Vol. 19 | No. 2 | May 2013
HelpAge India-Research & Development Journal

Social Security for the Elderly in India: A Note on Old Age Pension

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Introduction

As is well-known notion of social security is a complex and open-ended one, a point well recognised in the relevant literature. A number of international institutions, such as the International Labour Organisation (ILO), United Nations (UN), Organisation for Economic Co-operation and Development (OECD), European Commission (EU), among others, have been engaged, in various degrees, in formulating conceptions of social security at various points of time.

The well-known World Summit for Social Development in Copenhagen in 1995, which was reaffirmed through the 2000 UN Millennium Declaration for Reduction of Poverty, was one such exercise. At the 2010 UN Summit on the Millennium Development Goals (MDGs), the idea of a universal 'social floor' was introduced, based on recognition of the fact that it is possible to eradicate poverty and provide social security for all. In addition to the aforesaid international institutions the idea of social security has informed public policy discourses in most countries of the world in major and minor ways.

Particularly during the period since the World War-II, there have been several policy dialogues, globally and regionally, to chart broad road maps and to highlight elements that need to be prioritised towards broad-based social security arrangements. Further, in contemporary discourses, social security measures takes into account both protective and promotional aspects[1], and thus the constitutive elements entering the canvas of social security is very large. More importantly, one has to ask to what extent the core concerns of a particular society, at a particular stage, gets included in any specific formulation that gets adopted by the country in question.

In most countries of the developing world, though the importance of universal social security is being increasingly recognised as an integral part of progressive public policy, only a fraction of population have been covered under the safety-net of social security. It is quite clear that people

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This note is a modified version of an earlier article, authored by Praveen Jha, R Ramakumar and Nilachala Acharya, titled: Social Security in India: A Note, in the Social Development Report 2012 (Eds.Hasan and Hasan), Oxford University Press (forthcoming). Views expressed here are those of the authors and not necessarily of the organisations they are representing.

without social security coverage in developing countries usually work in the informal sector of the economy.

The case for India is quite similar where about 93 percent of its labour force is in the informal sector. As is well-known, only a fraction of the total world's population actually enjoys social security as a human right, while the majority lacks comprehensive and adequate coverage. For instance, it has been estimated that more than half of world's population lack any type of protection at all. Further, the number of people living in countries of sub-Saharan Africa and South Asia with access to even the most rudimentary protection has been estimated to be less than 10 percent (ILO, 2010:7).

As noted above, in many countries social security coverage is limited to a few branches[2] only, and only a minority of the population has both legal and effective access to existing social security schemes (ILO, 2010). Further, the same report also noted that "only one-third of countries globally (inhabited by 28 percent of the global population) have comprehensive social protection systems covering all branches of social security and between 20 percent to 60 percent of the global population enjoys only basic social protection" (ILO, 2010:33). However, some level of partial protection exists in nearly all countries, though only a minority of countries provide protection in all branches.

Given the fact that there still remain many countries in the world where social security coverage is low, the Global Campaign on Social Security and Coverage for All, as mandated by the ILO conference 2001, exhorts that allthe countries put in place a set of basic social security guarantees for all residents as soon as possible, while planning to move towards higher levels of such provisioning.

Without going into a detailed discussion of the history in conceptualising the idea of social security, and the concomitant measures to oper-ationalize it in different regions of the world, this note has an extremely modest objective. It is primarily concerned with provision of social security for the elderly in India and in this context focuses largely on status, coverage and other related issues in the National Social Assistance Programme (NSAP); as it happens this is the only programme which seeks to address pension concerns for the old age population in India. We have put forth a proposal for universal old age pension provisioning with a detailed analysis of budgetary expenditures required for a reasonable scheme in place. The note also briefly reflects on additional revenue mobilisation efforts, which the Union Government may need to undertake to finance the proposed pension scheme.

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Existing Social Security Schemes in India

The Directive Principles of State Policy of Indian Constitution enjoins the

[1] For a detailed discussion see, Praveen Jha et al (2012): "Social Security in India: A Note",in Social Development Report 2012 (Eds.), Oxford University Press, New Delhi (forthcoming).
[2] Ibid, p-1.

