.03	35	3.04	15.96	16	0.52	8.33	6
2	Bihar	38.36	0.7	98	4.10	5.33	44	0.24	4.16	5
3	Chhattisgarh	6.33	4.36	59	1.17	2.27	34	0.32	0	100
5	Gujarat	3.88	0.7	85	0.02	1.26	2	0.49	0.49	50
6	Haryana	1.64	12.84	11	0.76	5.39	12	0.19	1.34	12
7	Himachal Pr	0.95	0.82	54	0.09	0.62	13	0	0.33	1
8	Jharkhand	8.13	8.13	50	1.25	1.25	50	0.25	0.25	50
9	Karnataka	12.4	17.85	41	2.02	9.98	17	0.56	5.83	9
10	Madhya Pr	15.2	8.89	63	3.65	8.89	29	1.53	0	100
11	Maharashtra	11	2	85	0.12	0.93	11	0.04	0.7	5
12	Odisha	17.77	7	72	1.94	9.08	18	1.11	0	100
13	Punjab	1.66	14.33	10	0.16	2.82	5	0.04	1.43	3
14	Rajasthan	6.81	1.38	83	1.04	3.02	26	0.17	1.25	12
15	Tamilnadu	10.22	1.69	86	3.75	4.71	44	0.39	0.19	67
16	Uttar Pradesh	37.82	36.37	51	3.07	13.84	18	2.37	6.71	26
17	Uttarakhand	2.46	0.79	76	0.12	0.93	11	0.18	0.49	26
18	West Bengal	18.84	0.73	96	3.89	0.42	90	0.36	0.37	49
19	Sikkim	0.17	0.17	50	0.01	0.01	48	0.01	0.01	52
20	Tripura	1.53	2	50	0.07	0.07	50	0.02	0.02	50
21	NCT Delhi	3.99	3.88	51	0.07	1.01	6	0.25	0.32	44
22	Puducherry	0.24	0.52	32	0.04	0.32	12	0.01	0.2	6
	Total	215.25	154	58	31.22	88.10	26	9.43	32.41	23

ANNEXE II – CONSTITUTION OF THE NSAP TASK FORCE

J-11019/02/2012-NSAP

Government of India

Ministry of Rural Development

(NSAP Division)

Dated: 7th November, 2012.

OFFICE MEMORANDUM

Subject: Setting up of a Task Force for preparation of a proposal for Comprehensive National Social Assistance Programme– reg.----

It has been decided with the approval of the Hon'ble Minister of Rural Development to constitute a Task Force for preparation of a proposal for Comprehensive National Social Assistance Programme with the following composition.

1.	Dr. Mihir Shah, Member, Planning Commission	-	Chairman
2.	Prof. Jean Dreze	-	Member
3.	Dr. K.P. Kannan	-	Member
4.	Ms. Renana Jhabvala	-	Member
5.	Shri S.M. Vijayanand, Additional Secretary, Department of Rural Development, Ministry of Rural Development.	-	Member
6.	Shri K. Raju, Joint Secretary, NAC	-	Member
7.	Shri Sandeep Dash, Dy. CGA, CPSMS	-	Member
8.	Ms. Gayatri Kalia	-	Member
9.	Smt. Vijaya Srivastava, Joint Secretary Department of Rural Development, Ministry of Rural Development.	-	Member Secretary

2.The Committee will prepare a proposal for Comprehensive National Social Assistance with focus on the following for consideration of the Government.

(i) Amount of pension for different categories

(ii) Eligibility criteria

(iii) Identification, sanction and disbursement of pensions

(iv) Fund flow

(v) MIS

(vi) Transparency and accountability

(vii) Grievance redressal

(viii) Administrative arrangements

3. The Committee may coopt/consult experts, hold workshops and organize field visits, if required.

(T SRINIVAS)
DIRECTOR (NSAP)

