SDD-SPPS PROJECT WORKING PAPERS SERIES

INCOME SECURITY FOR OLDER PERSONS IN ASIA AND THE PACIFIC

Income Security for Older Persons in India

A Purposive Assessment of Coverage, Funding and Benefits

BANGKOK, 2015

UNITED NATIONS ESCAP
Economic and Social Commission for Asia and the Pacific

SOCIAL DEVELOPMENT DIVISION
sdd

Acknowledgements

The present paper was drafted by Mukesh Anand with support from Shri Diwan Chand, at the National Institute of Public Finance and Policy (NIPFP), India. The author received guidance and comments by Srinivas Tata, Soo Yeob Hyun, and Vanessa Steinmayer, ESCAP. Comments were also provided by Swayamsiddha Panda and Wanphen Sreshthaputra-Korotki, ESCAP. Language editing was led by Mary Ann Perkins.

This project working paper was prepared under a research project on income security for older persons, funded by the Republic of Korea. The overall research project documents existing schemes of income security for older persons in Asia and the Pacific and areas for reform.

This document has been issued without formal editing.

Disclaimer

Table of contents

List of tables

List of figures

Abbreviations and acronyms

ACA	Additional Central Assistance
AS	Annapurna Scheme
ATPPF&PFS	Assam Tea Plantations Provident Fund and Pension Fund Scheme
BPL	Below Poverty Line
CMPF&MP	Coal Mines Provident Fund and Miscellaneous Provisions
CPF	Contributory Provident Fund
CSO	Central Statistics Office
CSS	Centrally Sponsored Scheme
DPS	Disability Pension Scheme
EDLI	Employees Deposit Linked Insurance Scheme
EPF&MP	Employees Provident Fund and Miscellaneous Provisions Act
EPFO	Employees Provident Fund Organisation
EPS	Employees Pension Scheme
ESCAP	Economic and Social Commission for Asia and the Pacific
ESI	Employees State Insurance
FG	Federal Government
GDP	Gross Domestic Product
GPF	General Provident Fund
IGNDPS	Indira Gandhi National Disability Pension Scheme
IGNOAPS	Indira Gandhi National Old Age Pension Scheme
IGNWPS	Indira Gandhi National Widow Pension Scheme

INA	Indian National Army
INR	Indian Rupee
MIPAA	Madrid International Plan of Action on Ageing
NAS	National Accounts Statistics
NFBS	National Family Benefit Scheme
NIPFP	National Institute of Public Finance and Policy
NPS	National Pension Scheme
NSAP	National Social Assistance Programme
NSSO	National Sample Survey Office
OAPS	Old Age Pension Scheme
PFRDA	Pension Fund Regulatory and Development Authority
SCSS	Senior Citizen Saving Scheme
SSSPS	Swatantrata Sainik Samman Pension Scheme
USD	United States dollar
WPS	Widow Pension Scheme

Definition of Ratios

Age-dependency ratio: $\dfrac{\text{Persons age 0–14 and 60+}}{\text{Persons age 15–59}}$

Old-age dependency ratio: $\dfrac{\text{Persons age 60+}}{\text{Persons age 15–59}}$

Support ratio: $\dfrac{\text{Persons age 15–59}}{\text{Persons age 60+}}$

Economic dependency ratio: $\dfrac{\text{Non-workers in population}}{\text{Workers in population}}$

Poverty (Head-count) ratio: $\dfrac{\text{Persons below poverty line}}{\text{Persons in population}}$

Executive Summary

This report presents a preliminary assessment of coverage, adequacy of benefits, and public expenditure on income support to older persons in India.

Extant mandatory pension programmes are limited to regular wage and salaried workers and maximum participation in this system extends to only 18 per cent of the workforce. The remainder of the workforce, consisting of self-employed and casual labourers, may participate voluntarily.

Member pensioners include superannuating workers, early retirees (voluntary cessation of service, inability to work) and compulsory retirees (as in defence services).

The design of the mandatory programmes covers not just the member pensioner but also, upon his or her death, the surviving dependents. Survivor pensioners may include widows and widowers, orphans, children, parents and nominees. Beneficiaries of mandatory pension programmes therefore include a significant number of younger persons who could be members or survivor pensioners.

Pension coverage however, is often assessed in terms of the likely or targeted population consisting of older persons. According to the population census, there were more than 104 million older persons (defined as people aged 60 or older) in India in 2011 and according to UN population projections, there were 116 million older persons in 2015. Income support, particularly in the form of pensions, is intended to alleviate old-age poverty. The incidence of poverty among older persons in India is, however, not very different from the incidence of poverty among younger persons.

Using population data from the 2011 census and poverty (headcount) ratio estimated by the Planning Commission of India, there may be 22.8 million poor older persons in India. Further, there are an estimated 5.4 million persons with disabilities among older persons in India. Older persons who are poor and are living with disabilities are especially vulnerable. The National Social Assistance Programme (NSAP) is geared as a means-tested programme to alleviate the condition of poor older persons, widows, and disabled persons.

NSAP covers almost 2.4 per cent of the population, but total expenditure on this programme is unlikely to exceed 0.7 per cent of the combined expenditure of federal and state governments. It appears that NSAP may be afflicted by high probability of error by omitting deserving persons and including undeserving persons. Further, total (federal plus state) assistance provided to individual beneficiaries falls significantly short in several states of even the rural poverty line of INR816.

Pension schemes for widows and disabled persons below poverty line, provide benefits to a broader age-group than the old age pension scheme. As per the estimates derived from census of 2011, the maximum number of beneficiaries targetable under the Old Age Pension Scheme (OAPS), Widow Pension Scheme (WPS) and Disability Pension Scheme (DPS) are respectively 22.8 million, 3.9 million and 5.9 million. The number of beneficiaries covered under OAPS, at 22.7 million, appears to be satisfactorily close to its potential. However, coverage under WPS, at 4.9 million, appears to have surpassed its expected potential, while coverage under DPS, at 0.74 million, seems significantly below potential.

About 0.01 per cent of the population receives special benefit under the Swatantrata Sainik Samman Pension Scheme (SSSPS), instituted to honour those who made a special contribution during the struggle for independence. In 2013/14, expenditure on SSSPS constituted 0.05 per cent of total federal government expenditure and annual average benefit was INR48,148 (US$796). The non-contributory pension programme covers many public sector workers, but constitute less than 2.5 per cent of the 463 million Indian workers.

The average annual pension benefit in the public sector exceeds per capita gross domestic product (GDP). Retirement benefits for public sector workers account for more than 7.2 per cent of combined public expenditure of the federal and state governments.

Some states, namely Kerala, Himachal Pradesh, Punjab and West Bengal, are facing an acute burden on account expenditure on retirement benefits that exceed one sixth of their total expenditure. In 19 states and union territories of India in 2012/13, expenditure on retirement benefits exceeded interest payments, and emerged as the most critical element of public expenditure.

Provisions under superannuation rules and improvements in life expectancy are likely to continually raise expenditure on non-contributory pensions, for at least another two decades.

The contributory schemes cover a significant section of regular wage/salaried workers in the private sector. Those recruited to the public sector (excluding defence) since 1 January 2004 have been enrolled in a contributory scheme under the oversight of the Pension Fund Regulatory and Development Authority (PFRDA). Federal government contributions to all contributory schemes are unlikely to exceed 0.1 per cent of total expenditure.

However, domain oversight over contributory schemes is exercised under different legislations that are often specific to employees in a region or sector (for example, Jammu and Kashmir, Coal Mines, Assam Tea Plantations, Seamen among others). Most of these face a decline in their current membership.

Only contributory schemes under the oversight of the Employees Provident Fund Organisation (EPFO) and PFRDA report a rise in membership. The latter however, is of a recent vintage with no beneficiaries yet emerging out of that scheme. The annual pension benefit to a retiree emerging out of the EPFO system appears to fall short of the poverty line.

It is unlikely that a systematic valuation of the pension and provident funds are undertaken regularly. As such, the contributory schemes may be facing acute sustainability challenges.

Most recent valuation report of the pension scheme of EPFO for year 2008/09 suggests underfunding of INR616 billion (almost 57 per cent of the corpus). The valuation report laments the presence of a huge number of duplicate and dormant member accounts that may constitute anywhere between one third and two thirds of all accounts.[1]

Rate of contribution (for example in EPFO scheme) has been periodically increased, but no attempt has been made to trim benefits. This arrangement connotes a continual increase in taxation of successive younger members joining the scheme.

Reforms and streamlining of legislation may be required to achieve income security for older persons. There is a need to further increase coverage of pension schemes and possibly streamline existing pension schemes, as membership in most sector or region-specific schemes is dwindling, which again reduces their sustainability. Moreover, in many schemes, existing benefit levels are inadequate to escape poverty.

1 In 2012/13, there were 80.8 million accounts in the pension scheme administered by the EPFO.

1 Introduction

MIPAA and the Political Declaration adopted at the Second World Assembly on Ageing in April 2002 marked an important course to "build a society for all ages" by assuaging certain inter- and intra-generational concerns.[2] In particular, it was observed that, older women outnumber older men (para. 8),[3] and the social contribution of older persons reaches beyond their economic activities (para. 19). Thus the plan laid emphasis on integrating a gender perspective and accounting for older persons' valuable contributions that are not measured in economic terms. While no timeline was specified, features of MIPAA are unassailable in determining national welfare.

The continued employment of older workers need not reduce labour market opportunities for younger persons (para. 26) and, employment growth should be placed at the heart of macroeconomic policies (para. 28).[4] Further, MIPAA emphasized strengthening solidarity between generations through equity and reciprocity (para. 44) as well as ensuring that social protection/social security systems cover an increasing proportion of the formal and informal working population (para. 52). An essential component, therefore, included the establishment of non-contributory pensions and disability benefit systems (para. 53).[5] However, even in countries with well-developed formal care policies, intergenerational ties and reciprocity ensure that most care is still informal. Informal care, thus, has a complementary character and does not replace professional care (para. 102). Indeed informal care is often more enduring. It is therefore necessary to mainstream ageing and the concerns of older persons into national development frameworks and poverty eradication strategies (para. 116).

Pursuant to United Nations General Assembly resolution to observe 1999 as the International Year of Older Persons, a National Policy on Older Persons was announced by the Government of India (Government of India, 1999). This was followed by a National Policy on Senior Citizens (Government of India, 2011a).

The national policy has a multidimensional outline. Several areas of intervention envisaged in it, like health care, safety and security, housing, are a huge concern for a large share of the Indian population. But older persons may face severe marginalization. The implementation of the policy therefore envisages the establishment of special institutions backed by appropriate

2 The first world assembly on ageing was held in Vienna in 1982.

3 As per census of India in 2011, there are 32.4 million males above age 65 while females above age 65 number 33.8 million. If one considers the age 60+ cohort then there are 52.8 million females against 51.1 million males.

4 Para. 26 (under the heading A. Priority Direction I: Older Persons and Development; Issue 2: Work and the Ageing Labour Force) "In addressing the goal of employment for all, it must be recognized that the continued employment of older workers need not reduce labour market opportunities for younger persons and can provide an ongoing and valuable contribution to the improvement of national economic performance and output for the benefit of all members of society" para. 28, Objective 1: Employment Opportunities for All Older Persons Who Want to Work: "(h) … flexible retirement policies and practices, while maintaining acquired pension rights … reducing the incentives and pressures for early retirement and removing disincentives to working beyond retirement age."

5 These have found expression in the National Social Assistance Programme (NSAP) that was flagged-off in 1995 and continues to be expanded and strengthened.

legislation. In India (as also perhaps elsewhere) there continues to be a wide schism between the intentions (objectives) and the implementation (outcomes) of programmes (irrespective of presence or absence of legislation(s) backing those programmes).

This report takes stock of the Indian situation on some of the myriad actions especially pensions, that constitute the broad rubric for MIPAA. There appears to be a strong case to do the following: (a) increase awareness on issues relating to income security for older persons, especially older women;[6] (b) scale up existing programmes;[7] and (c) speed up the process of convergence in objectives of certain institutional programmes currently administered in silos.[8]

While this may be mere conjecture, the perception of pensions appears to have evolved significantly. In its nascent stages, in most economies, pensions constituted an award for meritorious work for only a select few persons after years of public service. The scope however widened continually to cover 'all persons in public service' until 'end of life', and subsequently to 'all persons rendering service'. Towards the end of the 19th century, it began to transform into a system of social security that encompassed not just retired older persons but also widows, orphans, persons with disabilities, poor and destitute people. This report is a purposive assessment of pensions in India in a wider sense that includes significant overlap with the objective of social security. The remainder of this section presents estimates on population groups that may require enhanced social support. The following three sections focus specifically on pension arrangements. Each section discusses coverage and benefits of differing arrangements. An assessment of the sustainability of extant arrangements in terms of the adequacy of benefits and claims on public expenditure is also attempted. The last section summarizes the report and concludes with some broad recommendations.

Dependency (and its perverse corollary, vulnerability) along its various dimensions has been the principal forerunner for concerns on social security.[9] Researchers working on issues of social security often track changes in dependency, to serve as summary indicators for improving/worsening conditions.

1.1 Age dependency in India

Age is an important factor that is strongly correlated to certain dimensions of vulnerability and the age-dependency ratio is an often used indicator[10] (see figure 1).

6 The proportion of males exceeds that of females for each five-year age cohort starting with 0-4 till 50-54. But for all subsequent five-year cohorts, starting from 55-59 age-group, the proportion of females exceeds that of males. The age-group cohort where the proportion of females begins to exceed that of males, has lowered over years. For example, in the censuses of 1981 the cohort was 80-84, in 1991 it was 65-69, and 2001 it was 60-64.