State to direct its policy towards securing, inter alia, that the citizens, men and women equally, have the right to an adequate means of livelihood [(Art.39. a), Constitution of India]. This is further reiterated inArticle 41, which states that "the State shall also, within the limits or 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" [(Art. 41), Constitution of India].

Looking at the relevant discussions in India since Independence, there has been a near consensus among the policy makers and academia that State should take an active role with regard to provisioning of social security while optimising the social welfare.

Several state governments have designed schemes and programmes of social security, aimed both at organised and unorganised sector

Further, as one would expect there are several trajectories along with which the relevant ideas towards social security provisions have evolved, and we may note couple of these, very briefly, in the Indian context. There is a substantial literature which has evolved with 'worker' at its centre stage in the relevant analysis and large number of schemes and programmes have come into being accordingly. Several state governments have designed schemes and programmes of social security, aimed both at organised and unorganised sector workers. In contrast to this the other broad trajectory has tended to put 'citizen' in its analytical framework and accordingly arguments have been framed in ways which is inclusive of all with respect to specific social security scheme.

Within these two broad trajectories, we can think of schemes which focus either on the 'individual' or 'household'. In this regard, keeping 'individuals' at the centre of formulating programmes and schemes, there are number of social security programmes, which have been in operation since long. For instance, the erstwhile Old Age Pension, Widow Pension, Disability Pension schemes etc., which ought to be universalised instead, linking these with the APL (Above Poverty Line) and BPL (Below Poverty Line) distinctions. Further, taking 'household' as a unit, social security schemes like Indira Awas Yojana (IAY), National Family Benefit Scheme (NFBS) etc. have been in operation in the country.

However, on the whole, during the period since Independence, India's policy makers have not been able to achieve even a fraction of the promises enshrined in the country's Constitution. As is commonly agreed, our social security system is quite inadequate when compared even to several countries in the third world with similar income levels[5], although the story across states is not entirely the same. For instance, a couple of states, notably Kerala and Tamil Nadu, have put in place schemes which try to address some of the core concerns much better than most of the states in the country. But on the whole, for the country at large, the scenario has remained quite bleak. With regard to coverage, implementation procedures etc., many of these schemes are considered to be inadequate on several grounds.

At present, in India, the nature of social security schemes that benefit people after they cross certain ages are different for the organised and unorganised sectors. In the organised sector, there is (a) the civil service pension system for government employees, where a pension is received after retirement; (b) provident fund, which is a contributory scheme of employers and employees and where the employee receives his contribution as well as a matching grant of the employer at retirement etc.

For the unorganised sector, social security schemes are ad-hoc, inadequate and ineffective on the whole[3]. Thus, population of the aged, who are/were workers in the unorganised sector largely have to fend for themselves when they are well-beyond the prime of their working life. Only a handful of states have social security schemes for the aged worth any substance. Further, there are wide variations in the coverage, nature of benefits and eligibility conditions in these schemes, not to speak of efficiency in implementation, across states.

The National Social Assistance Programme (NSAP) and Indira Gandhi National Old Age Pension Scheme (IGNOAPS)

National Social Assistance Programme started in the year 1995-96 as a Centrally Sponsored Scheme (CSS) and was modified subsequently in 2002-03 as a State Plan Scheme (Central Assistance to States and Union Territory Plans). Currently, NSAP comprises of five schemes, namely (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 Benefit Scheme (NFBS), and (5) Annapurna (Nutrition).

For getting benefits under IGNOAPS, the applicant must belong to a BPL family according to the criteria prescribed by the Government of India. As per the revised eligibility criteria, new beneficiaries will be identified from BPL list prepared by the States/UTs as per guidelines issued by the Ministry of Rural Development (MoRD) for the BPL Census 2002. Further, the age eligibility for IGNOAPS has been reduced to 60 years from 65 years with effect from 1st April, 2011. The amount of pension has also been increased to Rs. 500 per month from Rs. 200. At present, old age beneficiaries are getting any-where between Rs. 200 to Rs.1500 depending on the state contribution. For instance, Delhi government has a provision of Rs. 1500 as pension for those who cross the age of 70 and above, and Rs. 1000 per month those who are in the age group of 60-69.