ANNEXE III – Financial implications of recommendations- National level summary

12th Plan	IGNWPS		IGNDPS		IGNOAPS	
	Coverage (lacs)	**Cost (Rs crore)**	**Coverage (lacs)**	**Cost (Rs crore)**	**Coverage (lacs)**	**Cost (Rs crore)**
Current	84	3232	12	431	165	4599
Year 2	110	4193	33	1587	165	6361
Year 3	148	6171	45	2324	234	9788
Year 4	215	9816	65	3697	341	15569
Year 5	269	17543	81	6525	426	27861
TOTAL		40956		14565		64178

12th Plan	Divorced/ separated/ unmarried women		NFBS		All 5 Schemes	
	Coverage (lacs)	**Cost (Rs crore)**	Coverage (lacs)	Cost (Rs. Crore)	**Coverage (lacs)**	**Cost (Rs crore)**
Current	0	0	4.5	900	265	9162
Year 2	12	428	9	1800	329	14369
Year 3	15	630	9	1800	451	20713
Year 4	23	1002	9	1800	653	31885
Year 5	28	1767	9	1800	814	55496
TOTAL 12th Plan Period		3827		8100		131626

In summary, the total budgetary outlay required for Year 2 for all the 5 schemes would be to the tune of Rs. 14369 crore and in Year 5 the requirement will be to Rs.55496 crore.

Notes:

A. IGNWPS

- From year 2 to year 4 of the 12th Plan period, apply relaxed age limit of 18 years. Widow Pensions for 18-59 years pegged at current levels of Rs. 300 p.m. Existing criteria will apply.
- In year 5 of 12th Plan, increase amounts to Rs. 500 p.m for 18 to 79 years and Rs 1000 for those above 80. Also switch to near-universal pensions by applying select exclusion criteria.

B. IGNDPS

- From year 2 to year 4 of the 12th Plan period, apply no age limit and expand eligibility to cover 40% disability and above. Also give double the pension amount to those with severe disability of 80% and above multiple disabilities in each age group. Existing criteria continue to apply.
- In year 5 of 12th Plan, increase amounts to Rs. 500 (for those below 79 years of age and for those with disability of 40-70% and Rs 1000 for those above 79. Amounts will increase to Rs.2000 for those with severe or disabilities. Also switch to near-universal pensions by applying select exclusion criteria**.** Eligibility norms would be as revised in year 2.

C. IGNOAPS

- From year 2 to year 4 of the 12th plan period, increase pension amount to Rs 300 p.m for those from 60 to 79 years of age. Existing criteria continue to apply .
- In year 5 of 12th plan, increase amounts to Rs. 500 (for those below 80 years of age) and Rs 1000 for those above 80. Also switch to near-universal pensions by applying select exclusion criteria**.**
- Widows and disability pensions for senior citizens (over 60 years of age) have been excluded from IGNOAPS figures noted above.

D. Others

- The above figures include adjustment for inflation@8% per annum for 2014-15 and 2015-16 but do not take into account population related changes over the years.

ANNEXE IV - APPROACH TO IT-ENABLED DISABILITY CERTIFICATION & MANAGEMENT

The IT application for managing social security pensions – of state and NSAP – should be designed to support disability certification and management . The software should help in creating a credible database of persons with disabilities (PWDs) that can be segregated as per the nature of disability In designing the features for disability management States should give attention to ensure that the software serves not just the needs for delivering disability pensions but it also serves the needs of rehabilitation by providing a detailed database to other rehabilitation initiatives of States as well as other agencies.

In designing the software, it would be appropriate to take into consideration the following legislative and administrative orders as well as inputs from NGOs , national level professional organizations and other State Governments . Some of the relevant legislations and administrative orders would include :

- Persons with Disability Act- 1995
- Rehabilitation Council of India Act – 1992
- National Trust Act – 1999
- Disability Evaluation, Gazette of India – June, 2001 is using for the disability evaluation and percentage calculation.
- Other ongoing instructions and guidelines of Ministry of Social Justice & Empowerment**.**

Key objectives of the software

- The software features should support :
- Creation of a credible , valid state wide database and 100% coverage of all disabled persons.
- Disability Evaluation and Certification supported by the analytical features of the software , to support and validate medical doctor’s recommendations.
- A database as well as information (to PWDs as well as other government and non-government agencies) on rehabilitation benefits , programs and opportunities.
- Support Empowerment of PWDs through access to information and pro-active linkage to government benefits.