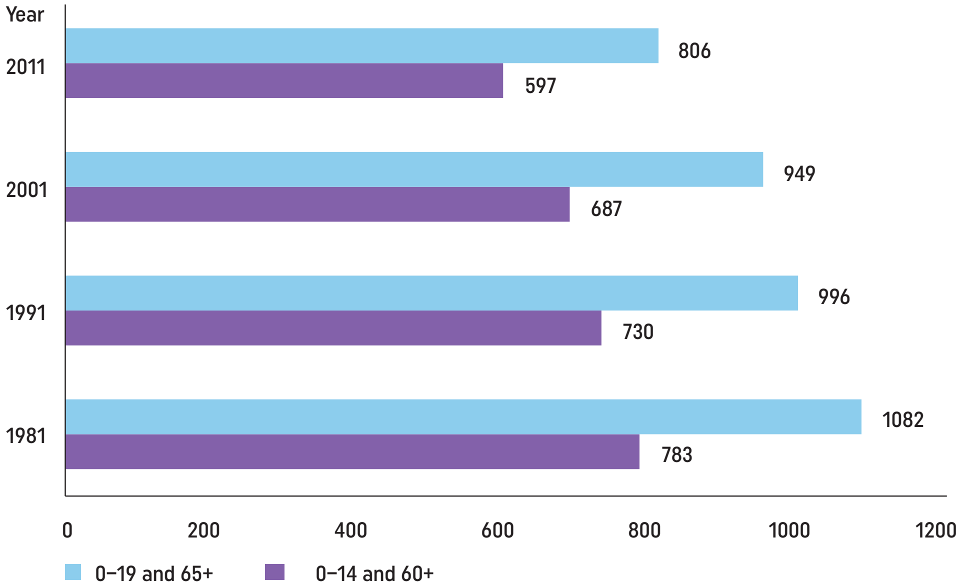
7 This pertains to non-contributory programmes aimed particularly at poverty alleviation.

8 Convergence could begin with the merger of similar legislations, particularly, when there are few differences in specific safeguards (advantages) to members/beneficiaries, or where the administration of provisions is handled similarly.

9 This perhaps derives from the need for physical, mental, emotional, spiritual and other support.

10 In addition to gender, age, income, geography or topography, in India, caste, regional, and religious and racial affiliation are also found to be strongly associated with perceptions of vulnerability. Thus, age is only one dimension for vulnerability and may interact with other dimensions and perpetuate or compound vulnerability.

FIGURE 1. AGE-DEPENDENCY RATIO IN INDIA, 1981-2011



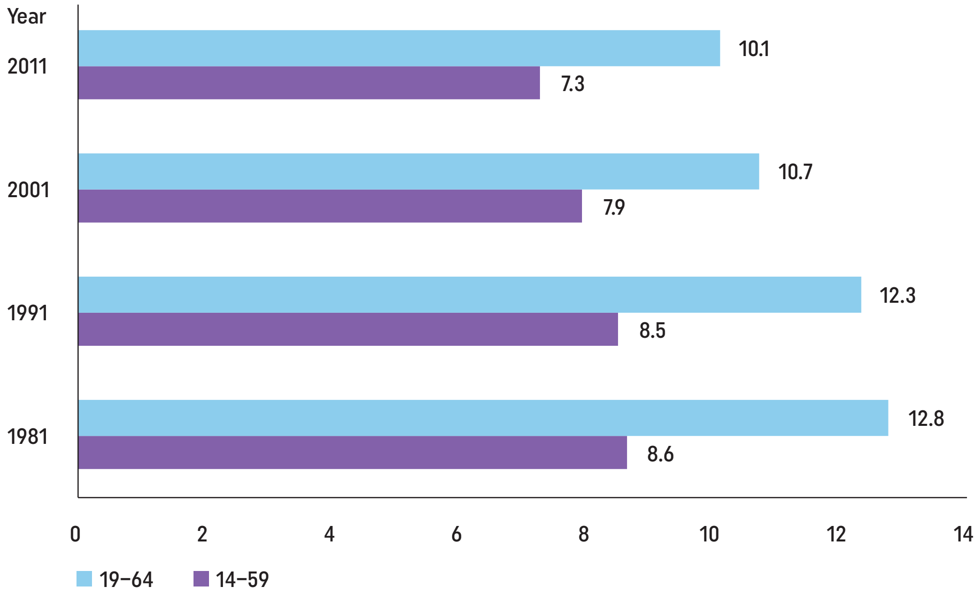
Source: Government of India, Registrar General of India, Various censuses.
Notes: Age-dependency ratio is estimated as the number of children and older persons to the number of persons in working-age group in population. To maintain parity with similarly used ratios, demographers often report this as number of children and older persons for every 1,000 persons of working age. Children are typically those below age 19 or 14. Persons in the working-age group are typically those age 19-65 or 14-60 or 14-65. Older persons are typically those above age 60 or 65.

The old-age dependency ratio, that is, the number of older persons to the number of persons in the working-age group, is also a popular measure.[11] This is often reported in its inverse form as the support ratio, which is the number of persons of working age potentially available to support every older person in the population (see figure 2).

Figure 1 suggests that the number of dependents (both children and older persons) to persons of working age has reduced over the last four censuses. There were 783 dependents per 1,000 persons in the working-age group in 1981. But by 2011, dependents per 1,000 persons in the working-age group declined to 597. This appears to be an improvement. However, figure 2 suggests that the (potential) number of persons of working age per older person has declined from 8.6 in 1981 to 7.3 in 2011. This appears to be a worsening of the support ratio. While, changes in the two age-based demographic ratios together offer mixed signals, there does not appear to be any cause for alarm for the foreseeable future (see annex 1 for a different presentation in the form of population pyramids. Note the narrowing base of the pyramids over years).

11 Unless otherwise stated, older persons are those age 60 or more, persons in working-age group are those age 14 to 59, and children are those age 13 or younger.

FIGURE 2. SUPPORT RATIO IN INDIA, 1981-2011



Source: Government of India, Registrar General of India, Various censuses.
Notes: Support ratio is shown as inverse of old-age dependency ratio.

TABLE 1. DEMOGRAPHICS IN 2011, INDIA

Persons All Ages [a]	M	51.47
	F	48.53
Persons of Age > = 65 Years	M	2.67
	F	2.79
Persons of Age > = 60 Years	M	4.22
	F	4.36
Persons of Age < 19 Years	M	20.44
	F	18.55
Persons of Age < 14 Years	M	14.96
	F	13.71
Persons All Ages [b]	Rural	68.86
	Urban	31.14

Source: Census, 2011; Table C-13 Single year age returns by age and sex. Available at http://www.censusindia.gov.in/(S(vbmgez551u3q2vruwftnp22u))/2011census/population_enumeration.aspx.
Notes: **a)** The gender ratio (number of females per 1,000 males) stands at 943. However, the ratio is higher in rural (949) than in urban (929) areas. The median age in India is at about 25 years. For the cohort less than 25 years, the gender ratio is only 913. Even for this cohort the ratio in rural (917) areas is higher than in urban (905) areas. As per Government of India (2013), the gender ratio stood at 946, but in rural areas it was 957 compared to 922 in urban areas. **b)** 69 per cent of households were in rural areas and accounted for 71 per cent of total population (Government of India, 2013).

Change in dependency is useful to signal for caution, but may be inadequate to portray the magnitude of the problem. Persons under age 14 and over age 60 constitute 37.25 per cent of the population (see table 1). If the proportion does not cause much consternation, the absolute number of close to 460 million persons in these groups is impossible to ignore. Vulnerability is perhaps most imminent among persons in these groups, constituting close to two fifths of the Indian population.

1.2 Economic dependency

More than 1.2 billion persons live in 29 states and seven union territories of India. The country's gross domestic product (GDP) was estimated at United States dollars (US$) 1.73 trillion for 2012/13 (see table 2).[12] A per capita GDP of approximately US$1,418 places India at the lower end of the category of middle income countries. But, per capita GDP in urban areas is likely to be significantly higher than in rural areas.[13] However, inequality in urban areas is also likely to be significantly higher.[14] Such an income distribution poses special challenges to establish a social security system that is expected to mitigate vulnerability.

TABLE 2. PER CAPITA DOMESTIC PRODUCT

Description	2011/12	2012/13
GDP at factor cost at current prices, billion INR, (trillions of United States dollars)	83 917 (1.75)	93 889 (1.73)
Population (millions)	1 202	1 217
Per capita GDP in INR (United States dollars)	69 814 (1 457)	77 148 (1 418)
Nominal exchange rate, average INR per dollar	47.923	54.409

Source: GDP and population data from National Accounts Statistics (NAS), accessed at http://www.mospi.nic.in/Mospi_New/upload/NAS2014/NAS14.htm; Exchange Rate from Economic Survey, 2014 accessed at http://indiabudget.nic.in/survey.asp
Notes: 1 trillion = 1,000 billion; 1 billion = 1,000 million = 100 crores.

As per the census of 2011 (Government of India, 2014b) there are 249 million households in India. All else remaining same, households with more workers are likely to report higher earnings. Conversely, households with more dependents could be relatively more stressed financially.

About 31 per cent of Indian households have one or more persons aged 60 or more (see table HH-5 in census of 2011). But, more than 4.1 per cent of Indian households have all members aged 60 or more. Among older persons, those dwelling in households with only older persons may be most vulnerable. Such older persons, in households with a maximum of four people only, number about 15.56 million. Households with maximum of four members of any age constitute half of all households. Average household size in rural areas (4.5) is larger than that

12 Indian rupees (INR) converted into Untied States dollars using average nominal exchange rate.

13 http://timesofindia.indiatimes.com/india/Inequality-rising-in-India-shows-data-on-spending/articleshow/15319586.cms; per capita consumption expenditure in urban areas is 87.4 per cent higher than in rural areas (Government of India, 2013).

14 The Gini coefficient is approximately 38 in urban areas compared to 28 in rural areas.

in urban areas (4.0).[15] While 4.7 per cent of all rural households are made up exclusively of people aged 60 or more, the corresponding figure in urban areas is 2.9 per cent. Almost 69 per cent of the total population of India live in rural areas, but 78 per cent of households made up exclusively of older persons are in rural areas.

Not all older persons are dependent. Many are working and are even financially independent. Conversely, but perhaps more critically, many people of working age may not be working and may be financially dependent. Thus along with age-dependency, another relevant measure is the ratio of non-workers (non-earners) to workers (earners) that may be referred as economic dependency ratio (see annex 2 on definition of a 'worker' and their status). Compared to age-dependency, this appears to be more suitable in the context of social security. Table 3 shows that over the last five censuses since 1971, there has been a steady decline in economic dependency. However, data from the National Sample Survey Office (NSSO) do not corroborate this decline. Over the last two decades, the economic dependency ratio appears to have fluctuated, but overall there is weak evidence to suggest any improvement.[16]

TABLE 3. ECONOMIC DEPENDENCY RATIO

Census		National Sample Survey Office		
Year	Dependents per 1,000 workers	Year	Dependents per 1,000 workers	
			PS + SS	PS
1961	1 328	1977/1978	1 364	1 695
1971	2 037	1983/1984	1 381	1 674
1981	1 725	1987/1988	1 427	1 740
1991	1 667	1993/1994	1 381	1 667
2001	1 558	1999/2000	1 519	1 740
2011	1 513	2003/2004	1 375	1 625
		2009/2009	1 551	1 740
		2011/2012	1 591	1 825

Source: Same as figure 1 and various NSS reports on employment-unemployment surveys.
Notes: PS: Principal Status; SS: Subsidiary Status

In particular, the proportion of the economically dependent population exceeds the proportion of those considered independent. Further, the proportion of the economically dependent appears to be rising. This calls for improved coordination between policies for income support and employment creation.

15 Only 0.15 per cent of the population is reported to be homeless.

16 This seems to support the proposition of 'jobless growth'.

The Government of India report entitled *Situation analysis of the elderly in India* (2011b), pertaining to the year 2004, states:

> *"About 65 per cent of the (elderly) aged had to depend on others for their day-to-day maintenance. The situation was worse for elderly females with about only 14 per cent to 17 per cent being economically independent*[17] *in rural and urban areas respectively while the remaining are dependent on others – either partially or fully. The elderly males were much better off, as majority of them (51 to 56 per cent among them in rural and urban) did not depend on others for their livelihood" (p. 11).*
>
> *"Among economically dependent elderly men, in either rural or in urban part of the country about 6-7 per cent were financially supported by their spouses, almost 85 per cent by their own children, 2 per cent by grand-children and 6 per cent by others. For elderly women, there were minor differences between the rural and urban scenario. In rural areas, 16 per cent depended on their spouses, 75 per cent on their children, 3 per cent on grand-children and 6 per cent on others, while in urban areas 19 per cent depended on their spouses, 71 per cent on their children, 3 per cent on grand-children and 7 per cent on others including the non-relations" (p. 13).*

It is clear that older persons draw sustenance from largely intra-family, intergenerational, or even informal ties. This is desirable but perhaps it is weakening, and vulnerability appears to be changing in form. Further, the weakening of family ties could significantly aggravate matters for older persons. Anecdotal evidence suggests that there are frequent incidents of abuse of older persons within the family. Newspaper reports also indicate an increase in incidents of assault on those living in only-older persons households in urban areas. There are increasing episodes of robbery attempts victimising the economically independent older persons (Mishra and Patel, 2013; Government of India, 2009; Saxena, 1999). These are pressing issues deserving of societal redressal (Helpage, 2014; Giridhar and others, 2014). Extant legal provisioning and policing appear inadequate to address the specific needs of older persons, irrespective of their economic dependency.

Note that one could be financially dependent, despite being a worker. Older persons may find themselves in a situation of continued financial dependence, and this could motivate them to remain in the workforce and strive for self-dependency (if not financial independence). Financial dependence or poverty may expose people to severe vulnerability and often leads to (morally untenable) wretched forms of dependency. As per the latest estimates of the Planning Commission of India for 2011/12, there were 269.3 million poor persons constituting almost 22 per cent of the Indian population (see table 4).