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[3] Even the Unorganised Sector Workers' Social Security Act, which came into force in 2009, is merely an enabling legislation; it does not seek to put on the statute books any specific comprehensive scheme of social security.

Under NSAP, 100 percent central assistance has been extended to the states / UTs to provide the benefits in accordance with the norms, guide-lines and conditions laid down by the central government

than vide its notification (F 9(5) (12-1)/SJ&ED/08-09/5495 and 5496, dtd. 01-04-2013), has announced an increase in the amount of pension along with some changes in the eligibility criteria. There are two age bands for pension eligibility: (a) 58 to 75 and 75 and above for males (b) 55 to 75 and 75 and above for females; the pension amount for the first age band is Rs. 500 and for the second it is Rs. 750 per month. As per the notification pension is to be given irrespective of BPL/ APL catego-risation and income benchmark is to be used as exclusion criterion. All citizens, in the above mentioned age bands, belonging to households below the income level of Rs. 48000 per annum in rural areas and Rs. 60000 per annum in urban areas are eligible for pension. We may also note here that soon after the notification was issued, the state government of Rajasthan has been quite pro-active in reaching out to potential beneficiaries.

The NSAP is implemented in all the States / UTs by the respective Social Welfare and other related Depart-ments. In terms of geographical coverage, the NSAP extends to both the rural as well as urban areas. Under NSAP, 100 percent central assistance has been extended to the states / UTs to provide the benefits in accordance with the norms, guide-lines and conditions laid down by the central government.

In the National Development Council (NDC) Meeting held in 1997, several Chief Ministers of states suggested transferring this Centrally Sponsored Schemes to states. As a result of the review of the Centrally Sponsored Schemes by the Planning Commission in consultation with the MoRD, Government of India, it was decided to transfer NSAP, including Annapurna to State Plan from the year 2002-2003. At present, funds for these schemes are released as Additional Central Assistance to State Plans. The funds are allocated by the Planning Commission and allocated among the states by the MoRD and released by the Ministry of Finance on the recommendation of MoRD.

Status of Budgetary Allocation and Expenditure under NSAP since 2002-03

As mentioned above that the money allocated under NSAP is routed through as an Additional Central Assistance to the states and UT plans since 2002-03. Year-wise budget allocated under NSAP reflects that during the initial years of its inception, a meagre amount had been allocated (especially during the Tenth Five Year plan period), although there has been a significant increase since 2008-09. The information given in table-1 below exhibits the trend of money allocated, released and expenditures made under NSAP since 2002-03.

The matter of particular concern, which should be evident from the above table, is that the coverage of elderly seems to be well below what it ought to be going by the number of people in the relevant old age brackets. For instance, as per latest report (till December 2012), the number of beneficiaries under IGNOAPS has been only 2.23 crore.

Looking at the state-wise release and utilisation of funds under NSAP as well as coverage under NOAPS/ IGNOAPS, a couple of other findings are worth mentioning here. With regard to percentage utilisation of funds under NSAP, out of 28 states, 12 have spent either 100 percent or more, 7 were able to spend between 90-100 percent and 4 were in the bracket of 80-90 percent in the year 2011-12.

Four states reported utilis-ation of less than 80 percent under NSAP against the amount released under 2011-12; these states were Bihar, Madhya Pradesh, Odisha and Manipur. The highest percent-ages of utilisation (more than 125 percent) of such funds were reported by Assam, Mahara-shtra, Jammu and Kashmir and Andhra Pradesh.