Key features of the software

The recommended key features of the solution include :

- Scientific assessment of degree of the disability. This assessment should be done by incorporating methods and formulas prescribed in by the Ministry of Social Justice and Empowerment, Govt. of Indi . Separate assessment rules, parameters to be incorporated for each type of disability. This assessment, by the software, shall become the basis for due certification by the Doctors and also provide the basis to analyse deviations.
- Generate disability certificate along with a State wide unique program ID.
- Generate rejection slips to be given to every applicant slip with due reasons and signature of the assessing Doctor.
- Support functional need assessment and generate a need assessment list for each PWD along with mapping of suitable benefit programs to address the need. If mapping is not feasible, the need assessment list should be generated and escalated automatically to designated authorities, with mechanism to follow up on progress of rehabilitation.
- All the data and MIS needs to be put up as public information.
- The software also needs to be deployed in camp based enrolments and in designated government and other hospitals for use by the doctors

In addition to IT :

The success of such an IT or any IT system will depend on :

- The ability of the state to manage programs only through such a software and removal of all parallel manual systems after due training, human resources and provision of infrastructure.
- Provision of all required hardware, connectivity infrastructure, maintenance support.
- Continual training of functionaries.
- Continual modification and improvement in process and software based on implementation feedback.

ANNEXE V- JUSTIFICATION FOR FIXING THE MINIMUM AMOUNT OF PENSION/FAMILY BENEFIT

1. Introduction

From the point of social security for the poor in the country, it is important to recognise that those aged currently were mostly working poor in their lifetime. The only exception here is the disabled poor who might not have been able to engage in remunerative work before. Even for the aged poor, the fact remains that many of them have no other option but to continue to work to keep them alive. Given the fact that 84 per cent of the Indian workers work in the informal sector and another eight per cent work as informal workers in the formal sector have created a situation of dependence of a significant segment of the poor and vulnerable population on a large informal economy. It is this context that reinforces the obligation of the State to consider a formal social assistance framework for its people. In this connection, it is worth recalling that the National Commission on Enterprises in the Unorganised Sector reported that close to 80 per cent of those classified as 'poor and vulnerable' were households with informal workers.

2. Pension amount fixation

a. **Minimum purchasing power required**: As a starting point, the Poverty Line as per Tendulkar Committee recommendations and the subsequent notification by the Planning Commission (on 19 March 2012) may be taken as Option 1. (This should not be considered as recognition of this PL as the legitimate or reasonable/fair line for the Indian people). This comes to Rs.673 per month for Rural areas and Rs.860 per month for urban areas in 2009-10. Taking a weightage of 70:30 as population weightages for rural and urban areas we get a figure of Rs.729 rounded to 730 per month for the entire country. This needs to be adjusted for inflation. Since it is for the entire country and going by an average inflation of close to 10 per cent per annum (WPI) the amount in April 2013 will be Rs. 950 per month. Assuming that the old aged cannot earn this amount because he/she belongs to a poor/vulnerable household, a monthly pension of Rs.950 could be reckoned as the least purchasing power required for an aged poor.

b. **Based on minimum wages**: There is a plethora of minimum wages across the states and even within a state. It is this context that led to the NCEUS (2007) recommendation for fixing a national minimum wage below which no wage would be fixed in the country. However a National Minimum Wage (not statutory) was estimated from time to time and the last one revised by the Union Ministry of Labour based on the recommendations of the Central Advisory Board (constituted under the Minimum Wages Act of 1948) was Rs.66 per day in 2004. If one takes the annual growth in WPI of close to 10 per cent per annum, the current value of this wage would be Rs.132. The last revised MGNREGS wage was a minimum of Rs.122 a year ago and the current would also be similar to this figure. Given that this national minimum wage is also based on the basic needs of a family and the average number of earners per labouring household is around 1.7 and assuming full employment of 270 days per annum (certainly not a reality) the income of a labouring household ought to be Rs. 60,480 per annum or Rs. 5,040 per month. Assuming a family size of five, this means a member would require Rs.1,008 per annum. This is also an 'average construct' concealing considerable regional variations in both wage rates and quantum of employment. It is important to recognize that states such as Tamil Nadu, Goa and Delhi meet this requirement by giving a monthly pension of Rs.1000 or more.

