

# The Efficacy in Disbursement, Pattern of Usage and Impact of Old Age Pension Schemes in the Jabalpur District of Madhya Pradesh

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## **Abstract**

This study, titled ‘The Efficacy in Disbursement, Pattern of Usage and Impact of Old Age Pension Schemes in the Jabalpur district of Madhya Pradesh’, examines the utilization of pension funds by vulnerable elderly populations and evaluates the adequacy of these schemes in fulfilling their basic needs across various socio-economic groups. It explores the impact of pensions on beneficiaries’ quality of life while identifying barriers and difficulties in the regular disbursement process. By analyzing systemic inefficiencies and incorporating insights into technological advancements, the study aims to propose reforms for a streamlined, impactful pension delivery mechanism. The findings aim to ensure smooth, continuous, and meaningful support for elderly beneficiaries who often lack familial or societal aid.

**Keywords:** Welfare Schemes, Social Security, Vulnerable section, Policy, Pension utilization

## **1. Introduction**

Generally, an older population requires greater inputs of economic security, adequate basic resources like food and nutrition, access to basic healthcare and adequate living arrangements. The major area of concern for the elderly people is economic insecurity and it causes several social, health and psychological problems among them. The Government of India and the State governments have launched several social protection programmes for the benefit of poor, disadvantaged and old age people. Under the National Social Assistance Programme (NSAP), the Ministry of Rural Development, has been implementing the Indira Gandhi National old age pension scheme for the old people who live below the poverty line in order to provide them financial assistance. The scheme has been run in Madhya Pradesh by the Department of Social Justice & Disabled Welfare. The scheme covers old people having little or no regular means of subsistence for which an applicant’s age should be more than 60 years and should belong to Below Poverty Line.

Understanding the pattern of ageing and its social, economic and health consequences, is essential to ensure progress towards the achievement of the Sustainable Development Goals (SDGs). The SDGs focus on older population and the agenda for 2030 requires that the UN member states (including India) must meet older people’s needs and rights to end poverty and ensure peace and prosperity. Madhya Pradesh has been consciously working for improvement in its Human Development Indicators. Social Security is the largest sector in the State in terms of number of beneficiaries, geographical reach, number of institutions involved, engagement of human resources etc. As a part of its commitment for a welfare

State, Madhya Pradesh strives for the welfare, social protection and social security for economically weaker families and residents it runs 6 major schemes of social security out of which proposed research area of, namely, Social Security Pension for Senior Citizens & Indira Gandhi National Old Age Pension scheme comprising of around 3 Lakh & 24 Lakh beneficiaries respectively in the state, as on July 2023.

## 2. Objective

This study on ‘The pattern of usage, impact and efficacy of old age pension schemes in the state of Madhya Pradesh’ aims to analyze the pattern of use of old age pension received by an extremely vulnerable section of the society, to examine the adequacy of the schemes in meeting basic needs of beneficiaries living in various socio-economic groups, also the impact of old age pension on quality of life of beneficiaries in terms of selected pre-identified facets and also to record the blockade and difficulties encountered by the pension holders in regular receipt of old age pension in the state of Madhya Pradesh. This multivariate study will also help in finding loopholes in the years running system and then to eventually find out ways to reboot the mechanism parallel to the latest technological advancements to help bring meaningful and impact driven changes in life of elderly, who have no one to support and are often left stranded by their families. The study will also focus on the immediate interventions needed for smooth, continuous and effortless receipt of monthly pension to the beneficiaries.

With regard to the proposed study, the following research questions are considered by the researcher:

1. What is the use pattern of the old age pension amount received by the beneficiaries in the state of Madhya Pradesh?
2. Do the Social Security old age schemes assure the expected economic security to the beneficiaries?
3. Do the Social security old age schemes improve the standard of living & quality of life of beneficiaries in the study area?
4. What barriers and difficulties are encountered by the pension holders in onboarding and regular receipt of old age pension?