17 In the report, a person is considered economically independent if he/she does not require financial help from others to live a normal life.

TABLE 4. POVERTY LINE, NUMBER AND PERCENTAGE OF POOR, 2011/12

Description	Rural	Urban	Total
Poverty line, in INR at current price	816 (972)	1 000 (1 407)	
Poverty line, in US$ at current exchange rate	17.03 (20.3)	20.87 (29.4)	
Number of poor (millions)	216.5 (260.5)	52.8 (102.5)	269.3 (363)
Proportion of poor, percentage	25.7 (30.9)	13.7 (26.4)	21.9 (29.5)

Source: Government of India, 2014c.
Notes: The poverty lines are computed as per the Tendulkar method (moving away from calorie norm) based on consumption basket for mixed reference period (of 30-day and 365-day recall). Figures in parenthesis relate to the estimates from Government of India (2014c).

The poverty estimate is based on a headcount using the official poverty line of INR816 (INR1,000) for rural (urban) monthly per capita expenditure. In current average nominal dollar terms the poverty line translates to US$17.03 (US$20.87) per month for rural (urban) areas. In turn the average annual urban poverty line works out to about US$250. For the year 2011/12, this translates to about one-sixth of the average per capita GDP.[18]

Poverty rates however, are sensitive to the definition used. Also note that poverty lines estimated by the planning commission or subsequently by an expert group are lower than US$1 (or US$1.25) per capita per day, the norm used commonly by the World Bank to facilitate cross country comparisons. Raising the poverty line to the World Bank norm is likely to significantly raise the headcount of the poor. The World Bank benchmarks for 2014 based on 2011 purchasing power parity however, suggest much lower poverty rates in India (Donnan, 2014).

Table 4 relates to the entire population, but the poverty rate among older persons is normally believed to be higher. Available studies however, suggest that poverty among older persons may not be significantly different from poverty among younger persons (see Pal and Palacios, 2008; Srivastava and Mohanty, 2011).[19] Applying the (lower) estimate for national poverty rate of 21.9 per cent to the population of older persons (aged 60 or more in 2011), there could be 22.8 million poor older persons in India.[20]

18 While the use of an absolute poverty line is common among developing countries, in developed countries relative poverty is often linked to median income. For example, an individual below 60 per cent of the median income may be eligible for benefits targeted to the poor. Further, in developing countries with high inequality in income distribution, median income is likely to lie significantly below the average income for the population.

19 Srivastava and Mohanty, 2011, using the NSSO survey data for 2004/15 conclude that poverty rate among the elderly is not significantly different from that among younger persons.

20 Instead, if one uses the (higher) estimate of the expert group of 29.5 per cent poverty rate, then there may be more than 30.7 million elderly poor in India. There is reason to believe that members in households headed by women or older women, in particular, are more likely to be poor. This could reflect that their labour force participation is relatively lower than men's and may be compounded by their relatively lower average earnings. In turn this may reflect glacial socio-cultural legal systems. Gender-based studies on poverty among older persons are relatively few.

1.3 Disability dependency

Physically or mentally challenged persons often referred as persons with disability,[21] are dependent on relatively able persons for support. Persons with disabilities constitute 2.21 per cent of the total population (see table 5). Males with disabilities constitute 56 per cent of all disabled persons. Furthermore, 2.4 per cent of all males and 2.01 per cent among all females are living with some form of disability.

Some 36 per cent of the persons with disabilities are also workers (including main and marginal workers). Of the remaining 64 per cent that are not workers, the male-female ratio is 30:34. Persons with disabilities, however, appear to be equi-proportionally distributed across rural and urban areas, with 69 per cent in rural areas. There are 15.7 million persons with disabilities age 15-59 constituting 59 per cent of all persons with disabilities. While more than 20 per cent of all persons with disabilities are older persons and number about 5.4 million, more than 28 per cent of them are also workers. There are 3.9 million older persons with disabilities that are not working, with females outnumbering males in the ratio 58:42.

TABLE 5. PERSONS WITH DISABILITIES IN INDIA, 2011

Description		Percentage
Persons with disabilities as a share of total population	Total	2.21
Persons with disabilities by sex	Males	56
	Females	44
Persons with disabilities as a share of total population by sex	Males	2.40
	Females	2.01
Persons with disabilities by employment status	Workers	36
	Non-Workers	64
Workers with disabilities by sex	Males	73
	Females	27
Non-workers with disabilities by sex	Males	46
	Females	54

Source: Basic data from Census, 2011 (Government of India 2014b). Table C-23, Disabled population among main workers, marginal workers, non-workers by type of disability, age and sex.

21 A person with restrictions or lack of abilities to perform an activity in the manner or within the range considered normal for a human being is treated as having disability. It excludes persons with illness/injury of recent origin (morbidity) resulting in temporary loss of ability to see, hear, speak or move.

The contours of the dependent population in India are discussed above along a few dimensions. Despite its size, dependency related to age can hardly be considered alarming. But, high incidence of poverty, disability, and morbidity begets dependency. This, for an economy translates onto an adverse impact on (average) productivity, and therefore output. The adverse impacts are not limited to those who are dependent but also pull down the productivity of those who support them. The combination of 'dependencies' along differing dimensions of old-age, poverty and disability are relatively more enduring and require sustained redress by developing strong social systems. This is significant because familial care remains the most effective mechanism, even in countries with seemingly well-developed systems for formal care. However, formal care may contribute positively to national output and therefore, national welfare. The next section takes stock of some relevant initiatives in India.

2 Social Programmes

Three social programmes of income support for older persons are discussed here. The latest among them was introduced in the budget of 2004/05 and is referred as the senior citizens savings scheme (SCSS). Retired individuals, in comparison to other depositors, could earn a premium of 0.5 per cent on five-year term deposits under SCSS. At present, the scheme is implemented through post offices, designated branches of 24 nationalized banks and one private sector bank.

Deposits, outstanding under the SCSS, stood at INR381.88 billion at the end of 2012/13 (see, http://www.cga.gov.in/writereaddata/Statement-16_20122013.pdf, p. 533). But information on the number of accounts, average deposit in those accounts and the corresponding interest premium paid on them is not readily available. However, given its design, the scheme is most likely to benefit those who, prior to retirement, were engaged in regular salaried occupations or were relatively better off among those that were self-employed (see also, http://www.indiapost.gov.in/scss.aspx).

The oldest social programme however, was introduced in 1969 to honour freedom fighters, the Ex-Andaman Political Prisoners Pension Scheme. This was transformed into a regular freedom fighters pension scheme in 1972 (on the eve of twenty-fifth anniversary of Independence). The scheme was further liberalised in August 1980 and was renamed the Swatantrata Sainik Samman Pension Scheme (SSSPS). It continues under that name to this day. This is discussed in section 2.1, while section 2.2 elaborates on the means-tested, albeit relatively broad-based National Social Assistance Programme (NSAP) to redress vulnerability, especially old-age poverty.

2.1 Freedom Fighters' Pension

The SSSPS was founded as a token of appreciation for those who may have suffered at the hands of erstwhile rulers during the long struggle to gain independence. It is a continued expression of indebtedness towards not only those who endured incarceration, physical pain, disability and unemployment, but also their kin who endured their predicament. Table 6 describes the monthly pension benefits accruing to various categories of freedom fighters and their eligible dependents.

When SSSPS was regularized in 1972, the pension was fixed at INR200 and was gradually increased after periodic reviews. The total pension benefit to ex-Andaman political prisoners multiplied more than 116 times and as of August 2014 stands at INR23,309 per month (see table 6). Widows/widowers of freedom fighters are eligible for pension benefits identical to the benefit paid to freedom fighters. Pension benefits to other eligible dependents is significantly less, at most one fifth of that for the freedom fighter.

TABLE 6. PENSION BENEFIT FOR FREEDOM FIGHTERS AND THEIR KIN, INR

Sl. No.	Category of freedom fighters or their kin	Basic pension w.e.f 2 Oct. 2006	Dearness relief at 218% w.e.f 1 Aug. 2014	Total pension
i	Ex-Andaman political prisoners	7 330	15 979	23 309
ii	Freedom fighters who suffered outside British India (other than Indian National Army)	6 830	14 889	21 719
iii	Other freedom fighters (including INA)	6 330	13 799	20 129
iv	Widow/widower of above categories of freedom fighters	Entitlement is same as for respective deceased freedom fighters		
v	Each unmarried and unemployed daughter (up to three)	1 500	3 270	4 770
vi	Mother and father, each	1 000	2 180	3 180

Source: http://mha.nic.in/sites/upload_files/mha/files/FreedomFighterDArelif_260814.PDF (Accessed 31 March 2015).
Note: INA: Indian National Army

The scheme is funded by the Federal Government, and beneficiaries are identified through an application process and in consultation with state governments. Apart from the monthly pension for beneficiaries, the scheme also provides for free life-long transit by railways and medical care. These benefits are also extended to companions and dependents. Other benefits include telephone connection without installation charges and only half the rental charges, subject to feasibility; and preference or reservation in housing schemes and selection procedure by public sector oil marketing companies for allotment of petrol pumps, gas agencies and so on. Expenditures from 2004 to 2013 on some components of the scheme are summarized in table 7.

TABLE 7. EXPENDITURE ON WELFARE OF FREEDOM FIGHTERS 2004-2013

Fiscal year	Number of pension beneficiaries	Expenditure in millions of INR on		
		Pension	Railway passes	Home repair
2004/05	169 331	3 496.50	511.10	0.67
2005/06	169 945	3 742.76	314.45	0.50
2006/07	169 969	4 245.03	293.43	0.50
2007/08	170 200	5 880.61	294.79	0.50
2008/09	170 545	6 406.49	50.00	0.60
2009/10	170 673	8 250.09	349.80	2.00
2010/11	171 148	7 108.14	302.83	1.10
2011/12	171 411	8 210.33	156.70	0.30
2012/13	171 516	7 728.33	255.00	1.00
2013/14	171 578	8 261.20	86.66	2.30

Source: Annual Reports of the Ministry of Home Affairs; Latest for the year 2013/14, Available from http://www.mha.nic.in/sites/upload_files/mha/files/ARI1314.pdf (Accessed 30 March 2015).

By the end of December 1980, 120,000 beneficiaries were being rewarded and the scheme entailed an expenditure of INR320 million. The number of beneficiaries swelled to 159,826 by the end of November 1991, and for 1990/91 the expenditure on pension component alone had risen to INR1,250 million. In 2000/01, expenditure on freedom fighters' pensions had increased to INR2,346 million. The expenditure on free railway passes amounted to INR444 million and about 0.43 million were spent out of Home Minister's discretionary grant. The number of beneficiaries reached 164,516 by the end of February 2002.

The number of beneficiaries slowly increased and reached 171,578 by the end of December 2013. However, given that almost seven decades have elapsed since the attainment of independence, the profile of beneficiaries is likely very different now than it was a few decades ago. It is likely that a significantly large number of current beneficiaries are dependents of freedom fighters.

Expenditure on the pension component under SSSPS multiplied almost 26 times[22] between 1972 and 2013/14. As a proportion of total federal government expenditure, it declined from 0.11 per cent in 1990/91 to 0.06 per cent in 2000/01 and further to less than 0.05 per cent in 2012/13. The beneficiaries constitute about 0.01 per cent of the population (or less than 0.16 per cent of population of older persons). The average annual benefit for the year 2013/14 is estimated at INR48,148 (approximately US$796 at INR60.5019 per dollar).[23]

2.2 National Social Assistance Programme (NSAP)

The NSAP was introduced on 15 August 1995 (Government of India, 2014a, chapter 7:73-75). Prior to August 1995, some such programmes existed in rudimentary forms in one or more states and union territories. The NSAP accorded national impetus to these programmes.

The NSAP aims to alleviate vulnerability of aged, widows and persons with disabilities. There is also provision for one-time assistance in case of the death of the primary breadwinner from a poor family. This constitutes the national family benefit scheme (NFBS), while another component named the 'Annapurna scheme' constitutes in-kind provisioning of food-grain. Table 8 summarizes the components of the NSAP.

22 This is less than one fourth of the increase in the monthly pension for ex-Andaman political prisoners.

23 See http://rbi.org.in/scripts/PublicationsView.aspx?id=15937 for average annual exchange rate.

TABLE 8. NATIONAL SOCIAL ASSISTANCE PROGRAMME, 2012/13

Scheme	Below poverty line (BPL) households: eligibility for benefits		Periodicity	Benefits (INR)	Beneficiaries (millions)
	Beneficiary age	Other conditions			
Indira Gandhi National Old Age Pension Scheme (IGNOAPS)	a >= 60 and =< 79 b >= 80		monthly	a 200 b 500	20.84
Indira Gandhi National Widow Pension Scheme (IGNWPS)	a >= 40 and =< 79 b >= 80		monthly	a 300 b 500	4.88
Indira Gandhi National Disability Pension Scheme (IGNDPS)	a >= 18 and =< 79 b >= 80	Severe/multiple (80%) disability	monthly	a 300 b 500	0.98
National Family Benefit Scheme (NFBS)		18 =< Age at death of primary bread winner =< 59	One time lump-sum	20 000	0.18
Annapurna Scheme (AS)	>= 65	Those not covered under OAPS	monthly	10kg food grain	0.64

Source: Government of India, 2014a, chapter 7: 73-75; Annexure – XXXII: 226.
Notes: 1 million = 10 lakh; Upon attaining age 80, beneficiaries under IGNWPS and IGNDPS are moved to IGNOAPS, and the Federal Government contributes INR500 per month per beneficiary. Very old pensioners age 80+ constituted 11.49 per cent of all beneficiaries in 2012/13 under the IGNOAPS (Lok Sabha Secretariat, 2014).