c. Protecting the real value of pension promised in 2006: There is also an argument that what the Committee should do is to protect the real value of pension promised in 2006. This, of course, does not ask for a rationale or justification based either on social equity or economic capacity or both. When the Government of India decided to fix the monthly pension at Rs.200, it also expected that the state governments would add an equal amount by making it Rs.400. The money value of Rs.400 today (first quarter of 2013) would be around Rs.640. Those above 80 years of age were given Rs.500 per month from 2006-07. Currently this would be equivalent to around Rs.800. Given the recommendation that the Government of India should give a monthly social pension irrespective of what state government may or mot give, there is a case for fixing a monthly social pension of around Rs.650 to ensure the real value of Rs.400 in 2006-07.

This of course is not based on any economic or social rationale. However, the Task Force recognizes the reality of continuing absolute income poverty and many other deprivations. A significant proportion of the people in India are clustered just above the official poverty line and that the application of the purchasing power amount for crossing the official poverty line is, at best, the lowest threshold of poverty. This poverty line is considerably below the international poverty line of PPP $2 per capita per day. If this international measure is applied, 69 per cent of the people in India come under the category of poor in 2009-10 which was called ‘poor and vulnerable’ by the NCEUS that reported 76 per cent as of 2004-05.

d. National Family Benefit Scheme: There is a need to revise the National Family Benefit Scheme (NFBS). It is interesting to note that protecting the real value of NFBS 1995 exceeds the equivalent of six month’s minimum wages as per their calculation.

There is another way to view this NFBS. In 1995, when the Government of India fixed the NFBS amount at Rs.10,000 the per capita GDP/GNP was around Rs.12,000 (at current prices) i.e. equivalent to around 83 per cent of per capita GDP/GNP. If the country was then willing to pay compensation that was closer to its then per capita income, the current value of this would be around Rs.60,000 assuming that the per capita GDP/GNP will be around Rs.72,000 by 2012-13.

ANNEXE VI - NOTE OF PROF. K P KANNAN, MEMBER, TASK FORCE

Rationale for fixing the pension amount:

The Committee discussed the rationale for finding out a minimum threshold for the pension which is given in its Annexure V. However, none of the options mentioned there have been taken into consideration while recommending an increase from an abysmal Rs.200/- fixed in 2006-07 to Rs.300/- from 2013. Given the rate of inflation this means that there is no real increase but only protection of the real value of pension as of 2006. Further there is a proposal to protect this real value at Rs.200/- (or Rs.300/- at 2013 prices) by indexing to inflation on 1st of every April. A further recommendation is that this pension be stepped up to Rs.500/- (below 60 years of age) and Rs.1000/- (age 80 years and above) only if the inflation-based increment falls less than this amount.

Given the fact that the GDP has been registering a trend rate of around seven per cent per annum since 1995 (when the NSAP was introduced) and that we are dealing here with the most unfortunate and vulnerable sections of the society, the abovementioned recommendation is nothing more than a symbolic gesture to the aged poor and vulnerable citizens. As mentioned in Annexure V, there is a strong case for fixing a minimum social pension of Rs.1,000/- per month (at 2012-13 prices). In fact, if the international poverty line of PPP $2 per capita per day is taken into account, there is a case for at least Rs.2,000/- per month. I would therefore recommend, on the basis of economic capacity of the country as well as social equity, a minimum pension of Rs.1,000/- per month to all the eligible persons as recommended in this Report.