Table-1: Budgetary Allocation and Expenditure under NSAP by the Union Government (including Nutrition) during 2002-03 to 2012-13. (In Rs. Cr. and in Current Prices)

Year	Allocation	Releases	Total Expenditure Reported	Total Expenditure as % of Total Allocation 5=4/2*100	Total No (in Lakhs) of Beneficiaries under NOAPS/IGNOAPS
1	2	3	4		
2002-03	680.0	657.1	594.1	87.37	66.97
2003-04	679.9	602.3	656.0	96.48	66.24
2004-05	1189.9	1032.0	868.4	72.98	80.79
2005-06	1190.0	1189.7	1033.9	86.88	80.02
2006-07	2489.6	2489.6	1968.3	79.06	87.09
2007-08	2891.5	2889.7	3123.1	108.01	115.14
2008-09	4500.0	4500.0	3961.5	88.03	150.21
2009-10	5200.0	5155.5	4914.9	94.52	163.56
2010-11	5162.0	5162.0	5352.4	103.69	170.82
2011-12	6596.5	6596.5	6188.7	93.82	213.84
2012-13*	8447.3	5859.5	4855.8	57.48	223.18

*Note: * Amount released is upto the Month of December, 2012.*
***Source:** Compiled by the authors from the base data given in the Annual Report 2012 1-3, Ministry of Rural Development, Government of India.*

Table-2: State-wise Total Release, Expenditure under NSAP and Coverage of Beneficiaries under IGNOAPS during 2011-12 and 2012-13

State/UTs	2011-12 (Rs. In Lakhs)			2012-13 (Rs. In Lakhs)			2011-12	2012-13
	Total Amount Released	Total Amount Spent	% age Spent Against the Total Amount Released	Total Amount Released	Total Amount Spent	% age Spent Against the Total Amount Released	Beneficiaries Reported *(in Lakhs)*	
Andhra Pradesh	409.49	514.71	126	394.81	379.28	96	13.86	15.88
Bihar	971.48	751.86	77	686.37	745.55	109	35.25	37.87
Chhattisgarh	235.07	205.18	87	168.48	139.42	83	6.01	6.35
Goa	1.29	0.00	0	2.92	0.35	12	0.02	0.02
Gujarat	89.98	83.45	93	118.30	46.96	40	3.55	3.92
Haryana	69.30	74.04	107	54.69	50.01	91	1.31	1.47
Himachal Pradesh	29.34	27.96	95	21.62	23.86	110	0.94	0.95
Jammu and Kashmir	23.72	32.80	138	28.21	0.00	0	1.27	1.31
Jharkhand	277.28	228.34	82	182.16	138.33	76	7.33	6.36
Karnataka	397.83	374.49	94	276.32	175.04	63	9.34	12.40
Kerala	85.94	87.19	101	91.64	122.64	134	2.54	2.57
Madhya Pradesh	539.73	428.57	79	371.03	463.97	125	12.82	14.76
Maharashtra	205.06	295.67	144	438.66	29.47	7	10.71	12.00
Odisha	510.86	364.53	71	460.15	598.29	130	17.77	17.77
Punjab	44.14	43.66	99	44.47	25.39	57	1.77	1.66
Rajasthan	255.38	230.35	90	193.34	157.25	81	6.33	6.81
Tamil Nadu	319.09	392.68	123	374.61	385.51	103	12.04	11.51
Uttar Pradesh	1316.79	1083.69	82	1110.27	1025.17	92	37.99	37.67
Uttarakhand	75.78	68.03	90	61.09	34.40	56	2.53	2.46
West Bengal	475.05	584.11	123	503.28	270.72	54	18.84	15.10
Arunachal Pradesh	5.04	6.05	120	7.04	0.00	0	0.31	0.31
Assam	112.08	168.76	151	156.13	0.00	0	5.99	5.99
Manipur	18.94	13.74	73	10.44	0.00	0	0.73	0.73
Meghalaya	14.86	14.92	100	10.62	3.58	34	0.48	0.51
Mizoram	7.93	8.37	106	5.80	0.00	0	0.26	0.26
Nagaland	10.28	13.16	128	10.49	3.16	30	0.46	0.47
Sikkim	4.56	3.71	81	2.36	5.62	238	0.17	0.19
Tripura	39.78	38.17	96	29.47	31.70	108	1.53	1.53
Sub Total	***6546.08***	***6138.19***	***94***	***5814.78***	***4855.66***	***84***	***212.16***	***218.80***
A&N Islands	1.98	1.98	100	1.74	0.10	6	0.00	0.01
Chandigarh	1.58	1.68	106	1.44	0.00	0	0.04	0.04
D&N Haveli	2.38	2.38	100	2.04	0.00	0	0.00	0.09
Daman & Diu	0.32	0.32	100	0.33	0.00	0	0.00	0.01
NCT Delhi	37.09	37.09	100	32.40	0.00	0	1.41	3.99
Lakshadweep	0.22	0.22	100	0.21	0.00	0	0.00	0.01
Puducherry	6.82	6.82	100	6.56	0.01	0	0.24	0.24
Sub Total	***50.39***	***50.49***	***100***	***44.72***	***0.12***	***0***	***1.68***	***4.38***
Grand Total	***6596.47***	***6188.67***	***94***	***5859.50***	***4855.78***	***83***	***213.84***	***223.18***

