

Resource Gap Analysis of National Social Assistance Programme

A Working Paper

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CONTEXT

The National Social Assistance Programme is an archetype of the strong case for public assistance during old age, sickness and disablement advocated by the Indian policy makers. Article 41 of the Constitution of India directs the state to provide financial assistance to its citizens in order to ensure an adequate means of livelihood as well as improve their standard of living. It was in accordance with these principles that the National Social Assistance Programme (NSAP) was launched in August, 1995. However, this scheme has undergone several changes since its announcement. The programme has diversified and expanded over the years. It currently consists of the Indira Gandhi National Old Age Pension Scheme (IGNOAPS), Indira Gandhi National Widow Pension Scheme (IGNWPS), Indira Gandhi National Disability Pension Scheme (IGNDPS), National Family Benefit Programme and the Annapurna Scheme. This programme provides a monthly pension to its beneficiaries, which varies with age and scheme as presented in Table 1. This pension is only provided to citizens below the poverty line. The National Social Assistance Programme is often criticized on two accounts, firstly for its limited coverage and secondly for its insufficient pension amount.

A study conducted by Centre for Budget and Governance presents a case for universal old age pension and explores its feasibility. The paper also documents as to how the expenditure under the National Social Assistance Programme have increased progressively from INR 4,442 Crore in AE 2008-09 to INR 9,000 Crore in BE 2015-16.

Furthermore, many economists and policy makers have frequently commented upon the inadequacy of the pension amount. Jairam Ramesh described the Indira Gandhi National Old Age Pension Scheme as “an insult to the dignity” of the elderly (Economic Times 2012). In addition to this, Pension Parishad, an independent organization, has been advocating for a minimum pension amount of INR 2000 or 50% of minimum wage per month (whichever is higher). This organization also continues to argue against the use of BPL criteria for exclusion.

A study conducted by the World Bank (2014) also argues for greater inclusion and higher pensions. However there is not much literature available on the financing aspect of the programme. Essentially no studies have been conducted to estimate the adequacy of the budgetary allocations for the programme.

It is with this background that we aim to conduct a resource gap assessment for the scheme and comprehensively evaluate the sufficiency of government funding, and estimate additional resource requirement in case of any further expansion.

SCOPE

The resource adequacy analysis is restricted to three major schemes under NSAP - Indira Gandhi National Old Age Pension Scheme (IGNOAPS), Indira Gandhi National Widow Pension Scheme (IGNWPS) and Indira Gandhi National Disability Pension Scheme (IGNDPS). We cover four states namely, Uttar Pradesh, Bihar, Chhattisgarh and Odisha. It is important to note that we conduct a resource gap analysis of IGNOAPS for all the four states. However, for IGNWPS and

IGNDPS we are able to undertake this analysis only for Odisha and Chhattisgarh, as the other states do not report disaggregated budgetary allocations for these two schemes.

RESEARCH QUESTIONS

National Social Assistance Programme is the cornerstone of the national public assistance initiative. Through this paper, we aim to ascertain the adequacy of the funds allocated to the scheme. We will answer the following questions through this paper-

1. What is the resource requirement for National Social Assistance Programme in 4 Indian states – Bihar, Chhattisgarh, Odisha, Uttar Pradesh as per pension amounts stipulated by:
 - (a) Existing scheme guidelines;
 - (b) Using the minimum wage criterion;
 - (c) As per Rangarajan MPCE norm
2. How does the resource requirement change for the scheme in 4 states in 3 scenarios:
 - (i) As per poverty line given by Planning Commission BPL survey 2004-05;
 - (ii) As per poverty estimates given by Rangarajan Committee report 2014-15; and
 - (iii) If universalization of the schemes is aimed for?
3. What are the budgetary outlays for the NSAP in study states in recent fiscal years?
4. What is the resource gap for the scheme in the study states based

on the different poverty lines and different scenarios defined in Research Question 1 and 2?

METHODOLOGY

Scenarios for Analysis

We analyze different scenarios in order to estimate the funding requirements and the resource deficiency, if any.

- We study the budgetary requirements under the current scheme guidelines that cover population below the poverty line and then we estimate the requirement if we universalize the scheme. We consider two different estimates of the poverty lines, namely Planning Commission 2004-05 estimates (followed by the government) and the Rangarajan Committee poverty estimates 2014.
- We also estimate the funds required under current pension allocations, then we investigate the changes in the resource gap if the pension amount is increased to INR 2000 per month, in accordance with the Pension Parishad demands. Finally, we analyze the financing needed if we use the results of the Rangarajan Committee on the amount required per month for an adequate living.

The different scenarios are summarized in Table 3.

Estimating the number of beneficiaries under different schemes

Estimating Beneficiaries

We use Census 2011 data to estimate the number of people eligible to avail pension under IGNOAPS, IGNWPS and IGNDPS. We need to calculate the total number of people under the age group '60-79 years' and '80+ years' for IGNOAPS. We take the number of people in the age group '55-75 years' and '75+ years' from the Census 2011 table "C-13 Single Year Returns By Residence and Age". We do so as the data is approximately 5 years old and the persons who were 55 years in 2011, will now be eligible for the benefits under IGNOAPS.

Similarly, we ascertain the number of widows in the age group '35-75 years' from the Census 2011 table "C-2 Marital Status by Age and Sex" as IGNWPS cover widows falling under the '40-79 years' age group.