The NSAP is essentially envisaged as a means-tested cash transfer programme for individuals from households or families that are identified as BPL.[24] Households/families with mean per capita consumption expenditure less than the poverty line are termed BPL households (see table 4 in section 1). All individuals in such households/families are also BPL (irrespective of likely differences within the family). Among members of such households, individuals with specified attributes (namely age and disability) are considered eligible to draw benefits.[25]

24 This may likely be integrated with the direct benefit transfer (DBT) programme whereby funds are directly transferred to individual accounts based on authentication offered by (aadhaar) unique identification number for Indians. The Government has also incentivized savings for or by older persons (up to a pre-defined limit) by crediting a higher interest rate of up to 50 basis points on term deposits.

25 This method of identification of potential beneficiaries is proposed to be changed, by adopting parameters based on Socio-Economic and Caste Census (SECC). Further, a broad-based programme is also envisaged under the National Food Security Act of 2013. Promulgated by the Government, this act entitles eligible households (almost two thirds of Indian population) to 5 kg of subsidised food-grains (cereals) per month. Other forms of in-kind support include subsidised transportation for older persons and persons with disabilities on pubic carriers (airlines, railways, roadways and waterways).

Note that NSAP is in consonance with the provision in MIPAA (UN, 2002), where it implores nations to establish non-contributory pensions and disability benefit systems. Table 8 describes the situation pertaining to 2012/13, but several changes were introduced over the years to enhance benefits and widen coverage of beneficiaries by broadening the age criterion. For example, the eligibility age for IGNOAPS was lowered from (>=) 65 years to (>=) 60 years with effect from 1 April 2011. For IGNWPS, with effect from 1 October 2012, eligibility was widened to cover widows age 40-79 (previously age 40-64). Table 9 gives the number of sanctioned and new applicants for different components of NSAP.

TABLE 9. SANCTIONED PENSIONERS AND NEW APPLICANTS

		Gender			Age	
Scheme	**Status**	**Female**	**Male**	**Total**	**< 80**	**>= 80**
IGNOAPS	Sanctioned	8 909 961	8 103 807	17 024 859	14 985 931	2 038 581
	New applicants	231 805	258 938	490 743	453 847	36 896
IGNWPS	Sanctioned	3 094 977	6 959	3 101 936	3 019 965	81 970
	New applicants	173 282	1	173 283	172 905	378
IGNDPS	Sanctioned	289 582	465 260	756 333	743 804	12 529
	New applicants	12 939	25 407	38 346	38 315	31

Source: Data downloaded from http://nsap.nic.in/ReportBenfAbstract.do?method=showReportResult on 1 December 2014.
Notes: It is not clear whether these figures pertain to 2012/13 or some other year as the specific year is not mentioned. In case of IGNOAPS, the total sanctioned number of beneficiaries marginally differs from the sum across gender or age groups. The presence of male beneficiaries under IGNWPS is not explained. Two states, namely Karnataka and Jharkhand, account for most of the male beneficiaries sanctioned for IGNWPS.

The numbers shown in table 9 relate to those sanctioned by the Federal Government for a grant of additional central assistance (ACA). In the year 2012/13, INR96 billion were allocated under the NSAP as ACA for the state governments. Federal funds for ACA are released directly to the consolidated fund of the states/union territories without any scheme-wise assignment. However, funds thus released were lesser (than that allocated), at INR91 billion (Government of India, 2014a, Annexure XXXII:226). This constituted about 0.65 per cent of government expenditure and less than 0.10 per cent of GDP.[26]

Note that ACA expenditure, and benefit mentioned in table 8, is borne only by the Federal Government. Most state governments also supplement some or all the components of these programmes (see table in annex 3). State contribution, however, varies significantly. For example, in the case of OAPS, there is no state contribution in Andhra Pradesh, while it is

26 In March 2014, the Government of India decided to convert the NSAP into a centrally sponsored scheme (CSS) and proposed revised guidelines for implementation.

INR1,800 per month in the state of Goa.[27] Thus, across states, total monthly benefit to beneficiaries under OAPS may vary between INR200 (in Andhra Pradesh or Bihar for example) and INR2,300 (for the very old in Goa). Further, state governments may have additional beneficiaries other than the number sanctioned (see table 9) for that state by the Federal Government.

Table 10 gives the total number of beneficiaries. Unfortunately, updated accounts on beneficiaries and total benefits are not systematically published. For example, in Tamil Nadu,[28] for the year 2012/13, funds available under ACA for NSAP amounted to INR5,951.36 million,[29] of which INR5,220.34 million were used. However, likely expenditure for the state is reported as INR18,416.8 million. Thus, in Tamil Nadu, used federal funds constituted 28.35 per cent of likely expenditure on NSAP schemes that, in turn, constituted about 1.65 per cent of total expenditure of the state government (see annex 4 for sample monthly progress reports on the NSAP). The proportion of federal funds used and the fraction of their total expenditure for NSAP may however, vary significantly across Indian states and union territories.

TABLE 10. SCHEME-WISE BENEFICIARIES FROM NSAP

Year	IGNOAPS	IGNWPS	IGNDPS	NFBS	Annapurna scheme
2009/2010	16 333 578	3 213 467	699 680	342 809	1 015 655
2010/2011	17 059 756	3 425 390	729 345	335 044	958 419
2011/2012	21 384 404	3 628 467	794 249	330 240	778 682
2012/2013	22 712 043	4 960 887	743 806	386 005	824 001

Source: Lok Sabha Secretariat, 2014.
Note: The reason for the difference in number of beneficiaries between tables 8 and 10 is not clear.

The SCSS is administered by the Ministry of Finance through the banking and post-office network, while SSSPS is administered by the Ministry of Home Affairs and NSAP is administered by the Ministry of Rural Development. The objective of the differing programmes is to supplement the income of financially stressed older persons (or vulnerable persons), but, this may or may not bear out in actual implementation.

The multiplicity of administering agencies does little to maximize the outreach of social pensions. The possibility of duplication or drawing multiple benefits is unlikely to be eliminated in practice even if it is assumed away in programme design. Benefits derived by individuals differ widely across programmes and states and union territories. This may not serve the cause of reducing poverty or promoting equity in the transfer of public resources.

27 Details on contribution of state governments derived from Government of India (2014a, Annexure-XXX, pp. 224) are reproduced annexed to this report.

28 Available at http://nsap.nic.in/mpr1.do?method=getReport&param=SL&grp2=1&stateCode=29&monthCode=03&year=2013.

29 INR 216.32 million unspent opening balance from previous year, plus INR 5,735.04 released during 2012/13.

3 Non-contributory Schemes

Ex-employees from federal (both civil and defence) and state governments draw their pension from current revenues or the consolidated funds of respective Governments. The pensions of ex-employees of most statutory corporations and quasi-government undertakings are paid out of current revenues from commercial operations (see also annex 5 on provident funds for federal government employees).[30]

The federal and state governments (including local governments) along with statutory corporations and quasi-government undertakings together constitute the public sector. The extant provisions entitle a worker (superannuating from public sector upon attaining age 60), to draw a benefit equivalent to 50 per cent[31] of his/her final salary. Such an arrangement qualifies as a non-contributory, defined benefit pension system.[32] Further, the recurring benefit is both wage and inflation indexed. All workers who joined these services before 1 January 2004 are assured of similar dispensation when they retire.

New recruits in federal government defence services continue to be governed by the erstwhile defined benefit pension system. But, those joining the civilian services in most state and local governments in India,[33] on or after 1 January 2004,[34] have been moved to a contributory pension system, administered under the oversight of Pension Fund Regulatory and Development Authority (PFRDA) (see section 4).

In 1971, there were 20 public sector workers per 1,000 persons in the population. Table 11 suggests that in 2011 this had declined to 10 public sector workers per 1,000 persons. This works out to less than 2.6 per cent of all Indian workers.

As per data collated from: (a) the report of the Sixth Central Pay Commission (SCPC) on the number of pensioners; (b) the brochure on pay and allowances for civilian employees and their pay and allowances; and (c) the federal budget for expenditure on pensions of civilian and defence pensioners, the average annual emolument to civilian workers in 2006/07 was INR140,200 (US$3,216) while the average annual pensionary benefit to ex-civilian workers was estimated at INR43,682 (US$1,002). Thus, in 2006/07 the per pensioner payment was

30 For most public sector corporations, it was envisaged that an account in the nature of a reserve fund would be maintained to service pension obligations towards their respective ex-employees. However, most such funds are dysfunctional. Section 4 discusses provident funds operating under differing legislations that cater to workers in the private sector and specific locations.

31 The Sixth Central Pay Commission, a temporary body of experts constituted to recommend salary changes for government employees), suggested a graded rise in this percentage of final salary for pension, reaching 100 per cent of basic pension at age 100.

32 The Supreme Court of India interpreted pensions in the nature of a vested right of an individual, for the past services rendered. Thus, employment-based pension were essentially seen as deferred compensation (judgement dated 17 Dec. 1982, on a case involving D. S. Nakra versus Union of India).

33 Excluding state government employees of West Bengal and Tripura.

34 The date of accession to the contributory scheme differs for some states.

almost 31 per cent of per worker compensation in civilian services. For that year, the per pensioner annual benefit to ex-defence worker was estimated at INR71,133 (US$1,632).

TABLE 11. PUBLIC SECTOR WORKERS

Year	Public sector workers (thousands)	Population	Public sector workers per 1000 population
1961	7 050.0	439 234 771	16
1971	10 730.4	548 159 652	20
1981	10 908.0	683 329 097	16
1991	12 835.4	843 387 888	15
2001	12 946.0	1 028 737 436	13
2011	11 734.0	1 210 854 977	10

Source: Census; Statistical Abstract.
Note: The public sector includes federal, state and local governments as also government companies and quasi-government agencies.

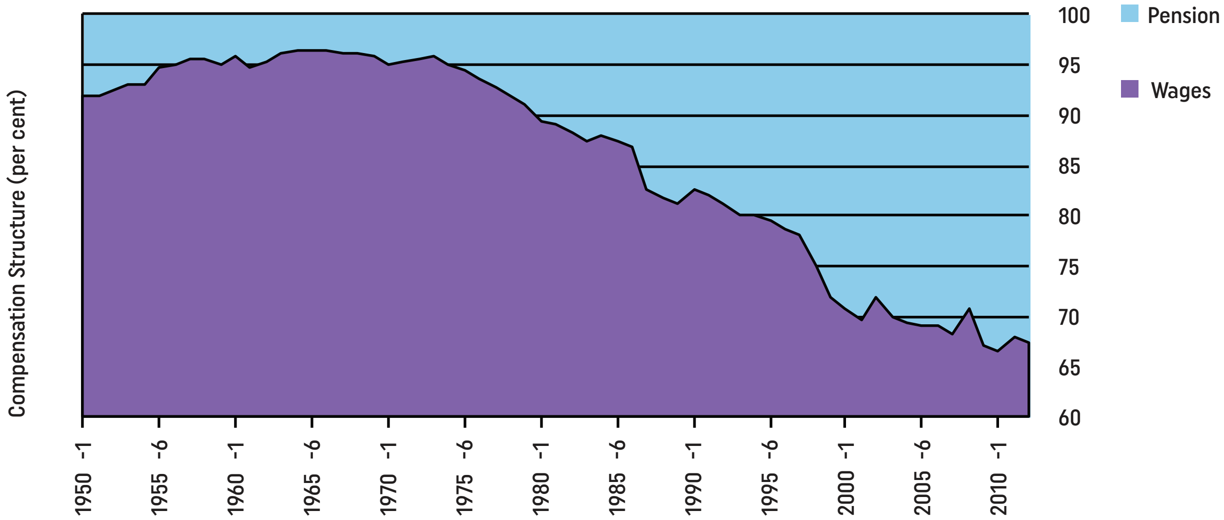
The system-dependency ratio[35] for civilian establishments was estimated at 600 pensioners for every 1,000 workers (see SCPC report). The corresponding figure for the defence establishment was 1,620. Transforming this into its inverse form, the support ratio (cf. figure 2), the civil and defence establishments respectively are about 1:5 and 1:12 for the whole population (civil: 1.67; defence: 0.63; population: 7.3). In the years since 2006/07, the support ratio for both civilian and defence establishments is likely to have worsened (that is, declined further), but more steeply for the former.

Expenditure to compensate current workers has grown differently from that for ex-workers. Changes in employment in the public sector combined with changes introduced by the implementation of recommendations of the successive pay commissions, led to significant changes in the structure of employees' cost to the establishment. Figure 3 depicts the changes in employees' cost to the establishment in the Federal Government. In 1950/51, payment to ex-workers constituted less than 8 per cent of employees' cost to the establishment. This exceeded 32 per cent in 2012/13.

Note further that medical costs are not included in figure 3. Expenditure on medical costs is likely to constitute a significantly higher proportion of compensation for ex-workers than for current workers (Anand, 2008). Studies have shown that medical costs rise rapidly at older ages and an inordinately large proportion of life-time medical expense is incurred in the last few years preceding death (Nyce and Schieber, 2005). Thus, inclusion of medical costs may likely raise the proportion of total expenditure incurred on retirees as compared to current workers.

35 The ratio of current pensioners to current workers for a particular system, expressed as per 1,000 current workers.

FIGURE 3. STRUCTURE OF EMPLOYEE COSTS TO THE ESTABLISHMENT, FEDERAL GOVERNMENT



Source: Update of Anand and Chaudhury, 2007.

Over the 25 years between 1987/88 and 2012/13, expenditure towards retirement benefits by the Federal Government grew at a trend rate exceeding 16.5 per cent (see table 12). This is higher than the trend growth rate in total expenditure (12.5 per cent) over that period. Consequently, the proportion of total expenditure of Federal Government directed towards retirement benefits has more than doubled during this period.