## 3. Research Methodology

This study will substantially focus on the primary data collected from Old Age Pension Scheme beneficiaries of all seven blocks of Jabalpur district of Madhya Pradesh, based on stratified systematic random sampling. The broad approach of this study is mainly descriptive and empirical in nature to focus on both qualitative and quantitative analysis of these government led security schemes with comprehensive and representative data collection from rural areas of the district by Chief Minister Youth Intern’s. For an in-depth analytical understanding and examination of the objectives stated, primary data is collected from 1060 beneficiaries of the Indira Gandhi National Old Age Pension Scheme (IGNOAPS) & Social Security Old age pension scheme beneficiaries by using multi-stage sampling technique.

A structured questionnaire was used to obtain primary data beneficiaries to carry out the study apart from the interviews conducted at the houses of the beneficiaries. To collect primary data, the aspects of the problem of the study was kept in mind while preparing the questionnaire. Direct observation method was also applied by the interns in this study while collecting the primary data to gain certain basic knowledge on the environment of villages, utilization of the pension amount, mode of transport to collect pension etc. Secondary data includes the public documents, policy notes, reports, independent

studies carried out by the organizations, NGOs, individual researchers and research institutions, books and research articles published on this research area. Further, the researcher has visit the Office of the Department of social justice for consultation and collecting information with execution aspects of Old Age Pension Schemes beneficiaries in the district.

#### **4. Results/Findings**

##### **4.1 Background Characteristics Of The Households And The Pension Holders**

The target population of the pension holders in terms of their social, economic, demographic and other selected background characteristics, which have been surveyed in Panagar, Patan, Majholi, Sihora, Shahpura, Kundam and Jabalpur block of Jabalpur district are presented here for a better understanding of the utilisation pattern of old age pension and its impact. A total number of 1240 beneficiaries were selected in the sample, about 85 percent of the total sample households were drawn from the rural areas and residual 15 percent were drawn from the urban areas. Sex composition indicates that 51 percent of the total sampled elderly pension holders were females and 49 percent were male. The number of usual members residing in the households is an indicator of support system for the elderly. Data from the field indicate that about thirty nine percent of the households in Jabalpur are three to five person households. Similarly, 29.5 percent of the households have two members and about 17.7 percent are single person household. In respect of caste, data reveal that about half of the sampled households (47.8 percent) belong to Other backward caste (OBC) category, which corresponds to Jabalpur district demographic situation as per census 2011 while about one-fourth (27.5 percent) of the households belong to Scheduled Tribe (ST) and 16.2 percent to Scheduled Caste (SC) and rest seven percent to General Category. The SCs households are found almost double in rural areas as compared to urban areas. In contrast, the more OBCs and General are living in urban areas as compared to rural areas.

Dependency ratio is an indicator of economic development and reflects economic pressure that the working age population faces while supporting the non-working population. In the database it was found that around three-fourth (77 percent ) of elderly depend on monthly source of income up to just Rs 2000, which indicates a high level of old age dependency ratio on the working age population for supporting the elderly population who tend to be non-working, similar data (71 percent) is present in urban areas.

##### **4.2 Adequacy of old age pension to meet basic needs**

One of the objectives of the present study is to investigate the adequacy of old age pension in meeting the basic needs in terms of food, clothing, housing (rent), fuel, transport and health care etc. of beneficiaries in various socio-economic groups. In above backdrop, attempts were made to evaluate the prospective of old age pension holders in Jabalpur during the field survey by asking them, “Is the amount of pension adequate to fulfil your basic needs?” Analysis of the responses by the elderly reveals that an overwhelming majority (89 percent) considered the amount of Rs. 600/- each per month from two schemes as insufficient to meet their all basic needs. When examine in the context of background characteristics, data for both urban and rural are similar revealing that, around 57% of the beneficiaries surveyed were labourers living in poorest of the condition and 32% of them did not do anything for survival & relied on government incentives, subsidies like ration, awas etc; due to old age and no one to support them.