To estimate beneficiaries under IGNDPS we use Census 2011 table "Disabled Population by type of Disability, Age and Sex". One limitation we face while estimating eligible population under IGNDPS is that the data is not disaggregated according to age. Hence, we consider the population in the age group '10-69 years' which will be approximately be in the eligible age bracket in 2017. We adjust these numbers using SRS 2015 state wise crude deaths rates in order to exclude the population that might have died. The final numbers are presented in Table 4.

Accounting for Below Poverty Line requirement

The scheme guidelines extend the benefits of the NSAP only to the population which falls below poverty line. The government uses the 2004-05 poverty estimates given by the Planning Commission for beneficiary estimation (Lok Sabha Question No. 1701). We have also used the same estimates for our study in order to facilitate better comparison with the government allocations.

In addition to this, we also estimate the eligible beneficiaries using the poverty ratios provided by the Rangarajan Committee Report 2014.

The pension benefits under these schemes are given only to those individuals who not receive such benefits from any other sources, such as those in the formal sector. However, we ignore this condition in this section as we are restricting our analysis only to the BPL population and a very small percentage of this population is employed in the formal sector. We present the number of BPL beneficiaries eligible as per Scenarios I and II in Table 5 and 6.

Accounting for the formal sector in case of universalization

As mentioned earlier, the National Social Assistance Programme excludes those individuals who are already receiving pension from some other sources. We ignored this requirement in the previous section, however this condition is essential when we are calculating the number of beneficiaries if the scheme is universalized and not restricted to only the population who lie below the poverty line. We use the Socio-Economic and Caste Census 2011 data to ascertain the percentage of population in the organized

sector, excluding the proportion employed in the government sector, private sector and public sector. The estimates thus calculated are presented in Table 7.

Estimating the resource requirement under different schemes

A. Resource Requirement as per scheme guidelines

National Social Assistance Programme is a centrally sponsored scheme, however some state governments provide additional pension amounts, over and above the pension specified in the NSAP guidelines. Hence, the actual amount of pension given to the beneficiaries not only differs from the central guidelines but also varies across states. We present state-wise pensions in Table 8.

These amounts have been used to calculate the resource requirement in different states for a year. We present the resource requirement for the different schemes under three scenarios:

1. Scenario I: We consider the BPL population using the Planning Commission 2004-05 estimates (Table 9)
2. Scenario II: In addition to this, we also consider the amount of funding needed if the Rangarajan Committee poverty ratios were used (Table 9)
3. Scenario III: Finally, we calculate the resources necessary if we universalize the scheme to cover the entire population (Table 9)

B. Resource requirement as per pension amount equal to 50% of minimum wage

Many experts have often argued that the pension given to various beneficiaries should be at least INR 2000 or 50% of the minimum wage, whichever is higher (Acharya et al. 2015, Pension Parishad). The minimum wage varies across states, hence approximating it to INR 2000 is appropriate. We consider this amount in order to calculate the amount of funds necessary for the different schemes. We again analyze the three cases mentioned in the previous sections and report the results in Table 10.

C. Resource requirement as per pension amounts proposed by Rangarajan Committee Report

The Rangarajan Committee estimated the amount required monthly to maintain a basic standard of living. This amount accounts for monetary requirements for adequate food intake along with other non-food expenditures, and hence provides a comprehensive estimation for the minimum per capita expenditure. The committee provided different state-wise estimates for rural and urban areas. In order to ascertain an average amount for the entire state, we take the weighted mean of the rural and urban MPCE, with the proportion of rural and urban population as weights (Using census 2011 data). These approximations are presented in Table 11.

These monthly per capita expenditure requirements are used to calculate the amount of funds required for the various schemes in the four states. The final figures are reported in Table 12.

BUDGET ANALYSIS

The budgetary allocations for the National Social Assistance Programme have

progressively increased over the years (Acharya et al. 2015). In order to assess the adequacy of the budgetary allocations, we obtain the actual budget allocations for the different schemes under study from the respective State Budget documents.

The Department of Social Welfare is responsible for the implementation of the programme in all the study states except for Odisha. In Odisha, NSAP is implemented by the Department of Social Security and Empowerment of Persons with Disabilities.

We tracked the accounts for 2015-16, budget estimates as well as revised estimates for the year 2016-17 along with the budget estimates for 2017-18. Furthermore, the NSAP guidelines state that 3% of the total endowment is allocated for administrative expenses. We exclude this amount and present the aggregated figures in Table 13.

The budgetary resource gap, if any, was computed by taking the difference between the funds required and the budget allocated in 2017-18 in the study states. Separate values were computed for each of the scenarios analyzed. We can now comprehensively calculate and interpret the amount of funds required as well as analyze the extent of resource gap, if any (Table 14, 15, 16).

RESULTS

RESOURCE REQUIREMENT

Indira Gandhi National Old Age Pension Scheme (IGNOAPS)

- *As per Planning Commission BPL coverage*

When we consider the current scheme guidelines and the pension amount specified in it, we estimate the resource requirement for 2017-18 as INR 2140 Crore for Bihar, INR 515 Crore for Chhattisgarh, INR 917 Crore for Odisha and INR 1,912 Crore for Uttar Pradesh using the Planning Commission 2004-05 poverty estimates as used by the government.