TABLE 12. EXPENDITURE ON RETIREMENT BENEFITS: FEDERAL AND STATE GOVERNMENTS

Government section	Trend growth rate 1987/1988 to 2012/2013	Retirement benefits/total expenditure (percentage)	
		1987	2012
Federal	16.55	2.08	4.42
All states combined	19.22	3.00	10.19

Notes: Retirement benefits include both periodic (recurring) and terminal (one time) benefits. The trend growth rate is estimated as the best fitting fractional value for g over the set of t observed values [Y1, ..., Ym, ..., Yn, ..., Yt] where, Yn = Ym (1 + g)n-m for all n > m. This is estimated by regressing an equation of the form Y = b*aX. Then, the estimated trend growth rate g = a-1. This is multiplied by 100 to convert it into a percentage.

The trend growth rate in expenditure on retirement benefits by state governments (19.2 per cent) has outstripped the corresponding growth in expenditure by the Federal Government. Further, total expenditure of the combined group of state governments has grown at a trend rate of 13.7 per cent over the 25-year interval. Consequently, the proportion of total expenditure directed at retirement benefits has more than tripled for the combined group of state governments and took up 10.2 per cent of their total expenditure for the year 2012/13.

In 19 states of India in 2012/13, expenditure on retirement benefits exceeded expenditure on interest payments. In some states, such as Himachal Pradesh, Kerala, Punjab and West Bengal, expenditure on retirement benefits consumed more than a sixth of their revenues (see table 13). Thus retirement benefits have emerged as the most critical element of public expenditure in several Indian states.

TABLE 13. EXPENDITURE ON RETIREMENT BENEFITS IN SELECTED INDIAN STATES (PER CENT)

State	Trend growth rate of retirement benefit (1987/1988 to 2012/2013)	Retirement 1987/1988	Retirement benefit/total revenue 2012/2013	Retirement benefit/own source revenue 2012/2013
Non-special/general category states				
Andhra Pradesh [1]	18.00a	3.80	11.64	15.93
Bihar [2]	20.30	3.36	13.39	38.75
Goa	21.22	2.47	8.34	10.21
Gujarat	17.55	3.43	9.57	12.01
Haryana	19.83	2.84	10.81	12.88
Karnataka	15.73	5.43	9.25	12.52
Kerala	17.04	11.54	20.09	25.87
Madhya Pradesh [3]	18.26	2.73	7.36	13.32
Maharashtra	18.24	3.06	8.03	10.11
Odisha	21.35	2.76	12.24	23.28
Punjab	20.30	4.14	18.05	23.66
Rajasthan	19.39	3.01	10.25	16.08
Tamil Nadu	19.46	4.74	13.32	16.92
Uttar Pradesh [4]	22.04	2.25	11.93	24.39
West Bengal	20.58	3.48	16.16	31.78
Special category states				
Arunachal Pradesh	22.37	0.60	5.74	55.05
Assam	21.04	1.85	12.31	34.37
Himachal Pradesh	20.69	3.84	17.61	45.76
Jammu and Kashmir	22.57	2.65	13.21	43.33
Manipur	20.77	1.66	11.15	134.66
Meghalaya	21.30	0.96	7.01	29.13
Mizoram	23.45	1.08	8.17	85.12
Nagaland	20.08	1.99	10.91	123.75
Sikkim	25.89	0.44	5.94	18.13
Tripura	20.39	1.77	9.85	58.66

Source: Basic data from Finance Accounts of respective states

Notes: *1: Andhra Pradesh includes present day Telengana; *2: Bihar includes present day Jharkhand; *3: Madhya Pradesh includes present day Chhatisgarh; *4: Uttar Pradesh includes present day Uttarakhand. In 2012/13, expenditure on retirement benefits in present day Bihar, Chhatisgarh, Jharkhand, Madhya Pradesh, Uttarakhand and Uttar Pradesh were respectively 14.04, 8.16, 11.83, 7.02, 8.67 and 12.28 per cent of their respective total expenditure for that year. The special category states are identified based on hilly terrain and proportion of tribal population. The distinction between special and non-special is a relic of erstwhile 'planning' and has implications for sharing and transfer of federal funds. Total revenue of states includes own-source revenue plus the statutory and non-statutory transfers from the Federal Government.

Expenditure on retirement benefits appears to be growing faster in special category states as compared to the remainder of Indian states (see table 13). Further, in these states such expenditure constitutes a markedly higher proportion of own source revenues.

Retirement benefits however, include elements of both recurring and one-time benefits for individuals. The recurring benefits consist of member and survivor pensions that are collected monthly by the respective beneficiaries. The one-time (terminal) benefits include gratuity payment, leave encashment and commuted value of pensions. For the combined group of states in 2012/13, recurring and terminal benefits constitute respectively about two thirds and one quarter of expenditure on retirement benefits. However, in most empirical work relating to India, all expenditure accounted under the head retirement benefits is construed as pension, and denoted interchangeably (see annex 6 for more details).

Apart from payments to retired and retiring individuals (or their kin), the expenditure in government accounts also includes co-contributions for future pension payments to current workers. These do not constitute current retirement benefits. In 2012/13, for the combined group of state governments, it constituted about 1.5 per cent of expenditure accounted under retirement benefits. For the Federal Government, such contribution constituted more than 1.7 per cent.[36] However, with new recruits in government (civilian) service being enrolled in a defined contribution system, co-contribution is set to rise rapidly, especially for state governments (see also Anand and Ahuja, 2004).

36 There is no such contribution in respect of defence establishment.

4 Contributory Schemes

As described in the preceding section, those who joined the public sector before 1 January 2004 are assured of a fully indexed (to both wage and inflation) defined benefit pension reward upon retirement, with no requirement of any financial contribution while in active service. However, those joining the public sector on or after 1 January 2004 (except defence personnel) subscribe to a defined contribution system. The extant provisions offer no guarantees or assurance on likely retirement benefits from such contribution.

In comparison to those in government service and some public sector units, for a large share of workers, the old-age income support system is based on long-term savings programmes in the form of provident funds. These provident funds operate under differing legislations. Each of these legislations is focused on specific economic activities or regions (see table 14).

The mandatory programmes are envisaged as employer-employee co-contributed long-term saving system. Investment patterns of the fund and return to members are determined by a Board of Trustees for the respective funds and are implemented as a statute. A large part of the total contribution, however, accumulates as a savings pot in an individual's account. This pot could be withdrawn by the individual as lump sum (one-time terminal benefit) upon retirement or subject to certain conditions even before retirement. For example, in SPF the average payment upon settlement of final claims in 2012/13 was about INR460,000 (US$8,447).

The SPF, however, does not have a provision to offer a monthly pension. As compared to SPF, other funds that also provide an annual pension to its superannuating members, report a smaller average accumulation on final settlement of account for a typical individual. In 2012/13, the average payment to ceding members of the Employee Provident Fund upon full and final settlement of provident fund dues was less than INR45,000 (US$823). For a large majority however, it is significantly less. The average balance at the end of 2011/12 in the provident fund of members of ATPPF&PFS was INR98,160 (US$2,048, see Annual Report available at http://atppf.nic.in/annual_report.html).

Pre-retirement withdrawals for contingencies often deplete provident fund accumulation for a large majority of members. Further, not all provident fund schemes have a pension component.[37] Even for those that have a provision for recurring benefits, only a part of employer (and in some cases the employee) contribution is diverted to provide for limited (defined benefit) pensions as an annuity. This appears to be deficient to serve its intended purpose of old-age financial independence. Table 15 gives estimates of the pension benefits of contributory schemes of the differing provident fund legislations.

37 Typically, a provident fund mandate also included a component of employer's contribution intended for deposit-linked insurance.

TABLE 14. SCOPE AND MANDATE OF PROVIDENT/PENSION FUNDS IN INDIA

Legislation/Act	Applicability	Members	Corpus
Employees Provident Fund and Miscellaneous Provisions	187 Industries (except in Jammu	As on 31/03/2013	
		PF: 88.76 million	PF: 4367
		PS: 80.8 million	PS: 1834
			DLI: 121
The Coal Mines Provident Fund and Miscellaneous Provisions (CMPF&MP) Act, 1948	926 Units in private and public sector	As on 31/12/2013	
		414 000	
The Seamen's Provident Fund (SPF) Act, 1966	Seamen engaged in shipping industry (merchant navy)	As on 31/03/201	
		52 855	PF: 10.15
The Assam Tea Plantation Provident Fund and Pensions Fund Scheme (ATPPF&PFS) Act, 1955	All tea estates or tea gardens	As on 31/03/2012	
		808 002	PF: 49.31
			PS: 0.048
			DLI: 0.89
The Jammu and Kashmir Employees Provident Fund Act, 1961	Workers in Jammu and Kashmir state in non-pensionable service	Extremely limited information in public domain	
The Pension Fund Regulatory and Development Authority (PFRDA) Act, 2013	a) National Pension System b) Pension Schemes not Regulated under any Other Acts	As on 31/03/2014	
		Total: 6 506 180	481.4
		FG: 1 357 589	241.9
		PG: 1 991 455	202.1
		Private Sector: 341 109	28.9
		NPS-Lite: 2 816 027	8.4

Notes: PF: Provident Fund; PS: Pension Scheme; DLI: Deposit Linked Insurance; FG: Federal Government; PG: state government.

TABLE 15. CONTRIBUTION, PENSIONERS, AND BENEFITS

Scheme and year	Contribution (%)		Pensioners	Average annual benefit INR (US$)
	Total	Pension Fund		
EPF & MP 1952	Employer: 13.61	8.33 (or max. INR6 500 per annum)*	Member, 2.97 million	11 728 (216)
	Employee: 12.00		Survivor, 1.43 million	
	Federal Government: 1.16	1.16		
CMPF & MP 1948	Employer: 12		413 000	
	Employee: 12			
	Federal Government: 1.66 (or max. INR3 200 per annum)			
Seamens Provident Fund 1966	Employer: 12	Lump-sum PF Only		
	Employee: 12			
ATPPF & PFS 1955	Employer: 12		Member	
	Employee: 12		22 870	28 945 (604)
	Federal Government: 1.16		Survivor	
			17 983	4 725 (99)
PFRDA 2013	(a) Federal Government, State Government, private sector	Relatively nascent programme with beneficiaries yet to emerge		
	Employer: 10			
	Employee: 10			
	(b) NPS-Lite			
	Federal Government: INR1 000 per annum for 2009/10 to 2102/13			
	Worker: INR12 000 per annum			

Sources: spfo.gov.in/Annual_Report_English.pdf; atppf.nic.in/annual_report.html; cmpfo.gov.in/Operation.html; cmpfo.gov.in/cmps.html; www.epfindia.gov.in/Annual_Reports/AR_2012-13.pdf

Notes: *In September 2014, the limit was raised to INR15,000 per annum. The minimum pension has also been raised to INR1,000 per month or INR12,000 per annum.

Pension fund figures relate to diversion for the pension fund from respective total contributions. Contribution is a percentage of emoluments as defined in the provident fund acts. Gross contribution constitutes employer, employee and government contributions. In CMPF&MP, 3 per cent administration charge is deducted from gross contribution; In SPF, 5 per cent administration charge is deducted out of gross contribution; In ATPPF&PFS, 3.5 per cent administration charge is levied (2.33 per cent from employer contribution + Federal Government contribution).

The average annual benefit to pension beneficiaries under EPF&MP in 2012/13 was estimated at US$216. This is only a trifle higher than the annualized poverty line in 2011/12 for rural areas (US$204) and significantly less than the corresponding figure for urban areas (US$250). In comparison, member pensioners from the ATPPF&PFS on an average received about US$604 in 2011/12, but the survivor pensioners received a significantly lower benefit averaging only US$99. Pension schemes under the supervision of PFRDA however, are of recent vintage and as such there are hardly any beneficiaries from it.

Applicability of the mandate for differing contributory scheme (provident funds) legislations is shown in table 14. The EPF&MP however, also has provision for voluntary membership of those falling outside the mandate. As of 31 March 2013, there were 25,683 establishments voluntarily covered under the EPF. These constituted 3.46 per cent of total establishments. All provisions of EPF&MP also apply to voluntarily acceding establishments.[38]

Resident Indians may also subscribe voluntarily to a public provident fund (PPF) that is administered through the banking and post-office network.[39] In recent years, PFRDA is also popularising voluntary uptake of long-term savings schemes for the self-employed and workers in unorganized sectors. But for voluntary members, there is no provision for any co-contribution. However, to accelerate enrolment in NPS-Lite scheme (see table 15) the Federal Government announced a limited period incentive for a maximum annual co-contribution of INR1,000.

Subscribers enumerated under the private sector (also called the All-citizens scheme) belong to the group of largely urban self-employed or regular wage/salaried employees. The design features are expected to self-target scheme enrolment. For example, members subscribing to the NPS-Lite (Swavlamban) scheme could be drawn from among self-employed and casual labourers (that belong to the relatively disadvantaged sections of the society).[40]

The proportion of female subscribers, across all components under the oversight of PFRDA, exceeds 39 per cent. For the NPS-Lite component it exceeds 73 per cent. However, for other provident funds, information on gender-disaggregated participation is not easily available in the public domain. Given the nature of jobs involved in coal mining and merchant navy sectors, it is most likely that female participants under the CMPF&MP and SPF may be negligible. But, female participation under EPF&MP, ATPPF&PFS, and the public sector may be non-negligible.

To assess the adequacy of extant mandates, it is desirable to know the size of the targeted population or potential members for universal or maximum coverage. Note that the set of contributing members is disjoint from the set of beneficiaries. The latter are enumerated in table 15 and former are shown in table 14. The members however, are drawn from a larger pool of workers. Thus, to assess coverage one must have an estimate for size of workforce.

38 For voluntarily covered establishments, the rate of contribution is lower (10 per cent each for employer and employee compared to 12 per cent for those mandatorily covered under the act).