In order to assess the impact of social security schemes, questions were asked to the elderly pension holders if the receipt and utilisation of pension brought any improvement or increase on a set of indicators relating to kind of essential items and devices they own or possess, in order to properly

analyse their living condition, self-assessment was also used to better judge their current eligibility to such social security schemes. The majority of respondents (57.1%) reported living in a kutchha house in rural area where as slightly lower (52 percent) in urban areas, and other 38 percent to have a pakka house similar in both rural and urban areas, indicating inadequate housing conditions. 23.2% of respondents own a mobile phone, this number is much higher (45 percent) in urban areas, highlighting some level of access to communication technology. Only 13.2% of respondents have a TV, reflecting limited access to information and entertainment in rural area while it is 40 percent in urban areas. Astonishingly, Only 5.6% reported owning a two-wheeler themselves or anyone in the family, showing minimal physical mobility, this indicator was 12.8 percent in urban area, this challenge was also corresponding to their difficulty to reach banks on monthly basis to withdraw the pension amount. Furthermore, the impact analysis in context of place of residence indicates that the rural elderly find old age pension less helpful in physical mobility than urban due to lack of public transportation at village level. The self-assessment by field surveyors reveals that 10% of the beneficiaries are no longer eligible for a BPL card and, consequently, for associated welfare schemes in rural areas, while it is 156 percent in urban areas. This indicates a need for regular verification of BPL status to ensure that benefits reach the most deserving individuals.

#### **4.3 Old Age Pension Disbursement, Satisfaction, Difficulties And Awareness Of Entitlements**

The impact also depends on the mode, frequency, place and timing of disbursement of the old age pension. Keeping these in the background, the survey in Jabalpur included questions related to the disbursement process and schedule for delivery of old age pension in every month. Moreover, the satisfaction of elderly regarding the onboarding and delivery mechanism of old age pension is also measured with question like, ‘Do you have to personally go to the bank to withdraw pension every month?’, in which 91 percent of the elderly stated that they themselves have to go to the banks which becomes an issue due to old age and lack of physical mobility. Additionally, the study examined the general awareness in the elderly on various facilities, online services etc. available to the elderly in the district rural setting. The fact that only 47% of elderly beneficiaries are aware of the social security government portal, and the option to register online, indicates a significant knowledge gap among the elderly population regarding digital platforms and the benefits they offer.

Over the years, the disbursement of old age pension in the state of Madhya Pradesh has changed and has gradually become elderly friendly and administration friendly though more technology dependent. Adoption of Direct Benefit Transfer (DBT) method made the disbursement of the old age pension faster, reduced paper work considerably, brought down leakages, lessened the travel time of the beneficiaries, and reduced interferences by middle men/women like sarpanch, ward member, etc. Under the Lok Sewa Guarantee Act-2010 in Madhya Pradesh, which ensures timely delivery of public services, the Social Security Old Age Pension Scheme has streamlined its processes to disburse pensions within 15 working days. The mode of payment for this scheme is via Direct Benefit Transfer (DBT) wherein the pension amount is credited directly into the beneficiary’s bank account or post office savings account. This ensures transparency and eliminates intermediaries, reducing delays and fraud. However Surprisingly when asked, ‘After how many days of registration did the benefit of the scheme was received? Only 13 percent of the elderly said to have received the pensions within 15 days in rural areas, whereas 29 percent in urban areas.

The elderly pension holders were asked in the survey to indicate if any additional amount was demanded by officials during registration and if any middleman were involved in registration process, where 95%

of the beneficiaries reported that they were not asked to pay any additional amount as a bribe during the registration or pension disbursement process. This indicates a high level of transparency and adherence to ethical standards in the scheme's implementation which suggest a significant reduction in corruption and malpractices, which are often barriers in social security schemes. 77% of the elderly beneficiaries reported that they did not incur any expenses during the registration process, indicating that the process is largely cost-free and accessible. However, 14% mentioned bearing costs between ₹50-200, and 7% reported higher expenses of ₹500-1000, suggesting that while the majority face no financial burden, there are instances of minor to moderate costs, potentially due to administrative charges or unofficial practices. 92% of the beneficiaries in rural areas stated that there were no middlemen involved in the registration process, this number came down to 85 percent in urban areas. This reflects the effectiveness of a streamlined and accessible registration mechanism. Implementation of Direct Benefit Transfer (DBT) and digitization may have minimized the need for intermediaries.