These requirements increase to INR 10,701 Crore for Bihar, INR 2,726 Crore for Chhattisgarh, INR 6,050 Crore for Odisha and INR 16,631 Crore for Uttar Pradesh when we increase the pension amount to INR 2,000 per month for each beneficiary.

Taking into consideration the state-wise minimum monthly per capita expenditure calculated by the Rangarajan Committee we arrive at a financing requirement of INR 5,531 Crore for Bihar, INR 1,342 Crore for Chhattisgarh, INR 2,816 Crore for Odisha and INR 8,207 Crore for Uttar Pradesh. These estimates are applicable if we limit our beneficiaries to those in the BPL category and we follow the government norms of using the Planning Commission 2004-05 poverty ratios.

- *As per Rangarajan Committee BPL coverage*

When we use the Rangarajan Committee poverty estimates, the resource requirement is estimated at INR 2135 Crore for Bihar, INR 603 Crore for Chhattisgarh, INR 961 Crore for Odisha and INR 2,320 Crore for Uttar Pradesh considering the pension amount stated in the scheme guidelines.

These figures rise significantly if we give a pension of INR 2000 per month, and are

reported at INR 10,675 Crore for Bihar, INR 3191 Crore for Chhattisgarh, INR 5985 Crore for Odisha and INR 19,853 Crore for Uttar Pradesh.

The reported numbers are again revised if we change our methodology of calculation and take the Rangarajan Committee MPCE. The resource requirement in this case is INR 5,338 Crore for Bihar, INR 1,572 Crore for Chhattisgarh, INR 2,786 Crore for Odisha and INR 9,797 Crore for Uttar Pradesh.

- *As per Universalized Coverage*

If the scheme is universalized to cover all citizens falling in the eligible age bracket, the expenditure projections would be INR 4,984 Crore for Bihar, INR 1,192 Crore for Chhattisgarh, INR 1,952 Crore for Odisha and INR 5,327 Crore for Uttar Pradesh, under the existing pension allocations.

Using the minimum wage norms and provide INR 2,000 per month to each beneficiary we estimate the requirement at INR 24,235 Crore for Bihar, INR 6,310 Crore for Chhattisgarh, INR 12,158 Crore for Odisha and INR 45,578 Crore for Uttar Pradesh.

The universalization of the scheme leads to an upward revision of these numbers to INR 12,119 Crore for Bihar, INR 3,107 Crore for Chhattisgarh, INR 5,658 Crore for Odisha and INR 22,492 Crore for Uttar Pradesh if we refer to the minimum per capita expenditure estimates given by the Rangarajan Committee.

Indira Gandhi National Widow Pension Scheme (IGNWPS)

- *As per Planning Commission BPL coverage(2004-05)*

When we consider the Planning Commission BPL exclusion criteria, budgetary requirement for IGNWPS is reported at INR 134 Crore for Chhattisgarh and INR 211 Crore for Odisha considering current scheme guidelines for pension amount; INR 770 Crore for Chhattisgarh and 1,408 Crore for Odisha if the pension allocation is INR 2,000 per widow per month and INR 379 Crore for Chhattisgarh and 655 Crore for Odisha using Rangarajan Committee MPCE criteria.

- *As per Rangarajan Committee BPL coverage*

We estimate the required spending at INR 157 Crore for Chhattisgarh and INR 209 Crore for Odisha if the allocated pensions are at the existing pension norms.

The projections are significantly revised to INR 902 Crore for Chhattisgarh and INR 1393 Crore for Odisha when each pensioner is given INR 2,000 per month.

Referring to the minimum per capita expenditure calculated by Rangarajan Committee the requirement is INR 444 Crore for Chhattisgarh and INR 648 Crore for Odisha.

- *As per Universalized Coverage*

Universalization of coverage leads to an increase in resource requirement across all three scenarios. The budgetary requirement is INR 312 Crore for Chhattisgarh and INR 424 Crore for Odisha as per scheme guidelines, INR 1,783 Crore for Chhattisgarh and INR 2,830 Crore for Odisha as per minimum wage requirement (i.e. INR 2,000) and INR 878 Crore for Chhattisgarh and INR 1,317

Crore for Odisha as per Rangarajan Committee MPCE norm.

Indira Gandhi National Disability Pension Scheme (IGNDPS)

- *As per Planning Commission BPL coverage*

We estimate the budgetary requirement for IGNDPS at INR 116 Crore for Chhattisgarh and INR 155 Crore for Odisha if the pension amount is in accordance with the current scheme guidelines.

This amount rises substantially if each person is given a pension of INR 2000 per month for both the states. The requirement thus estimated is INR 464 Crore for Chhattisgarh and INR 1035 Crore for Odisha.

Finally, if we provide a pension benefit in conformity with the minimum per capita expenditure calculated by the Rangarajan Committee, the resource requirement at INR 228 Crore for Chhattisgarh and INR 482 Crore for Odisha.

- *As per Rangarajan Committee BPL coverage*

Taking into consideration the poverty estimates projected by the Rangarajan Committee we approximate the resource requirement at INR 136 Crore for Chhattisgarh and INR 153 Crore for Odisha if the pensioners receive the prevailing scheme benefits; INR 544 Crore for Chhattisgarh and INR 1024 Crore for Odisha if INR 2,000 is offered to each beneficiary and, INR 268 Crore for Chhattisgarh and INR 476 Crore for Odisha if pension amount is as per the MPCE Rangarajan Committee standard.