39 Persons subscribing to an account under the PPF act (1968) can make a minimum annual contribution of INR 500. The current rate of interest accretion (for 2014/15) is 8.7 per cent. This rate is identical to the rate for GPF, CPF and the provident funds for other federal government employees (see annex 6).

40 From 1 June 2015, this has been transformed into atal pension yojana. http://pfrda.org.in/WriteReadData/Links/APY-Scheme%20details5895a705-71c8-4b1e-b533-9ba8ecce6138.pdf (accessed on 14 July 2015). It is unlikely that frequent changes in provisions including renaming, bolsters popular acceptance.

For 2011/12, the NSSO estimates that there are nearly 463 million workers (386 workers per 1,000 persons) in the population (Government of India, 2013). Table 16 gives the distribution across gender and regions.

TABLE 16. REGIONAL AND GENDER DISTRIBUTION OF WORKERS, 2011/2012

Description		Distribution
Workers per 1 000 persons	Rural	399
	Urban	355
	Total	386
Unemployed per 1 000 persons	Rural	17
	Urban	34
	Total	22
Workers in rural areas by gender	Male	54
	Female	25
Workers in urban areas by gender	Male	55
	Female	15

Source: Government of India, 2013.

A large majority (more than 90 per cent) of workers in rural areas are either self-employed or casual labourers. Even in urban areas they constitute a majority (~57 per cent). The self-employed or casual labourers could participate only voluntarily in the Public Provident Fund or NPS-Lite (under the oversight of PFRDA, and voluntary participation in NPS-Lite is reported in table 15).

Those in regular wage or salaried activities constitute less than 8 per cent of workers in rural areas. The corresponding number in urban areas is significantly higher at 43 per cent (table 17). Note that persons drawing a regular wage/salary are those that could be 'potentially' covered under a largely employment-linked system of pension benefits during old age. This potential for combined rural (26.5 million) and urban (56.9 million) areas is estimated at 83.4 million persons or 18 per cent of workers. In other words this is the maximum possible coverage (potential) in wage/salary linked schemes (both non-contributory and contributory) including private sector participants of NPS and voluntary members of the Employees Provident Fund.

TABLE 17. CLASSIFICATION OF WORKERS BY TYPE OF EMPLOYMENT, REGION, AND GENDER

Description	Rural		Urban	
	Male	Female	Male	Female
Self-employed	55	59	42	43
Regular wage/salaried	10	6	43	43
Casual labour	36	35	15	14
Total	100	100	100	100

Source: Government of India, 2013.

As per the (2012/13) annual report of EPFO, there were 88.76 million members of the fund, of whom about 80.8 million were also members of its pension fund. The sum of existing members, of the four provident funds reported in table 14, exceeds 90 million. Add to these the estimated number of public sector workers (shown in table 11 and covered under contributory or non-contributory schemes) and the figure exceeds 102 million. This apparently is the reported coverage for regular wage/salaried employees. But, this exceeds the figure for 'potential' coverage (83.4 million persons) estimated from NSSO data (discussed above). Apparently, the number of members exceeds the figure for potential coverage. Clearly, there is a mis-match.

Clearly, the numbers do not match. The reported number of members, more appropriately, is the number of accounts. The valuation reports of the employee pension scheme have often expressed concern over the large proportion of dormant or inactive and even duplicate accounts (EPS'95 is also managed by EPFO; see Balasubramanian (2013) for the latest report pertaining to 2008/09). These could constitute between a third and two thirds of existing accounts.

Valuation reports of the pension scheme (under EPF&MP) also estimate the extent of underfunding. The thirteenth valuation report for the year 2008/09 estimated underfunding of INR616 billion. Given the cumulative investments (corpus) of INR1,086 billion for that year, this suggests underfunding to the extent of almost 57 per cent.[41] There is little hope that the fund position since then would have seen any significant improvement. Further, there is low probability that pension schemes operating under other legislation would fare any better.

41 Assessment using realistic assumptions often reveal underfunding of pension schemes or inadequate pension assets to cover accrued benefits. Deficiencies have been found in several contributory schemes, even across the developed world. A recent issue of The Economist (28 February – 6 March, pp. 9, 48-49), citing developments in Britain, argued to "....stop subsidising the old and rich at the expense of the young and poor" and placed the blame on faulty design of pension programmes that evolved in a manner whereby, "....wealthy old people are unnecessarily pampered by the public purse."

All existing provident fund acts except one, EPF&MP of 1952, focused on some specific activity or region. Indeed coverage under other legislations is only a small fraction of that under EPF&MP. Despite the rise in the number of industries in the mandated scope of the fund, a large proportion of workers, perhaps even in the formal sector, remain outside its ambit. A significant proportion of workers, even those in the formal sector, thus remain exposed to different dimensions of vulnerability. It is not surprising then, that a majority of workers engaged in informal/unorganized sector draw little social support. It is desirable to evaluate feasible options to reduce constrictions in extant legislations and unleash the expansion of coverage.

5 Summary and suggested way forward

The principal purpose of this report is threefold: first, to assess the coverage of extant income support programmes for older persons; second, to assess whether extant design of programmes is adequate to alleviate poverty among older persons; and third, to assess the magnitude of public expenditure on these programmes. It transpires that with the available information presented in this report only a rudimentary/indicative assessment is feasible.

Programmes for income support for older persons could be divided into two broad categories of schemes, namely non-contributory and contributory. This categorization is based on whether or not beneficiaries are obliged (mandatorily or otherwise) to allocate/save a part of their remuneration during their working-years for their old-age requirements.

In India, public sector workers (in government service or public sector corporations) who were already in service prior to 1 January 2004 are assured of defined benefit award upon superannuation without any contribution. In addition, some non-contributory schemes are also implemented as a purely social welfare measure. The NSAP as part of a wider anti-poverty programme, is a welfare measure targeting income support to the vulnerable (including older persons, widows and persons with disabilities).

Subject to legislative provisions, contributory schemes apply to regular wage/salaried workers in the private sector, and public sector workers (excluding defence personnel) joining service on or after 1 January 2004. A typical mandatory scheme envisages co-contribution by both employee and employer. Most of these programmes are specific to defined sectors or region.

Voluntary participation with employee-employer co-contribution is admissible to those falling outside the legislative ambit of these programmes, but only under the oversight of either EPF&MP or PFRDA. However, voluntary participation with only the participant's contribution is open to all individuals under the public provident fund scheme. The NPS-lite or Swavlamban scheme under the oversight of PFRDA also promotes voluntary participation for workers in unorganized sectors and was incentivized only during its inception phase with limited federal government co-contribution.

The number of poor older persons in 2011 is estimated to be about 22.8 million (see section 1). The Government of India (2014d) estimated that 8.3 per cent of women in India may be widowed, divorced or separated. As the number of women above age 40 was 60.8 million in 2011, there are likely 13.3 million such women in that age bracket. Assuming the higher poverty rate (of 29.5 per cent estimated by the Rangarajan committee) among widows, there are likely to be 3.9 million poor widows age 40+.[42] Finally, applying the higher poverty rate

42 In 1981, 8.2 per cent of the female population were widows (see Chen and Dreze, 1995). While the incidence figures in 1981 and 2013 appear comparable, 2013 data pertain to a wider set. Over time the incidence of widowhood is expected to decline. However, Chen and Dreze (1995) also reported that the incidence of widowhood rises very rapidly with age. For example, in 1981 the incidence (per cent) of widowhood was 10.8 for age 40-44, 30.5 for age 55-59, and 77.2 for age 70+.

to the population of persons with disabilities (26.8 million in 2011) shows there may be more than 5.9 million poor persons with disabilities above age 18. Of these, 1.6 million may be poor older persons with disabilities. The poor among older persons, widows, and persons with disabilities are potentially eligible for support from NSAP.

Comparing the number of beneficiaries (presented in table 10) with potentially eligible poor persons in the preceding paragraph, shows that coverage under OAPS (22.7 million) is satisfactorily close to its target (22.8 million). However, coverage in WPS (4.9 million) appears to have surpassed its target (3.9 million), while coverage in DPS (0.74 million) seems significantly below its target (5.9 million).

The potentially eligible persons discussed above are only a crude estimate of the targeted population. But in implementing these schemes, there is also a high probability of error of omitting deserving persons and including undeserving persons. These are however not addressed here. Administrative measures could be strengthened to minimize both the exclusion of deserving and the inclusion of undeserving. However, Garroway (2013) suggests that targeting pensions to poor households may have been ineffective (in poverty redressal), and steps towards universalization could improve the pensions' effectiveness.

There are almost 29.6 million beneficiaries (see table 10) of social assistance programmes constituting more than 2.4 per cent of the population. Federal government expenditure on these programmes is less than 0.65 per cent of its total expenditure, or less than 0.10 per cent of GDP. Most state governments supplement the federal government expenditure. Despite this, expenditure on NSAP is unlikely to exceed 0.70 per cent of combined federal and state government expenditure. It is not surprising, therefore, that assistance offered under the NSAP in most states is grossly inadequate to lift beneficiaries out of poverty. Ameliorating old age poverty is the principal objective of a social pension programme. Thus, benefits offered under the NSAP should be closely benchmarked to the figure demarcating absolute poverty.

Non-contributory pension programmes cover less than 2.5 per cent of the Indian workforce of 463 million. The support ratio in the public sector appears to be declining rapidly. If one assumes a unit support ratio for the public sector,[43] the number of beneficiaries in non-contributory programmes may be less than two fifths of the number of beneficiaries from NSAP. But, in contrast to very low expenditure on NSAP, retirement benefits for public-sector ex-workers account for more than 7.2 per cent of total public expenditure.[44]

The scheme design should be adequately restructured to prevent the non-contributory programme from perpetuating existing inequities and threatening the sustainability of public expenditure.

In the extant design, the defined benefit pension drawn by ex-employees of the public sector could be as much as half of the final salary and is both wage and inflation indexed. Average

43 That is, the number of surviving ex-workers from the public sector is equal the number of current public sector workers.

44 Combined public expenditure is approximately 27 per cent of GDP. The proportion of total public expenditure is evenly poised under the administrative control of the federal and combined group of state governments.

annual pensions in the public sector easily exceed per capita GDP. There are however some subtle differences in service, superannuation and compensation rules across state governments. Some states, namely, Kerala, Himachal Pradesh, Punjab and West Bengal are facing an acute burden because retirement benefits exceed one sixth of their total expenditure. Indeed, in 19 states of India in 2012/13, expenditure on retirement benefits surpassed interest payments as the most critical element of public expenditure.

Public sector workers recruited after 1 January 2004 have been enrolled in a contributory system. But, longer life expectancy and the superannuation rules have ensured that expenditure on non-contributory system would continue to rise at least for another two decades. It is likely to peak only towards end of the 2030s. However, remnants of that system would survive well beyond 2050 (Anand and Ahuja, 2004).

A careful reading of legislative domains for the contributory schemes suggests that these effectively exclude self-employed people and casual labourers from participation. The mandate is administered as employer-employee co-contributory schemes. Theoretically then, the maximum possible coverage (potential) in wage/salary linked schemes (both non-contributory and contributory) including private sector participants of NPS and voluntary members of Employees Provident Fund may not exceed 83.4 million.[45]

Ensuring the participation of all current workers in a pension plan may lead to steeply rising administrative costs, but the scope of social pensions could be expanded to encompass those who are excluded from participation by legislative provisions of contributory programmes.

Apart from employer and employee contributions, the Federal Government also makes limited contributions to some contributory schemes. For example, the government contribution to the pension scheme administered by the EPFO amounted to INR14 billion in 2012/13, and its contribution to the (pension and insurance) schemes of ATPPF&PFS was INR0.16 billion in 2011/12. The scheme under CMPF&MP also draws a contribution from the Federal Government. However, such contribution to all contributory schemes is unlikely to exceed even 0.1 per cent of government expenditure.

The annual benefit from Employees Provident Fund to an average pensioner appears to fall short of the poverty line. This is clearly inadequate to serve the legislative intent. Provisions for early/premature withdrawals could be reassessed periodically. For example, a candidate for such review is the provision allowing withdrawal for marriage expenses.

Although envisaged to function as fully funded schemes, most contributory schemes may be grossly underfunded. For example, the thirteenth valuation report of the pension scheme administered by EPFO suggests that the scheme may be underfunded as much as 57 per cent (INR616 billion in 2008/09). Other contributory pension schemes are also likely to be facing an acute sustainability crisis.

45 This estimate is derived from the NSSO report (68th round pertaining to 2011/12) classifying workers by type of employment.

Although sustainability of existing pension schemes is at risk because of their underfunding, benefits are not synchronised to return on investments. It appears that the liquidity and solvency of these schemes are sought to be addressed by periodically raising the rate of contributions of the extant members. Consequently, for later entrants to these schemes, the increase in the rate of mandatory contribution is not matched by a corresponding increase in the rate of benefits. The impact on individual welfare of such an arrangement connotes a continual increase in taxes on younger members. The scheme design should be brought into balance periodically, with a view to circumscribe intergenerational inequity and dampen propagation to future generations.

The definition of beneficiaries, as also the type and level of benefits, continued to expand or rise in favour of employees. However, these were applicable to only those already covered in the formal sector. There has been little effort to expand coverage to fully encompass even the formal or organized sector. Among those already covered, those in non-contributory system carry more liberal benefits than those in contributory systems. There may be a need for adjustments to avoid fomenting intra-generational inequity.

A large majority of workers (more than 80 per cent) who are either self-employed and casual labourers may however participate in the PPF and NPS-Lite (Swavalamban) schemes, that are open to voluntary participation (and do not entail a co-contribution). However, growth in membership with these schemes appears stunted.

The objective of social security is ill-served by continuing with a plethora of legislations when membership in sector/region specific provident funds is dwindling, but the workforce has expanded considerably. There appears to be a strong case to consolidate the region and sector specific provident fund legislations under an umbrella legislation that may offer protection to a wider workforce.