Note: *Note: * Amount released for the year 2012-13 is up to the month of December, 2012.*
Source: Compiled by the authors from the base data given in the Annual Reports of the Ministry of Rural Development, GoI for the year 2011-12 and 2012-13

As regards coverage under NOAPS/ IGNOAPS there are significant variations across states. Furthermore, in a few states, the numbers of beneficiaries under NOAPS/ IGNO-APS have seen a decline during 2012-13 compared to the coverage of beneficiaries in 2011-12. These states were Jhar-khand, Punjab, Tamil Nadu and West Bengal. However, for the country as a whole, there was a small increase in the total coverage, from 2.13 crore 2011-12 to 2.23 crore in 2012-13 (table-2).

A Universal and Non-Contributory Old Age Pension System: How much will it Cost?

Given the vulnerability of the elderly population to various kinds of deprivations, and the inadequacy of social security measures to ensure a dignified life to this section of the population, it is absolutely essential that India institute a Universal and Non Contributory Old Age Pension System. Such a system ought to be established immediately with a minimum amount of monthly pension not less than 50 percent of minimum wage or Rs 2000/- per month, whichever is higher.

This system should necessarily incorporate the following elements:

- Any individual 60 years or older to be eligible for the old age pension;

- The monthly pension amount should be indexed to inflation bi-annually and revised every two to three years;

- No one should be forced to compulsorily retire from work on attaining the age of eligibility for universal old age pension; and

- The APL / BPL criteria should not be used for exclusion. Individuals whose income is higher than the threshold level for payment of income tax and individuals who are receiving pension from any other sources that exceeds the pension amount under the proposed Universal Old Age Pension System could be excluded from this system.

As per the above stated norms,here we outline two such scenarios for which cost implications to be borne.The per year cost of the pension plan has been calculated for varying degrees of coverage – when 90 percent of the total target age group is covered and when 80 percent is covered, and with four different per month amounts of pension. It is important to note that at present, as per the Census data, total number of persons above 60 years is 9.56 crore. Hence, the target group is 9.56 crore.

Table-2: Outlining the Cost of a Universal, Non-Contributory Pension Plan

With 90 percent of this Population covered				
Pension amount per month (in Rs.)	2000	1500	1000	500
Population to be covered (in crore)	8.59	8.59	8.59	8.59
Per annum cost (in Rs. crore)	206,160	154,620	103,080	51,540
Per annum cost as % of GDP	**1.81**	**1.36**	**0.91**	**0.45**
With 80 percent of this Population covered				
Pension amount per month (in Rs.)	2000	1500	1000	500
Population to be covered (in crore)	7.65	7.65	7.65	7.65
Per annum cost (in Rs. crore)	183,552	137,664	91,776	45,888
Per annum cost as % of GDP	**1.61**	**1.21**	**0.81**	**0.40**

Notes: (1) The GDP (at current prices) for 2013-14 has been projected at Rs. 113,71, 886, data given in the Budget at a Glance 2013-14, GoI (2) The figure for the total target age group population has been calculated using 2011 Census data on total population and National Sample Survey data on the per 1000 distribution of population by age groups.