- *As per Universalized Coverage*

Expanding the scheme to cover all disabled beneficiaries we predict the expected resource requirement at INR 251 Crore for Chhattisgarh and INR 289 Crore for Odisha, if the pension amount continue as given in the scheme guidelines. It increases to INR 1,007 Crore for Chhattisgarh and INR 1,932 Crore for Odisha if pension amounts are increased to INR 2000 per beneficiary; and INR 496 Crore for Chhattisgarh and INR 899 Crore for Odisha if pension amounts are adjusted to the Rangarajan Committee MPCE pattern.

BUDGETARY ALLOCATIONS

Indira Gandhi National Old Age Pension Scheme (IGNOAPS)

Bihar decreased its budgetary allocations towards the Indira Gandhi National Old Age Pension Scheme from INR 1,379 Crore in BE 2016-17 to INR 1,266 Crore in BE 2017-18, an 8% decrease. Bihar also revised its budget estimates from INR 1,379 Crore in BE 2016-17 to INR 1,525 in RE 2016-17.

Chhattisgarh showed a 2% decrease in its funding for the scheme from INR 175 Crore in BE 2016-17 to INR 172 Crore in BE 2017-18. However, there was no change in RE 2016-17 which stood at INR 175 Crore.

Odisha changed the budget estimate from INR 687 Crore in BE 2016-17 to INR 596 Crore in BE 2017-18, a 13% decrease. The state also displayed a downward revision in its budgets from INR 687 Crore in BE 2016-17 to INR 599 Crore in RE 2016-17.

Uttar Pradesh increased its allocations by 1% from INR 1105 Crore in BE 2016-17 to INR 1116 Crore in BE 2017-18. However, the state shows a decreased budgetary allocation from INR 1105 in BE 2016-17 to INR 869 in RE 2017-18.

Indira Gandhi National Widow Pension Scheme (IGNWPS)

Chhattisgarh expanded its IGNWPS budget from INR 47 Crore in BE 2016-17 to INR 54 Crore, a 17% increase. However, the revised estimates remained consistent with the budgets estimates at INR 47 Crore in RE 2016-17

Odisha reduced the funding by 8% from INR 260 Crore in BE 2016-17 to INR 238 Crore in BE 2017-18. RE 2016-17 remained the same as BE 2016-17 at INR 260 Crore.

Indira Gandhi National Disability Pension Scheme (IGNDPS)

Chhattisgarh improved its financing commitment towards IGNDPS from INR 12 Crore in BE 2016-17 to INR 14 Crore in BE 2017-18, an 8% increase. RE 2016-17 was reported at INR 12 Crore.

Odisha recorded a 59% drop in its allocations from INR 59 Crore in BE 2016-17 to INR 24 Crore in RE 2017-18. However, the revised estimates experienced no change and stood at INR 59 Crore in RE 2016-17.

RESOURCE GAP

Indira Gandhi National Old Age Pension Scheme (IGNOAPS)

- *As per Planning Commission BPL coverage*

The resource gap for IGNOAPS was estimated at INR 873 Crore for Bihar, INR 342 Crore for Chhattisgarh, INR 375 Crore for Odisha and INR 796 Crore for Uttar Pradesh, if we keep the pension benefit in accordance with the scheme guidelines. These estimates change to INR 9,343 Crore for Bihar, INR 2,554 Crore for Chhattisgarh, INR 5,454 Crore for Odisha and INR 15,245 Crore for Uttar Pradesh, if we increase the pension amount to INR 2,000 per month for each beneficiary.

Using the Rangarajan Committee MPCE standards, the resource gap is approximated at INR 4,084 Crore for Bihar, INR 1,170 Crore for Chhattisgarh, INR 2,219 Crore for Odisha and INR 6,958 Crore for Uttar Pradesh.

- *As per Rangarajan Committee BPL coverage*

We approximate the shortage of funds for IGNOAPS at INR 868 Crore for Bihar, INR 431 Crore for Chhattisgarh, INR 365 Crore for Odisha and INR 1,204 Crore for Uttar Pradesh as per existing scheme guidelines. This deficit rises to INR 9,408 Crore for Bihar, INR 3,021 Crore for Chhattisgarh, INR 5,389 Crore for Odisha and INR 18,737 Crore for Uttar Pradesh. Furthermore, the underfunding is calculated at INR 4,071 Crore for Bihar, INR 1,400 Crore for Chhattisgarh, INR 2,190 Crore for Odisha and INR 8,681 Crore for Uttar Pradesh as per Rangarajan Committee MPCE norms.

- *As per Universal Coverage*

We report the resource inadequacy at INR 3,718 Crore for Bihar, INR 1,020 Crore for Chhattisgarh, INR 1,356 Crore for Odisha and INR 4,211 Crore for Uttar Pradesh if the pension amounts are constant at the

current allocations. These figures are reported at INR 22,986 Crore for Bihar, INR 6,137 Crore for Chhattisgarh, INR 11,561 Crore for Odisha and INR 44,462 Crore for Uttar Pradesh using the minimum wage criteria. The resource gap is projected at INR 10852 Crore for Bihar, INR 2935 Crore for Chhattisgarh, INR 5062 Crore for Odisha and INR 21,376 Crore for Uttar Pradesh.