References

Anand, Mukesh (2008), Pay Commission: Missing the Wood, Missing the Trees, *Economic and Political Weekly*, Vol. 43, No. 35, pp. 11-15, 30 August – 5 September.

Anand, Mukesh and Rajeev Ahuja (2004), Government Pensions: Liability Estimates and Assumptions, *Economic and Political Weekly*, Vol. 39, No. 25, pp. 2569-2576, 19 June.

Anand, Mukesh and Saswata Chaudhury (2007), Government Employment and Employees' Compensation: Some Contours for the Sixth Central Pay Commission, *Economic and Political Weekly*, Vol. 42, No. 31, pp. 3225-3232, 4-10 August.

Anand, Mukesh and Saswata Chaudhury (2008), Demographic and Social Changes: Some Issues for the Sixth Central Pay Commission, *Economic and Political Weekly*, Vol. 43, No. 7, pp. 54-58, 16-22 February.

Balasubramanian, P.A. (2013), Employees' Pension Scheme, 1995, Thirteenth Valuation Report, 31 March.

Chen, M. and J. Dreze (1995), Recent Research on Widows in India: Workshop and Conference Report, *Economic and Political Weekly*, vol. 30, No. 39 (30 September), pp. 2435-2439 and 2442-2450.

Donnan, Shawn (2014), World Bank eyes biggest global poverty line increase in decades, *The Financial Times*, 9 May, Available at http://en.wikipedia.org/wiki/Poverty_in_India

Garroway, Christopher (2013), How much do small old age pensions and widows' pensions help the poor in India? An ex-post evaluation of the National Social Assistance Programme and implications for its planned reform, ESCAP, South and South-West Asia Office, Development Papers 1306, September.

Giridhar, G., K.M. Sathyanarayana, Sanjay Kumar, K.S. James, and Moneer Alam (eds.) (2014), *Population Ageing in India*, Cambridge University Press, July.

Government of India (1999), *National Policy on Older Persons*, Ministry of Social Justice and Empowerment, New Delhi.

Government of India (2006), Morbidity, Health Care, and Condition of the Aged, National Sample Survey Organisation, Report No. 507, 60th Round (January – June 2004), Ministry of Statistics and Programme Implementation, March.

Government of India (2009), Project report on Rising crimes against elderly people and responsibility of police in metros, Submitted to Bureau of Police research and development, Ministry of Home Affairs, Government of India, By Group for Economic & Social Studies (GESS), September.

Government of India (2011a), *National Policy on Older Persons*, Ministry of Social Justice and Empowerment, New Delhi, March.

Government of India (2011b), *Situation analysis of the elderly in India*, Central Statistics Office, Ministry of Statistics and Programme Implementation, June.

Government of India (2013), Key indicators of employment and unemployment in India, 2011/12, NSS 68th Round, July 2011 – June 2012, National Sample Survey Office, Ministry of Statistics and Programme Implementation, June. Available from http://mospi.nic.in/Mospi_New/upload/KI-68th-E&U-PDF.pdf.

Government of India (2014a), Annual Report 2013-14, Ministry of Rural Development, Government of India.

Government of India (2014b), Census of India, 2011, Registrar General of India.

Government of India (2014c), *Report of the expert group to review the methodology for measurement of poverty*, Planning Commission, Government of India, June 2014. Available from http://planningcommission. nic.in/news/pre_pov2307.pdf.

Government of India (2014d), Sample Registration System (Report No. 1 of 2014), Statistical Report, 2013, Office of Registrar General and Census Commissioner, Ministry of Home Affairs.

Helpage India (2014), Report on elder abuse in India

Lok Sabha Secretariat (2014), National Social Assistance Programme, Committee on Estimates (2013-14), Fifteenth Lok Sabha: Thirty-Fourth Report, Ministry of Rural Development, January.

Mishra, Anindya J. and Avanish Bhai Patel (2013), Crime against the elderly in India: A content analysis on factors causing fear of crime, *International Journal of Criminal Justice Sciences*, Vol. 8, Issue 1, January – June, pp. 13-23.

Nyce, Steven A. and Sylvester J. Schieber (2005), Th*e Economic Implications of Aging Societies: The Costs of Living Happily Ever After*, Cambridge University Press.

Pal, Sarmistha and Robert Palacios (2008), Understanding poverty among the elderly in India: Implications for social pension policy, Discussion Paper No. 3431, April, IZA.

Saxena, N.S. (1999), *Crime and Violence against the Aged, Understanding Greying People of India*, ICSSR, Inter- India Publications, New Delhi, 1999.

Seamen's Provident Fund Organisation (2013), 47th (forty-seventh) Annual Report 2012/13, Navik Bhavishya Nidhi.

Srivastava, A. and S.K. Mohanty (2011), Poverty among elderly in India, *Social Indicator Research*, 109(3):493-514, Springer.

Websites

http://164.100.47.134/lsscommittee/Estimates/15_Estimates_34.pdf

http://atppf.nic.in/annual_report.html

http://cmpfo.gov.in/CMPF_scheme16.html

http://cmpfo.gov.in/cmps.html

http://cmpfo.gov.in/Operation.html

http://finmin.nic.in/pru/BROCHURE/brochure2009-10.pdf

http://www.cga.gov.in/writereaddata/Statement-16_20122013.pdf

http://indiabudget.nic.in/budget2013-2014/budget.asp

http://indiabudget.nic.in/budget2013-2014/ebmain.asp

http://indiabudget.nic.in/glance.asp

http://jamtara.nic.in/reports/NSAP.pdf

http://mof.gov.in/6cpc/index.asp

http://mospi.nic.in/Mospi_New/upload/elderly_in_india.pdf

http://mospi.nic.in/Mospi_New/upload/SYB2014/index.html

http://mospi.nic.in/rept%20_%20pubn/507_final.pdf

http://nsap.nic.in/Guidelines/Revised_guidelines.pdf

http://pfrda.org.in//MyAuth/Admin/showimg.cshtml?ID=353

http://pfrda.org.in/writerdata/linkimages/Manual%20Part_I619615681.pdf

http://pfrda.org.in/writerdata/linkimages/NPS%20Status%20-May2013721280868.pdf

http://pfrda.org.in/writerdata/linkimages/SubscriberStatus1308119147235899.pdf

http://rbi.org.in/scripts/PublicationsView.aspx?id=15937

http://search.epfoservices.org:81/Annual_PensionValuationReports/Pension_ValRep31032009.pdf

http://spfo.gov.in/A%20A%20R%2012-13%20ENG.pdf

http://spfo.gov.in/Annual_Report_English.pdf

http://spfo.gov.in/AR_ENG_12-13.pdf

http://spfo.gov.in/Rate%20of%20interest.pdf

http://www.censusindia.gov.in/vital_statistics/SRS_Reports_2013.html

http://www.epfindia.gov.in/Annual_Reports/AR_2012-13.pdf

http://www.finmin.nic.in/reports/EcoFunClas.asp

http://www.indiapost.gov.in/scss.aspx

http://www.jstor.org/stable/4403278

http://www.mha.nic.in/sites/upload_files/mha/files/AR(E)1314.pdf

http://www.PlanningCommission.gov.in

http://www.PlanningCommission.nic.in

http://www.rural.nic.in

http://www.unescap.org/sites/default/files/ESCAP-SSWA-Development-Paper_1306_1.pdf

http://www.worldlifeexpectancy.com

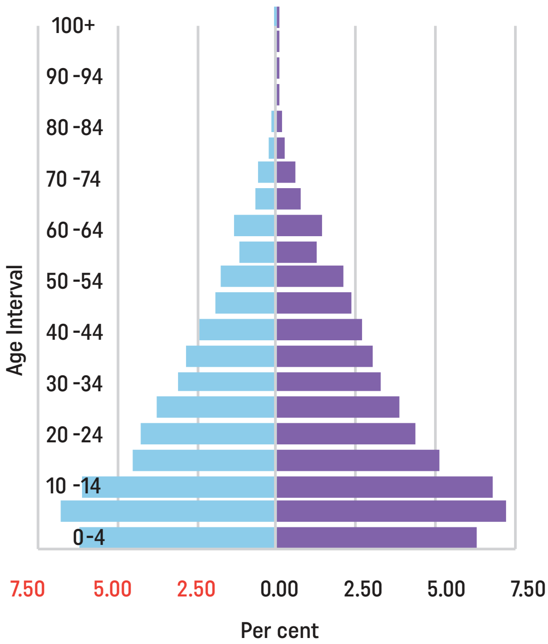
Annex 1

CHANGES IN THE STRUCTURE OF DECADAL POPULATION PYRAMIDS (FIVE-YEAR AGE GROUPS)

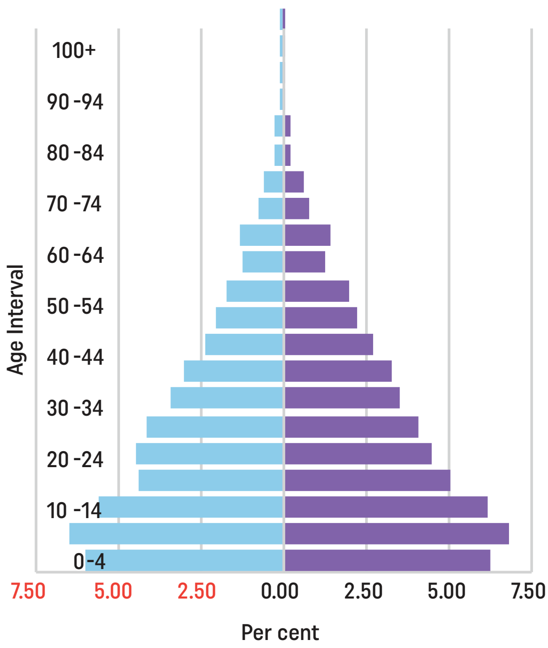
Male

Female

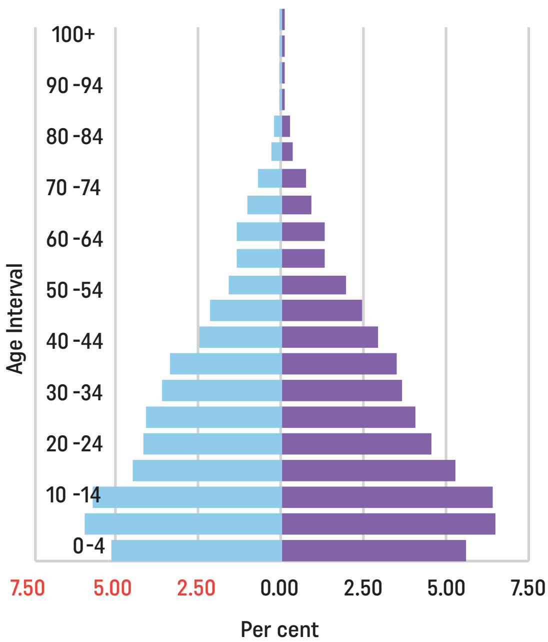
Population Pyramid, 1981



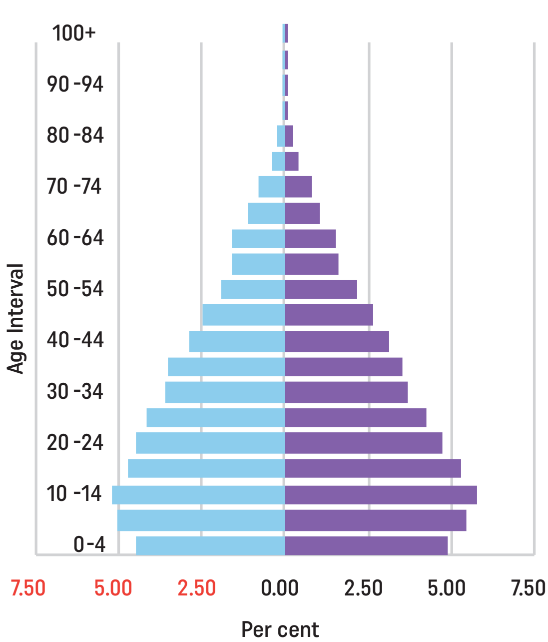
Population Pyramid, 1991



Population Pyramid, 2001



Population Pyramid, 2011



Annex 2

Identification of workers, and assigning them principal and subsidiary status

As per NSSO, 'workers' (or employed persons) are those engaged in any economic activity or who, despite their attachment to economic activity, abstain from work for reason of illness, injury or other physical disability, bad weather, festivals, social or religious functions or other contingencies (Government of India, 2013). Unpaid helpers who assist in the operation of an economic activity on household farms or non-farm activities are also considered as workers. Workers are further categorized as self-employed, regular salaried/wage employee and casual wage labour.

Persons who, owing to lack of work, either seek work through employment exchanges, intermediaries, friends or relatives or by making applications to prospective employers or express their willingness or availability for work under the prevailing conditions of work and remuneration, are considered as those 'seeking or available for work' (or unemployed).

The persons surveyed are classified into various activity categories on the basis of the activities pursued by them during certain specified reference periods. There are three reference periods for such survey. These are: (i) one year; (ii) one week; and (iii) each day of the reference week. These three periods correspond to different measures of activity termed respectively as usual status, current weekly status, and current daily status. The procedures adopted to arrive at the usual, current weekly, and current daily statuses are described here.

'Usual principal activity status' relates to the activity status of a person during the reference period of 365 days preceding the date of the survey. The activity status on which a person spent relatively long time (major time criterion) during the 365 days preceding the date of survey is considered as the usual principal activity status of the person. To decide the usual principal activity of a person, first a two-stage dichotomous classification is followed (employed or unemployed or not in the labour force).