Assistance under National Family Benefit Scheme:

The assistance under this scheme was Rs.10,000/- for death due to accidents in 1995. As mentioned in Annexure V, this was equivalent to around 80 per cent of the then per capita GDP. The amount has been increased to Rs.20,000/- in 2012. Relativity demands that the 1995 equivalence to the share of GDP be maintained given the fact that the revenue of the Union Government has also been increasing proportionately (or more than proportionately in many years) to the increase in GDP. This would mean an assistance of Rs.60,000- in the event of the death of a breadwinner in the eligible household. I would like to recommend Rs.60,000/- as assistance under the NFBS.

ANNEXE VII - NOTE OF SHRI. HARSH MANDER, MEMBER, TASK FORCE

1. Amount of Pension and Family Benefit:

The amount of pension and family benefit proposed by the Committee is too low, and fixed without any rational basis.

Pensions

To calculate the appropriate pension amounts, the following two alternate methods are recommended:

a. **Monthly pension amounts to equal at least ten days' minimum wage**: The rationale for this is method is that at the very least, a household of five members requires two of its members to earn the minimum wage. Hence, such a family requires at least 50 days' of minimum wage a month. This means that every person in such a household subsists on 10 days' of minimum wage a month. Since the average minimum wage in the country is about Rs. 4,000 per month, the monthly pension amount calculated using this logic would be Rs. 1320 per person.

b. **Current value of the original pension amount:** The first proposal, linking the calculation of the pension amount to the statutory minimum wage is the most rational, and is recommended. But if for any reason this is not accepted, then at least the amount should be fixed using the base of the original pension amount adjusted for inflation. In this method the current value of the original pension amount is calculated, taking into account inflation during the time period in between.

In April 2006, the prescribed monthly pension amount under the IGNOAPS was Rs. 400 (mandatory contribution of Rs. 200 by the Central Government and recommended contribution by state governments of the same amount). Indexing this amount to inflation, the monthly pension, as of March 2012, would be Rs. 670 (using the CPI - Industrial Workers Index) and Rs. 690 (using the CPI – Rural Labourers Index).

Indira Gandhi National Widow Pension Scheme (IGNWPS) and the Indira Gandhi National Disability Pension Scheme (IGNDPS) were launched more recently, in February 2009. However, pension amounts under these schemes were decided based on the existing amount for old age pensions. Therefore, people covered under IGNWPS and IGNDPS should also be entitled to the same pension amount (and double in case of severe/multiple disabilities) as recommended for the IGNOAPS.

National Family Benefit Scheme (NFBS)

Similar to the calculation of pension amounts, there are two methods of calculating the NFBS amounts:

a. **Six months' minimum wages**: Since the NFBS is intended to provide immediate assistance upon the death of a breadwinner of the family, an amount equivalent to at least one person's minimum wages for a period of six months is considered appropriate. Using the current national average of the minimum wage (Rs. 4,000 per month) the amount of cash assistance under this scheme should be Rs. 24,000.

b. **Current value of the original amount:** The current value (as of March 2012) of the original assistance amount of Rs. 10,000 in 1995 would be Rs. 29,544 (using the CPI - Industrial Workers Index) and Rs. 26,083 (using the CPI – Rural Labourers Index).

2. Multiple disadvantages

A person who has multiple disadvantages, such as being a single woman and also having a disability, or being aged and having a disability, should receive at least double the pension amount given to a person with only one of these disadvantages, with a cap on twice the pension amount. Thus, a person with two disadvantages and three disadvantages would both receive twice the pension amount that a person with a single disadvantage would receive.

3. Coverage

The proposal continues for the present the current targeting criteria based on BPL selection, which we know to be highly flawed, divisive and exclusionary. The Report accepts this implicitly, and provides that this should be replaced by select exclusion criteria, statingthat 'NSAP should gradually move towards universal coverage, excluding families so identified by the Socio-Economic and Caste Census (SECC) data. The ultimate objective which should be achieved latest by the end of the 12th Plan should be to cover all those beneficiaries who are eligible for the proposed National Food Security Act, in both rural and urban areas'.

I propose that this reliance on BPL targeting should be given up immediately, and except only those excluded by objective criteria by the SECC, there should be universal coverage of all old persons, single women and disabled people with pensions, and all non-excluded households with family benefit.