Indira Gandhi National Widow Pension Scheme (IGWPS)

- *As per Planning Commission BPL coverage*

The deficiency in funding was calculated as INR 79 Crore for Chhattisgarh and INR -27 Crore for Odisha (indicating a resource surplus) according to the scheme guidelines; INR 715 Crore for Chhattisgarh and INR 1,170 Crore for Odisha according to the minimum wage criteria and INR 342 Crore for Chhattisgarh and INR 417 Crore for Odisha according to the Rangarajan Committee MPCE standard.

- *As per Rangarajan Committee BPL coverage*

The funding gap was estimated at INR 103 Crore for Chhattisgarh and INR -30 Crore for Odisha (indicating a resource surplus) under the current scheme guidelines. These estimates would be revised to INR 847 Crore for Chhattisgarh and INR 1,155 Crore for Odisha if the pension amount is increased to INR 2,000 per pensioner. The underfunding would stand at INR 389 Crore for Chhattisgarh and INR 410 Crore for Odisha if the pension amounts are adjusted to the minimum per capita expenditures estimated by the Rangarajan Committee.

- *As per Universal Coverage*

We reported the resource gap at INR 257 Crore for Chhattisgarh and INR 186 Crore for Odisha keeping the pension amounts as reported in the scheme guidelines. These figures change to INR 1,728 Crore for Chhattisgarh and INR 2,592 Crore for Odisha when pension amounts are set according to the minimum wage criteria. And further change to INR 823 Crore for Chhattisgarh and INR 1,079 Crore for Odisha when the pension amounts are as per Rangarajan Committee MPCE norm.

Indira Gandhi National Disability Pension Scheme (IGDPS)

- *As per Planning Commission BPL coverage*

The funding gap was approximated at INR 102 Crore for Chhattisgarh and INR 131 Crore for Odisha using the pension amount specified in the scheme guidelines; INR 451 Crore for Chhattisgarh and INR 1011 Crore for Odisha using pension amounts specified in the minimum wage criteria; and INR 215 Crore for Chhattisgarh and INR 457 Crore for Odisha using Rangarajan Committee MPCE norm.

- *As per Rangarajan Committee BPL Coverage*

The resource gap was estimated at INR 122 Crore for Chhattisgarh and INR 129 Crore for Odisha as per scheme guidelines; INR 530 Crore for Chhattisgarh and INR 1000 Crore for Odisha as per minimum wage guidelines and INR 259 Crore for Chhattisgarh; and INR 452 Crore for Odisha as per Rangarajan Committee MPCE guidelines.

- *As per Universalized Coverage*

The extent of underfunding was reported at INR 238 Crore for Chhattisgarh and INR 265 Crore for Odisha considering the pensions specified under the scheme guidelines; INR 993 Crore for Chhattisgarh and INR 1,907 Crore for Odisha considering the pension assistance to be INR 2,000 per beneficiary; and INR 482 Crore for Chhattisgarh and INR 875 Crore for Odisha considering the pension is adjusted to the minimum per capita expenditure specified by the Rangarajan Committee.

DISCUSSION

The National Social Assistance Programme has greatly expanded since its inception in 1995, with the budgetary allocations for the scheme experiencing an almost two fold increase over the years (Acharya et al 2015). However, despite this rise, our findings show that the funding for the programme remains largely insufficient even at the current mandated pension amounts, at least for our study states. This inadequacy of funds impairs the effectiveness of the public assistance services provided by the government and impacts some of the most vulnerable and deprived sections of the society.

The government has continued to refer to the Planning Commission 2004-05 poverty ratios to estimate the number of beneficiaries, even though more recent estimates are available for the same. In accordance with this practice, we analyzed the extent of underfunding for the three schemes under consideration.

The resource gap remains high for almost all schemes under NSAP, highest being a 98% deficiency for IGNDPS in Odisha using

the minimum wage criteria. We refer to this criterion as many organizations and individuals have often commented upon the inadequacy of the current pension amounts (Ramesh 2014, World Bank 2014, Pension Parishad, Acharya et al. 2015). Some of these organizations have often advocated for the pension amounts to be set at 50% of the minimum wage in various states. These minimum wages often differ across states, however the approximation of INR 2,000 on an average is a fair estimate for the same (Pension Parishad, Acharya et al. 2015). Also, it is important to note that this scheme aims at compensating those members of the society who do not receive any pension from the formal sector.

As a compromise between the two extreme scenarios, existing scheme pension amounts of approximately INR 400 and 50% of minimum wage norm of INR 2000, we analyze the resource gap considering the MPCE estimates put forth by the Rangarajan Committee Report. This report documents the expenditure requirements per month for an individual, taking into consideration the food as well as non-food expenditures such as house rent, conveyance etc., hence giving a detailed description of an individual's monthly financial needs. Furthermore, the report provides these estimates state-wise, separately for rural and urban areas. Given the comprehensive nature of this report, we believe that the pension amounts should at least be equal to these MPCE estimates. Moreover, many states such as Goa provide pensions as high as INR 1800 per month to the beneficiaries; hence a strong precedent exists for an upward revision of the pension amounts.

