

SOCIAL SECURITY AND THE STORY OF TWO BUDGETS

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At a brick kiln at Ramasara village in Hanumangarh district of Rajasthan | Photo Credit: SHIV KUMAR PUSHPAKAR

Presenting the Union Budget 2023-24 on February 1, the Finance Minister, Nirmala Sitharaman, asserted that 'since 2014, the central government has ensured a better quality of life, and a life of dignity' for all its citizens. But Budget figures help distinguish rhetoric from the truth. This year, [severe cuts in various social security and welfare schemes](#) such as food security and the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), have undermined the already precarious lives of large numbers of poor people in India.

A segment that has been sidelined is the crores of the elderly and other social security pensioners who are being callously pushed towards destitution. Since 2007, social security pensions being given by the central government under the centrally sponsored National Social Assistance Programme (NSAP), have remained frozen at an appallingly low sum of 200 for the elderly and 300 per month for widows and persons with disabilities. In addition, only those who appear on the obsolete and discredited Below Poverty Line (BPL) lists prepared as in Census 2001 are given pensions. As a result, the budget for the NSAP has remained constant, at approximately 9,000 crore, and steadily reducing in real terms. This year, the NSAP saw a reduction of 16 crore, decreasing from 9,652.31 crore in FY2022-23 (BE) to 9,636.32 crore for FY 2023-24 (BE), making a mockery of a so-called model of "inclusive growth".

Nine days after the Union Budget, on February 10, the Rajasthan Chief Minister, [Ashok Gehlot](#), [presented the Rajasthan Budget](#), which was a lesson in contrasts. Brushing aside the Bharatiya Janata Party's criticism of the rights-based approach to development, Mr. Gehlot announced a landmark, and pioneering, Minimum Income Guarantee and Pension law to be enacted in the State, providing 125 days of work through the rural or urban employment guarantee, and a minimum social security pension of 1,000 per month, with an automatic increase of 15% per annum.

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NSAP is a centrally sponsored social security scheme that provides non-contributory income security to the elderly, widows, and persons with disabilities from "BPL families". The central

government's contribution to the three main schemes under this programme, the Indira Gandhi National Old Age Pension Scheme (IGNOAPS), the Indira Gandhi National Widow Pension Scheme (IGNWPS), and the Indira Gandhi National Disability Pension Scheme (IGNDPS), has remained the same over the last 15 years. The percentage share allotted to NSAP of the total expenditure budget has steadily declined from 0.58% in FY2014-15(BE) to 0.21% in the current budget (FY2023-24). In addition to the central contribution, State governments are encouraged to match the amount as the central contribution under the NSAP's guidelines. But as the central government contribution remains pathetically low, trends across 36 States/Union Territories indicate that a majority of the States are providing several times the suggested amount.

Today, Rajasthan provides social security pensions to over 90 lakh people, with the NSAP covering only a small part of the pension of 10 lakh pensioners. After this Budget announcement in Rajasthan, the total amount spent on pensions is expected to go up to 11,500 crore, approximately 30% more than the entire national social security pensions budget under NSAP.

Failure to index social sector expenditure to inflation has led to the even greater marginalisation of vulnerable people. India's cumulative inflation rate from 2007 to 2023 is 193.19% with the average annual inflation rate of 6.95%. This means that 200 in 2007 would have become 586.38 in 2023 if indexed. In 2016, hundreds of social security pensioners on dharna wrote to Members of Parliament and cabinet Ministers above the age of 60, offering them a day's pension with the request that they try and live for just one day with the sum of 7. The Congress party's Jairam Ramesh, even when he was Rural Development Minister, had publicly described this sum as a "cruel joke". It is notable that just the annual increase in dearness allowance and dearness relief for about one crore central government employees and pensioners costs the exchequer approximately 12,000 crore — roughly 30% more than the total expenditure on social security pensions.

It is not just the amount, but also the numbers receiving pensions that is of importance. Central assistance to States/Union Territories under NSAP is determined based on the BPL population of the State. For calculating the estimated number of beneficiaries under each scheme for each State, the central government relies on the population figures of Census 2001. Additionally, the stringent criteria of providing disability pensions only to those with a disability level of 80% or more, has excluded lakhs of the disabled even within the obsolete BPL category.

In 2013, the Rajasthan government changed its eligibility criteria to expand the coverage of pensioners by making economically vulnerable women above 55, and men above 58 eligible for old-age pension. It also permitted widows with adult children to receive a widow pension, and included anyone with more than 40% disability to receive a disability pension. As a result, the number of social security pensioners in the State grew from 14 lakh to 58 lakh. Today, this figure has crossed 90 lakh, all of whom will come under the cover of the proposed law.

Other States, and even the Government of India should follow the example of Rajasthan and take the necessary steps to change their existing schemes into an Act that provides more credible entitlements, strengthens accountability, and offers the same legal protection as other welfare laws. The Central government must recognise that pension is a right for work done by unorganised sector workers, who are contributing seminally to the GDP and economy all their lives. People's movements and campaigns have demanded a universal and non-contributory minimum monthly pension equal to 50% of the minimum wage that is periodically adjusted to inflation. This rights-based approach is not based on charity, but on the recognition of the right to ensure minimum conditions for workers to live their retired lives with dignity.

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The two election-year Budgets present sharp ideological differences of the parties at the Centre and in Rajasthan. Whether the Ashok Gehlot government's measures will yield electoral gains, or the Narendra Modi government will pay the price at the ballot box with its cuts to social security depends on many factors beyond public welfare policies.

However, for the vulnerable working people, senior citizens and the disabled, rights-based entitlements provide a measure of dignified living which should be the objective of any democracy, regardless of the immediate electoral implications. Ultimately, it is our compassion, and commitment to meet the basic needs of our most marginalised people that will gauge us as a society, and as a nation.

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