Source: (i) Union Budget 2013-14, Ministry of Finance, Government of India; (ii) Census of India 2011, Provisional Population Totals, Paper 1; (iii) *Employment and Unemployment Situation in India* 2009-10, NSS 66th Round, National Sample Survey Office, National Statistical Organisation, November 2011.

The cost of a universal, non-contributory old age pension plan which will provide Rs. 2000 per month as pension entitlements and cover 90 percent of the elderly population in India would cost around 1.8 percent of the country's GDP. If the amount of monthly pension is reduced to Rs. 1500, Rs. 1000 and Rs. 500 per month, the cost to the exchequer would be 1.36, 0.91 and 0.45 percent of country's GDP respectively.

With coverage of 80 percent of elderly population of the country the cost to the exchequer would be 1.61 percent of GDP when the amount of pension per month is Rs. 2000. While scaling down the amount of pension per person per month to Rs. 1500, Rs. 1000 and Rs. 500, the burden will be 1.21, 0.81 and 0.4 percent of country's GDP respectively, which by international standards, is not too high at all. After all, public expenditure on old-age entitlements (cash benefits) amount to 11.5 percent of the GDP in France, 8.5 percent in Germany, 12.3 percent in Italy, 7.4 percent in Sweden, and 8.2 percent in Finland. Even a developing country like Brazil spends 4.5 percent of its GDP on public provisioning of old-age entitlements.

One can consider the age of coverage as 55 years for females and 58 years for males (which is now the benchmark opted by the Rajasthan government recently) or even 50 and 55 years respectively (as has been demanded by the Pension Parishad Campaign) for old age pension provision. This obviously will lead to an increased resource requirements compared to the above estimates, but surely such demands are worth considering.

Is Universal Old Age Pension Provisioning Really Unaffordable?

The frequently asked question is: where would the government get these additional resources to finance such a proposal of universalising old age pension? Of course, there is no one simple and agreed answer to this question, but our claim is that it is certainly not beyond the means of the Union government. One can get into a detailed discussion of possible means to augment resources (for instance: through wealth tax, expansion of the coverage of services for taxation, better tax compliance mechanisms and a plethora of other such related measures); however, even if one ignores such possibilities of resource mobilisation, it is quite clear that a degree of rationalisation in the total quantum of revenue foregone through exemptions made by the Union government can help a great deal in putting a universal old age pension provisioning in the country.

Information given in table-3 show that during the fiscal 2012-13an amount Rs. 573, 630crore has been projected to forego, due to exemptions / deductions / incentives in the Union government tax system, which is almost equivalent to 5.7 percent of country's GDP. It is worth noting here is

Table-3: Amount of Revenue Foregone in Central Government Budgets (In Rs. Cr. and in Current Prices)

Sl. No.	Items	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13 (Projected)
1	Corporate Income Tax	34618	50075	62199	66901	72881	57912	61765	67995
2	Personal Income Tax	13550	15512	38057	37570	45142	36826	39375	45480
3	Excise Duty	66760	99690	87468	128293	169121	192227	195590	206188
4	Customs Duty	127730	123682	153593	225752	195288	172740	236852	253967
5	**Total amount of revenue foregone ***	**205068**	**235191**	**285052**	**414099**	**482432**	**459705**	**533583**	**573630**
Revenue Foregone as % of GDP		**5.6**	**5.5**	**5.7**	**7.4**	**7.4**	**6.0**	**5.9**	**5.7**