Any increase in the pensions would necessitate an increase in the budgetary allocations. However this poses an important issue as the funding remains inadequate even to cover the existing pension amounts. In fact, all states except Uttar Pradesh have decreased their financing for the Indira Gandhi National Old Age Pension Programme. Moreover, Odisha has virtually halved its funding for the Indira Gandhi National Disability Pension Scheme; while Chhattisgarh did increase its budgets slightly for both Indira Gandhi National Disability Pension Scheme and Indira Gandhi National Widow Programme.

The problem of underfunding is amplified further for Chhattisgarh and Uttar Pradesh when we use Rangarajan Committee poverty estimates as the poverty ratios under the Rangarajan methodology for these two states are higher than the Planning Commission 2004-05 estimates. However, Bihar and Odisha show a slight decline in poverty percentages from the 2004-05 ratios, thus benefitting from this change in methodology. One result that remains consistent across these two methodologies is the high number of estimated beneficiaries in Uttar Pradesh, which is almost double than those estimated in the other states. This is bound to put a strain on the financial resources of Uttar Pradesh, where we do find the highest resource gap for almost all scenarios, including universal coverage.

When we universalize the coverage of the programme and remove the below poverty line criteria for eligibility, the extent of the resource gap doubles in comparison to that of BPL coverage. This result is consistent across all the schemes

and all the different pension norms. However, despite this sizeable increase in the resource requirement, it is important to advocate for the universalization of the scheme as majority of the population is employed in the unorganized sector. It is unfair to exclude these individuals from the benefits of public assistance as informal sector employees belong to some of the most deprived strata of the population. Moreover, this scheme aims to compensate those employees who do not receive any formal sector benefits. Hence, the government should take initiatives for their inclusion in the pension schemes.

Many States and Union Territories such as Delhi and Haryana have moved towards universal coverage for some schemes under NSAP. Other States have also launched state pension schemes that promote wider coverage and better benefits such as Lakshmi Bai Yojana in Bihar. Comparing our individual states, we observe that Chhattisgarh provides the highest amount of pensions under the various schemes and Bihar has also made efforts to standardized pensions for all beneficiaries. Furthermore, a report submitted by a Task Force to review NSAP advised for universalization of coverage in a phased manner. It also suggested annual indexing of pension amounts to inflation using the criteria adopted for payment of dearness allowance to Central Government employees.

However, wider coverage and higher benefits would require an increased amount of budgetary allocations and the results in this paper highlight the extent of the increased financing required.

CONCLUSION

National Social Assistance Programme has been at the center of many public policy debates in India. Critics of the programme have often advocated for changes in exclusion criteria and pension amounts, however despite this rising popularity for change, the scheme remains stagnant both in term of coverage and benefits. In addition to this, it is largely underfunded. Hence, there is an urgent need to expand financing for the scheme as well as revise the scheme guidelines in order to promote a more inclusive and appropriate public assistance programme.

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TABLES

Table 1: Pension Under Nation Social Assistance Programme	
Scheme	Pension Amount (Monthly)
Indira Gandhi National Old Age Pension Scheme	INR 200 (60-79 years) INR 500 (80+ years)
Indira Gandhi National Widow Pension Scheme	INR 300 (40-79 years)
Indira Gandhi National Disability Pension Scheme	INR 300 (18-79 years)
National Family Benefit Programme	INR 10,000 (One time transfer)
Annapurna Scheme	10 Kg of food grain
<i>*Source- National Social Assistance Programme Guidelines</i>	

Table 2: Scope	
Scheme	States
IGNOAPS	Bihar, Chhattisgarh, Odisha, Uttar Pradesh
IGNWPS	Chhattisgarh, Odisha
IGNDPS	Chhattisgarh, Odisha

Table 3: Scenarios for Analysis	
Coverage	Pension Amount
I. Below Poverty Line (Planning Commission 2005)	As per scheme guidelines
	INR 2000 per month
	As per MPCE given by Rangarajan Committee Report
II. Below Poverty Line (Rangarajan Committee)	As per scheme guidelines
	INR 2000 per month
	As per MPCE given by Rangarajan Committee Report
III. Universalization	As per scheme guidelines
	INR 2000 per month
	As per MPCE given by Rangarajan Committee Report

Table 4: Age Wise Distribution of Population									
State	2011				Death Rate	2017			
	55-75 years (IGNOAPS)	75+ years (IGNOAPS)	35-75 years (IGNWPS)	10-69 years (IGNDPS)		60-79 years (IGNOAPS)	80+ years (IGNOAPS)	40-79 years (IGNWPS)	20-79 years (IGNDPS)
Bihar	95,95,479	12,29,827	-	-	5	95,46,542	12,23,554	-	-
Chhattisgarh	25,33,755	2,59,507	7,89,296	4,76,089	5.6	25,19,565	2,58,053	7,84,875	4,73,422
Odisha	48,89,899	5,78,269	12,73,160	9,35,959	6	48,59,092	5,74,625	12,65,139	9,30,062
Uttar Pradesh	1,85,52,378	23,51,672	-	-	6	1,84,46,629	23,38,267	-	-

**Source-Census 2011 C tables, SRS 2015*

Table 5: BPL Beneficiaries Under National Social Assistance Programme (Planning Commission 2004-05)					
State	Percentage of population below poverty line	60-79 years (IGNOAPS)	75+ years (IGNOAPS)	40-79 years (IGNWPS)	10-69 years (IGNDPS)
Bihar	41.40%	39,52,268	5,06,552	-	-
Chhattisgarh	40.90%	10,30,502	1,05,544	3,21,014	1,93,630
Odisha	46.80%	22,54,619	2,66,626	5,87,025	4,31,549
Uttar Pradesh	32.80%	60,50,494	7,66,952	-	-
*Source- Planning Commission 2004-05 http://www.planningcommission.gov.in/news/prmar07.pdf					