At the first stage, persons are categorized as those in the labour force (either employed or unemployed) and those not in the labour force depending on time spent during the 365 days preceding the date of the survey. Persons thus adjudged as not belonging to the labour force are assigned the broad activity status 'neither working nor available for work' (not in the labour force). At the second stage, for persons belonging to the labour force, the broad activity status of either 'working' (employed) or 'not working but seeking and/or available for work' (unemployed) is ascertained based on the same criterion, namely relatively long time spent in accordance with either of the two broad statuses within the labour force during the 365 days preceding the date of the survey.

Within the broad activity status, the detailed activity status of a person pursuing more than one such activity is determined once again on the basis of the relatively long time spent on such activities. The 'usual subsidiary economic activity status' of a person whose usual principal status is determined on the basis of the major time criterion could have pursued some economic activity for a shorter time throughout the reference year of 365 days preceding the date of survey or for a minor period, which is not less than 30 days, during the reference year. The status in which such economic activity is pursued is the subsidiary economic activity status of that person.

It may be noted that engagement in work in a subsidiary capacity may arise out of the following two situations: (i) a person may be engaged for a relatively long period during the last 365 days in some economic (non-economic) activity and for a relatively short period (but not simultaneously), not less than 30 days (not necessarily for a continuous period), in another economic activity (any economic activity). The economic activity, which is pursued for a relatively short period is considered as his/her subsidiary economic activity; and (ii) a person may be pursuing an economic (non-economic) activity almost throughout the year in the principal status and also simultaneously pursuing another economic activity for a relatively shorter time in a subsidiary capacity. The economic activity, which is pursued for a relatively short time is considered as his/her subsidiary economic activity.

'Usual activity status considering principal and subsidiary status taken together': The usual status, determined on the basis of the usual principal activity and usual subsidiary economic activity of a person taken together, is considered as the usual activity status of the person and is written as usual status (ps+ss). According to the usual status (ps+ss), workers are those who perform some work activity either in the principal status or in the subsidiary status. Thus, a person who is not a worker in the usual principal status is considered as worker according to the usual status (ps+ss), if the person pursues some subsidiary economic activity for 30 days or more during 365 days preceding the date of the survey.

Annex 3

TABLE ON STATE PENSION PER PENSIONER PER MONTH UNDER SCHEMES OF NSAP (INR)

S. No.	State	IGNOAPS	IGNWPS	IGNDPS
1	Andhra Pradesh	—	—	200
2	Bihar	—	—	—
3	Chattisgarh	100	—	—
4	Goa	1 800	1 700	1 700
5	Gujarat	200	450	200
6	Haryana	300 (< 70 yrs) 500 (>= 70 yrs)	550	350
7	Himachal Pradesh	250	150	150
8	Jammu	200	200	200
9	Jharkhand	200	200	200
10	Karnataka	300	200	200 (40–75% Disabled) 700 (75% Disabled)
12	Madhya Pradesh	75	150	150
13	Maharashtra	400	300	300
14	Odisha	100	—	—
15	Punjab	250	250	250
16	Rajasthan	300 (< 75 yrs) 550 (>= 75 yrs)	200 (< 75 yrs) 450 (>= 75 and =< 79 yrs)	200 (< 75 yrs) 450 (>= 75 and =< 79 yrs)
17	550 (>= 75 yrs)	200 (< 75 yrs)	700	700
18	450 (>= 75 and =< 79 yrs)	100	100	100
19	Uttarakhand	200	100	300
20	West Bengal	200	100	100
North-Eastern states				
21	Arunachal Pradesh	—	—	—
22	Assam	50	—	—
23	Manipur	—	—	—
24	Meghalaya	50	—	—
25	Mizoram	50	—	50
26	Nagaland	100	—	—
27	Sikkim	100	100	100
28	Tripura	200	200	200
Union Territories				
29	Andaman and Nicobar	800 (>= 60 and =< 79	700	700
30	Chandigarh	300	300	300
31	Dadra	300	300	300
32	Daman	300	300	300
33	NCT Delhi	800 1 300 (for SC/ST, Minorities)	700 1 200 (for SC/ST, Minorities)	700 1 200 (for SC/ST, Minorities)
34	Lakshadweep	300	300	300
35	Puducherry	400	400	400

Source: Reproduced from Government of India, 2014a, Annexure – XXX, p. 224.
Note: An em-dash (—) indicates that the amount is nil or negligible.

Annex 4

Sample monthly progress reports (MPR)

MPR For TAMIL NADU	March 2013
Opening Balance of Additional Central Assistance (ACA) under NSAP as on date	2 163.16
ACA released for NSAP up to the month of reporting (INR lakh)	57 350.39
Total available funds NSAP (INR lakh)	59 513.55

Item	IGNOAPS	IGNWPS	IGNDPS	NFBS	Annapurna
1. Physical coverage	1 237 809	549 084	74 808	14 500	65 113
2. Cumulative funds (INR lakh)	32 645.50	13 967.69	1 861.07	3 447.14	281.98
3. Likely annual expenditure (INR lakh)	132 901.51	44 717.70	4 267.07	1 728.78	552.91
4. Database of beneficiaries placed on website					
By state	1 021 600	368 150	34 999	0	0
National	0	0	0	0	0
5. Beneficiaries whose pension is being disbursed through:					
Bank Account	51 933	12 709	2 482	0	0
Post Office Account	0	0	0	0	0
Cash	0	0	0	0	0
Money Order	1 185 876	536 375	72 326	0	0
6. Certificate of universal coverage, (Yes/No)	Yes	Yes	Yes	Yes	Yes

Source: http://nsap.nic.in/mpr1.do?method=getReport&param=SL&grp2=1&stateCode=29&monthCode=03&year=2013

MPR For TAMIL NADU	March 2014
Opening Balance of Additional Central Assistance (ACA) under NSAP as on date	68 246.91
ACA released for NSAP up to the month of reporting (INR lakh)	0
Total available funds NSAP (INR lakh)	68 246.91

Item	IGNOAPS	IGNWPS	IGNDPS	NFBS	Annapurna
1. Physical coverage	1 436 444	649 383	644 694	12 731	65 113
2. Cumulative funds (INR lakh)	37 471.62	23 208.98	15 472.66	1909.65	193.66
3. Likely annual expenditure (INR lakh)	146 350	4 750	42 800	1 985	552.91
4. Database of beneficiaries placed on website					
By state	1 096 843	371 214	40 941	0	0
National	0	0	0	0	0
5. Beneficiaries whose pension is being disbursed through:					
Bank Account	408 170	166 710	28 543	0	0
Post Office Account	945 025	482 673	37 940	0	0
Cash	0	0	0	0	0
Money Order	0	0	0	0	0
6. Certificate of universal coverage, (Yes/No)	Yes	Yes	Yes	Yes	Yes

Source: http://nsap.nic.in/mpr1.do?method=getReport&param=SL&grp2=1&stateCode=29&monthCode=03&year=2014

MPR for Rajasthan	March 2014
Opening balance of Additional Central Assistance (ACA) under NSAP as on date	5 342.73

ACA released for NSAP up to month of reporting (INR lakh)	34 008.33
Total available funds NSAP (INR lakh)	39 351.06

Item	IGNOAPS	IGNWPS	IGNDPS	NFBS	Annapurna
1. Physical coverage	758 654	119 997	22 874	2 690 920	105 293
2. Cumulative funds (INR lakh)	25 435.35	4 255.78	854.48	1 681.91	220.02
3. Likely annual expenditure (INR lakh)	25 435.35	4 255.78	854.48	1 681.91	220.02
4. Database of beneficiaries placed on website					
By state	0	0	0	0	0
National	0	0	0	0	0
5. Beneficiaries whose pension is being disbursed through:					
Bank Account	4 323	1 895	1 258	0	0
Post Office Account	4 323	1 895	1 258	0	0
Cash	0	0	0	0	0
Money Order	654 442	103 836	17 918	0	0
6. Certificate of universal coverage, (Yes/ No)	No	No	No	No	No

Source: http://nsap.nic.in/mpr1.do?method=getReport&param=SL&grp2=1&stateCode=27&monthCode=03&year=2014
Note: An em-dash (—) indicates that the amount is nil or negligible.

Annex 5

Provident funds for employees with the Federal Government

Some public sector organizations administer subscriptions to a contributory provident fund (CPF) system that operates as an individual savings account and earns an interest on accumulated savings. The contribution by the employer is fixed at 10 per cent of emoluments. Those who subscribe to CPF are ineligible for benefits of non-contributory pension. But, those opting for the non-contributory pension system could also subscribe to a voluntary general provident fund (GPF) account. Indeed the non-contributory pension system is popularly termed as the GPF scheme. The minimum contribution by an employee or member under CPF is 10 per cent. For those in GPF the minimum contribution is 6 per cent of emoluments. The maximum possible contribution by an employee could be her emoluments, and this ceiling is identical for CPF and GPF members. The interest rate accretion is also identical on CPF and GPF accumulation. The current rate (for 2014/15) is 8.7 per cent. A listing of provident funds for workers in the Federal Government is given below. But, there could be other provident funds catering to state public sector workers. It could be challenging to trace the functioning of these funds.

1 The General Provident Fund (Central Services)

2 The Contributory Provident Fund (India)

3 The All India Services Provident Fund

4 The State Railway Provident Fund

5 The General Provident Fund (Defence Services)

6 The Indian Ordnance Department Provident Fund

7 The Indian Ordnance Factories Workmen’s Provident Fund

8 The Indian Naval Dockyard Workmen’s Provident Fund

9 The Defence Services Officers Provident Fund

10 The Armed Forces Personnel Provident Fund

Annex 6

Classification of expenditure on retirement benefits in Government accounts

The audited accounts present the expenditure relating to retirement benefits under the following heads.

Major Head Sub-Maj. Head Minor Head			Description
2071			**Pensions and other retirement benefits of which**
	01		**Civil**
		001	Direction and administration
		101	Superannuation and retirement allowances
		102	Commuted value of pensions
		103	Compassionate allowance
		104	Gratuities
		105	Family pensions
		106	Pension charges in respect of high court judges
		107	Contributions to pension and gratuities
		108	Contributions to provident funds
		109	Pensions to em
		110	Pensions to employees of local bodies
		111	Pensions to legislators
		112	Equated payment of sterling pensions transferred from capital
		113	Equated payment on a/c of capital outlay
		114	Pensions and other retirement benefits of President of India
		115	Leave Encashment Benefits
		116	Ex-Gratia payments arising out of special VRS to
		117	Govt. contribution for defined contribution pension scheme
		118	Medical treatment of CGHS pensioners
		200	Other pensions
		797	Transfer
		800	Other expenditure
		901	Deduct - recoveries of overpayment
		902	Deduct - Amount met from DCPS
		911	Deduct - Recoveries of overpayment
	02		**Defence**
		101	Army
		102	Navy
		103	Air force
		104	Pensions paid through public sector banks awaiting transfers to the minor heads

Note: The alignment of the elements is indicative of the level of nesting. Left-most alignment signifies the broadest level of account, and the right-most the narrowest. Items italicized are common across federal and state accounts. Items with grey background appear only in state accounts. Items that are not italicized on a white background appear only in federal accounts.

For the Federal Government, almost 77 per cent of the expenditure on retirement benefits accrued to ex-defence personnel in 1987/88. But, that proportion has declined to about 62 per cent in 2012/13. This is a complex outcome of the following factors: (a) rapid increase in the number of pensioners from civilian services; (b) slow adjustment of the mandatory age of superannuation to the rapid gains in expectation of life (especially at older ages); (c) rapid rise in the number of beneficiaries that may claim restoration of commuted value of pensions; (d) full wage and inflation indexation of pension benefits; and (e) continued liberalization in provisions for minimum pensions, gratuity, and leave encashment.

For the combined group of state governments in 2012/13, less than 85 per cent of the expenditure on retirement benefits is accounted for under the following minor heads: (a) superannuation and retirement allowances (101); (b) commuted value of pensions (102); (c) gratuities (104); (d) family pensions (105); and (e) leave encashment benefit (115).[46] These benefits accrue to retirees (or their kin) from public service. Of these, (b), (c) and (e) constitute (one time) terminal benefits, while (a) and (d) constitute of annually recurring benefits.

Note that high court judges, employees of State-aided educational institutions, legislators, the president of India and personnel of the army, navy and air-force are different groups of beneficiaries. Nevertheless, the benefits accruing to them (or their kin) could also be categorized into the five heads ((a) to (e)) described above. Expenditure on such beneficiaries constituted 13 per cent of the expenditure on retirement benefits for the combined group of states.

Lastly, the expenditure accounted under the codes 107, 108, 113, 117, and 797 are in the nature of contributions. These constituted another 1.5 per cent in 2012/13 but are not in the nature of disbursement in the hands of (intended) beneficiaries (that have already retired).

Inclusion of item codes 117 (in 2004/05) and 118 (in 2006/07) may have caused a discrete jump in the expenditure accounted under retirement benefits. As described above, the former does not accrue as benefit payment and the latter is merely a reclassification of existing expenditure. It is desirable to adjust for these, to facilitate inter-temporal comparisons of benefit dispensation.

Thus, for the combined group of states in 1987, less than 6 per cent of expenditure towards pensions and retirement benefits was classified under type of beneficiary or contribution. In 2012/13, however, more than 14 per cent of such expenditure was classified under heads identifying type of beneficiary or contribution.

Expenditure on pensions and retirement benefits are collated under the major head of account coded 2071. However, the classification under minor heads is an eclectic mix of types of benefit and types of beneficiaries. While classification by type of beneficiary may be useful in other ways, it offers little insight into the design of the pension scheme or ways to introduce appropriate corrections into its design. It is desirable that as far as possible, the classification of the expenditure on account of pensions and retirement benefits be presented under minor

46 While the accounts are presented under several other minor heads, it appears that the beneficiaries under those heads also receive benefits that may possibly be reclassified into these five minor heads.

heads that exhaust the different components/provisos of the pension scheme. Furthermore, contributions to future pensions should be categorized (under the capital account) so that these may be clearly distinguished from current expenditure on pension and retirement benefits.