Note: * Total amount of revenue foregone is computed by deducting export credit.
Source: Compiled from the base data given in a Discussion paper prepared by SankhanathBandyopadhyay: "Tax Exemptions in India: Issues and Challenges", for CBGA, New Delhi, Page No-12 and is available at www.cbgaindia.org

that even the previous and present Finance Ministers have voiced their concern on the issue of exemptions and revenue foregone on several occasions. We are not making a blanket argument for and against exemptions and revenues foregone; however, the point we are stressing here is that when it comes to ensure provisioning of the rights of the elderly, one needto take calls on provisioning for the same vis-a-vis a whole range of exemptions provided to the corporate and other economic actors. Even if one-third of the tax revenue forgone presently because of the plethora of exemptions in the Central government tax system gets collected, it would generate additional tax revenue worth 1.88 percent of GDP which would be more than enough to have a universal old age pension provision in the country with a monthly pension amount of Rs. 2000.

The overall magnitude of public resources available to the government in India has been grossly inadequate in comparison to several other countries, mainly owing to the low magnitude of tax revenue collected in our country

Of course, there are several arguments and justifications put forward with regard to the tax exemptions made in the Union government tax system to Corporate sector and other similar economic agents, claiming that tax exemptions would enhance the capacity of the economy, particularly through contribution from the industry sector (through employment generation etc.), which has no credential. Hence, tax exemptions need to be minimised, carefully designed and justified with sound social and economic reasons.

Further, the overall magnitude of public resources available to the government in India has been grossly inadequate in comparison to several other countries, mainly owing to the low magnitude of tax revenue collected in our country. The total tax revenue collected by Centre and States (combined) has fallen from (the already low level of) 17.4 percent of GDP in 2007-08 to 14.7 percent of GDP in 2010-11 budget estimate[4]. India's tax-GDP ratio compares poorly against those of several other countries. Hence, it is necessary for the government to take strong measures for stepping up the country's tax - GDP ratio; which would enable our government to provide more resources for budgetary spending on crucial entitlements for people.

There is a possibility to increase tax base, particularly, the direct taxes, which is of more progressive in nature compared to a ranges of indirect taxes to finance developmental needs of the State. It is clear from the fact that India's tax system, which collects almost two-third of the revenue from indirect taxes and only one-third from direct taxes, is regressive as compared to the tax system of many other countries (that collect a much higher proportion of tax revenue from direct taxes). If India is to move towards a more progressive tax system, the government should rely more on direct taxes (such as, corporation tax, personal income tax and wealth tax.)

Concluding Remarks

Social security measures in India, on the whole woefully inadequate, are scattered over dozens of schemes and programmes, and there is an urgent

[4] Indian Public Finance Statistics, 2010-11, Government of India.

need to think of a comprehensive framework. Even if we add up all the existing schemes relating to social security, they touch only the fringe of the problem. First, they are an assortment of specific schemes rather than an expression of a rights based comprehensive social security scheme. Second, they do not provide universal coverage. Leaving aside the pension schemes of the organised sector, the others, as they are, target specific groups of unorganised sector workers; even when not tied to specific occupational categories, such as the IGNOAPS, they cover only the BPL population, whose size is arbitrarily fixed by the Planning Commission at a ludicrously low level. Third, a large number of them insist on some contribution from the beneficiaries, which is again a problematic issue.

As is well-known, in India social security is on the concurrent list as per its Constitution, but in our judgement the Union government should take primary responsibility for putting in place a comprehensive social security framework. The reason for such a view is that given the nature of fiscal federalism in place, the Union government has been enjoying much wider authority/ fiscal space in terms of augmenting resources compared to the states of the Indian Union[5]. Hence, it is high time to go for a comprehensive Social Security Scheme (or combination of schemes / programmes) in place with appropriate institutional mechanisms.

As is evident from our discussion in the foregoing, India's experience on the whole has been disappointing with reference to addressing the social security needs of the elderly. There have been hesitant and limited sporadic efforts, instead of a coherent policy approach of any significance. Further, one often comes across a whole range of arguments in official circles regarding inadequacy of resources with respect to public provisioning. Needless to say that there is something seriously rotten with a society that does not take care of its vulnerable citizens, particularly elderly who have nourished it through their entire working lives.

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