Table 6: BPL Beneficiaries Under National Social Assistance Programme (Rangarajan Committee 2014)					
State	Percentage of population below poverty line	60-79 years (IGNOAPS)	75+ years (IGNOAPS)	40-79 years (IGNWPS)	10-69 years (IGNDPS)
Bihar	41.30%	39,42,722	5,05,328	-	-
Chhattisgarh	47.90%	12,06,872	1,23,608	3,75,956	2,26,770
Odisha	45.90%	22,30,324	2,63,753	5,80,699	4,26,899
Uttar Pradesh	39.80%	73,41,759	9,30,630	-	-
*Source- Rangarajan Committee Report 2014 http://planningcommission.nic.in/reports/genrep/pov_rep0707.pdf					

Table 7: Universal Beneficiaries Under National Social Assistance Programme					
State	Percentage of population in the formal sector.	60-79 years (IGNOAPS)	75+ years (IGNOAPS)	40-79 years (IGNWPS)	10-69 years (IGNDPS)
Bihar	6.24%	89,50,838	11,47,205	-	-
Chhattisgarh	5.34%	23,85,021	2,44,274	7,42,964	4,19,894
Odisha	6.77%	45,30,132	5,35,724	11,79,489	8,05,143
Uttar Pradesh	8.63%	1,68,54,685	21,36,475	-	-
<i>Source- Socio-Economic and Caste Census 2011 http://secc.gov.in/welcome</i>					

Table 8: Pension Under Different Schemes (per month)				
State	60-79 years (IGNOAPS)	75+ years (IGNOAPS)	(IGNWPS)	(IGNDPS)
Bihar	INR 400	INR 400	-	-
Chhattisgarh	INR 350	INR 650	INR 350	INR 500
Odisha	INR 300	INR 500	INR 300	INR 300
Uttar Pradesh	INR 200	INR 500	-	-
<i>*Source- Government of Bihar, Government of Chhattisgarh, Government of Odisha, Government of Uttar Pradesh</i>				

Table 9: Resource Requirement for Different Schemes Using Scheme Guidelines For Pension

BPL Coverage Using Planning Commission 2004-05 Poverty Estimates			
State	Indira Gandhi National Old Age Pension Scheme (INR Crore)	Indira Gandhi National Widow Pension Scheme (INR Crore)	Indira Gandhi National Disability Scheme (INR Crore)
Bihar	2,140	-	-
Chhattisgarh	515	134	116
Odisha	971	211	155
Uttar Pradesh	1,913	-	-
BPL Coverage Using Rangarajan Committee Poverty Estimates			
Bihar	2,135		
Chhattisgarh	603	157	136
Odisha	961	209	153
Uttar Pradesh	2,320	-	-
Universalization			
Bihar	4,984	-	-
Chhattisgarh	1,192	312	251
Odisha	1,952	424	289
Uttar Pradesh	5,327	-	-

Table 10: Resource Requirement For Different Schemes Using Minimum Wage Criteria			
BPL COVERAGE USING PLANNING COMMISSION 2004-05 POVERTY ESTIMATES			
State	Indira Gandhi National Old Age Pension Scheme (INR CRORE)	Indira Gandhi National Widow Pension Scheme (INR CRORE)	Indira Gandhi National Disability Scheme (INR CRORE)
Bihar	10,701		
Chhattisgarh	2,726	770	464
Odisha	6,050	1,408	1035
Uttar Pradesh	16,631		
BPL COVERAGE USING RANGARAJAN COMMITTEE POVERTY ESTIMATES			
Bihar	10,675		
Chhattisgarh	3,193	902	544
Odisha	5,985	1,393	1024
Uttar Pradesh	19,853		
UNIVERSALISATION			
Bihar	24,235		
Chhattisgarh	6,310	1,783	1,007
Odisha	12,158	2,830	1,932
Uttar Pradesh	45,578		

Table 11: Minimum Per Capita Expenditure As Per Rangarajan Committee Report					
State	Rural	Urban	Proportion of population in Rural Areas	Proportion of population in Urban Areas	Minimum per capita Expenditure
Bihar	INR 971	INR 1229	0.89	0.11	INR 1000
Chhattisgarh	INR 911	INR 1229	0.77	0.23	INR 984
Odisha	INR 876	INR 1205	0.83	0.17	INR 930
Uttar Pradesh	INR 889	INR 1329	0.78	0.22	INR 987
<p><i>*Source- Rangarajan Committee Report 2014</i> http://planningcommission.nic.in/reports/genrep/pov_rep0707.pdf</p>					

Table 12: Resource Requirement for Different Scheme Using MPCE Proposed By Rangarajan Committee

BPL Coverage Using Planning Commission 2004-05 Poverty Estimates			
State	Indira Gandhi National Old Age Pension Scheme (INR CRORE)	Indira Gandhi National Widow Pension Scheme (INR CRORE)	Indira Gandhi National Disability Scheme (INR CRORE)
Bihar	5,351	...	...
Chhattisgarh	1,342	379	228
Odisha	2,816	655	482
Uttar Pradesh	8,207	...	...
BPL COVERAGE USING RANGARAJAN COMMITTEE POVERTY ESTIMATES			
Bihar	5,338	...	...
Chhattisgarh	1,572	444	268
Odisha	2,786	648	476
Uttar Pradesh	9,797	...	...
UNIVERSALISATION			
Bihar	12,119	...	...
Chhattisgarh	3,107	878	496
Odisha	5,658	1,317	899
Uttar Pradesh	22,492.70	...	...

Table 13: Budget Allocations for Schemes Under National Social Assistance Programme

State	Accounts 2015-2016 (INR Crore)	Budget Estimates 2016- 2017 (INR Crore)	Revised Estimates 2016-17 (INR Crore)	Budget Estimates 2017-2018 (INR Crore)
INDIRA GANDHI NATIONAL OLD AGE PENSION SCHEME				
Bihar	1763.36	1379.72	1525.22	1266.95
Chhattisgarh	179.27	175.85	175.85	172.35
Odisha	528.62	687.75	599.28	596.55
Uttar Pradesh	998.64	1,105.80	869.82	1,116.47
INDIRA GANDHI NATIONAL WIDOW PENSION SCHEME				
Chhattisgarh	47.70	47.12	47.12	54.95
Odisha	183.19	260.20	260.20	238.62
INDIRA GANDHI NATIONAL DISABILITY PENSION SCHEME				
Chhattisgarh	12.23	12.98	12.98	14.00
Odisha	29.66	59.78	59.78	24.67
<i>*Source-Government of Bihar, Government of Chhattisgarh, Government of Odisha, Government of Uttar Pradesh</i>				

Table 14: Resource Gap Analysis As Per Planning Commission BPL Coverage For 2017-18

Pension Amount As Per Scheme Guidelines			
State	Indira Gandhi National Old Age Pension Scheme (IGNOAPS) (INR CRORE/%)	Indira Gandhi National Widow Pension Scheme (IGNWPS) (INR CRORE/%)	Indira Gandhi National Disability Scheme (IGNDS) (INR CRORE/%)
Bihar	873 (41%)		
Chhattisgarh	342 (67%)	79 (59%)	102 (88%)
Odisha	375 (39%)	-27 (-13%)	131 (84%)
Uttar Pradesh	796 (42%)		
Pension Amount As Per Minimum Wage Criteria			
Bihar	9343 (88%)		
Chhattisgarh	2554 (94%)	715 (93%)	451 (97%)
Odisha	5454 (90%)	1,170 (83%)	1011 (98%)
Uttar Pradesh	15245 (93%)		
Pension Amount As Per Rangarajan Committee Standard			
Bihar	4084 (76%)		
Chhattisgarh	1170 (87%)	324 (86%)	215 (93%)
Odisha	2219 (79%)	417 (64%)	457 (95%)
Uttar Pradesh	6,958 (86%)		

Table 15: Resource Gap Analysis As Per Rangarajan Committee BPL Coverage			
Pension Amount As Per Scheme Guidelines			
State	Indira Gandhi National Old Age Pension Scheme (INR CRORE/%)	Indira Gandhi National Widow Pension Scheme (INR CRORE/%)	Indira Gandhi National Disability Scheme (INR CRORE/%)
Bihar	868 (41%)	...	...
Chhattisgarh	431 (71%)	103 (65%)	122 (90%)
Odisha	365 (38%)	-30 (-14%)	129 (84%)
Uttar Pradesh	1204 (52%)	...	...
Pension Amount As Per Minimum Wage Criteria			
Bihar	9408 (88%)	...	...
Chhattisgarh	3021 (95%)	847 (94%)	530 (97%)
Odisha	5389 (90%)	1,155(83%)	1000 (98%)
Uttar Pradesh	18737 (94%)	...	...
Pension Amount As Per Rangarajan Committee Standard			
Bihar	4071 (76%)	...	...
Chhattisgarh	1400 (89%)	389 (88%)	259 (95%)
Odisha	2190 (79%)	410 (63%)	452 (95%)
Uttar Pradesh	8681 (89%)	...	...

Table 16: Resource Gap Analysis As Per Universalized Coverage			
Pension Amount As Per Scheme Guidelines			
State	Indira Gandhi National Old Age Pension Scheme (INR CRORE/%)	Indira Gandhi National Widow Pension Scheme (INR CRORE/%)	Indira Gandhi National Disability Scheme (INR CRORE/%)
Bihar	3718 (75%)	...	...
Chhattisgarh	1020 (86%)	257 (82%)	238 (94%)
Odisha	1356 (69%)	186 (44%)	265 (91%)
Uttar Pradesh	4211 (79%)	...	...
Pension Amount As Per Minimum Wage Criteria			
Bihar	22968 (95%)	...	...
Chhattisgarh	6137 (97%)	1728 (97%)	993 (99%)
Odisha	11561 (95%)	2592 (92%)	1907 (99%)
Uttar Pradesh	44462 (98%)	...	...
Pension Amount As Per Rangarajan Committee Standard			
Bihar	10852 (90%)	...	...
Chhattisgarh	2935 (94%)	823 (94%)	482 (97%)
Odisha	5062 (89%)	1079(82%)	875 (97%)
Uttar Pradesh	21376 (95%)	...	...