All the elderly indicated that they receive their old age pension after submission of biometric data. The difficulty in generating finger print with biometric system was prominent, where they have to pay multiple visits causing subsequent delay in pension. In case of some pensioners the stored AADHAR based biometric data, for example the fingerprints, do not match with the current fingerprints due to muddling. This creates considerable delay, discontinuation and harassment for the elderly during the withdrawal of pension. Timing of disbursement of old age pension in Madhya Pradesh has no fixed date. The processing of disbursement starts on 1st of every month and may usually take 7-10 days for the amount to be credited in the account of the beneficiaries. In view of this, the old age pension holders were asked to mention the usual date on which the pension is credited to their account. Responses indicate that in 55 percent of the cases, the pension is credited in to the accounts in second or third week of every month while in 18 percent of the cases it is credited in the last week.

Besides the source of disbursement, the elderly pension holders were asked about the location of the source from where they usually receive their pension. This is mostly the commercial bank or co-operative, which dispenses the pension amount. Data indicate that about 97 percent of the elderly in rural areas are receiving their old age pension from the banks/cooperatives/others situated within the limit of the village. Most of the respondents are happy with the way they are treated in the bank and post offices. It also recorded the difficulties encountered in regular receipt of the pension.

The utility of old age pension to the elderly is largely dependent on regularity of the pension disbursement. When the pension is delayed, the elderly are forced to postpone some of their essential expenditure or are compelled to borrow, much against their wishes. Keeping this in backdrop, the survey asked the elderly if they received pension in the last 6 months to which data reveal that about 95 percent of the elderly report that they received pension during 6 months year preceding the survey, while in urban centre only 83 percent reported the same. Inordinate delay in delivery of old age pension undermines the effectiveness of the intervention and is a source of hardship for the poor and vulnerable elderly in this indicator nine percent of all the pension holders report delay in receipt of the old age pension for above one months or more.

Old age pension, available to the elderly each month, is usually spent on a range of daily and essential needs of the self and other members in the households like water, electricity, medicine. The survey reveals that 95% of elderly beneficiaries use their pension primarily to meet basic needs such as food, water, electricity, and medicine, underscoring the critical role of the pension in ensuring their daily sustenance and survival. Only 2% reported using it for savings and 1% for children's education,



indicating that the pension amount is largely insufficient for discretionary spending or long-term investments to the group it aims to target. This highlights the reliance of elderly beneficiaries on the scheme for essential living expenses and suggests a need to evaluate the adequacy of the pension amount in addressing broader financial security keeping in mind the rising inflation.

## 5. Recommendations For The Programme And Policy

On the basis of the study, following recommendations are made that can improve and strengthen the programme content and add to policy options as far as the old age pension scheme in Madhya Pradesh is concerned.

1. Increase in the allowance amount: The monthly amount old age pension in Madhya Pradesh is should be regularly enhanced by the government despite its budget constraints. Under the Indira Gandhi National Old Age Pension Scheme (IGNOAPS), beneficiaries aged 60 years and above who possess a BPL card currently receive a pension of ₹600 per month. Similarly, social security old age pension scheme by Madhya Pradesh Government also provide a pension of ₹600 per month to elderly individuals meeting the same eligibility criteria. With the prevailing rate of inflation, the elderly find this amount of ₹1200 insufficient in fulfilling their basic needs. It would be in the interest of vulnerable aged section to provide slight enhancement in this amount every year.
2. Focus on highly vulnerable groups: A poor elderly who is aged 80 years and above has a higher health and other related expenditure than one who is aged 60-80 years. So it would be essential to cover the additional expenditure such oldest-old by giving them a higher pension amount. This extra amount could be pegged at 5-10 percent of the total pension amount.
3. Regular and fix dated payments: To avoid inconvenience due to delay, ambiguity and ensure regularity, a date must be fixed in advance every month for pension disbursement. In case fixing an advance date is not possible, advance intimation could be sent by SMS to the beneficiaries about the date of disbursement.
4. Beneficiaries should get pension at their doorstep: Focus of such welfare schemes is on the most vulnerable section of the society hence, special attention should be given to the oldest-old, disabled, bedridden and terminally ill pension holders as far as disbursement of old age pension is concern. Home delivery of the pension by an authorised agent of the bank can be considered to lessen the inconvenience of such beneficiaries.
6. Need for more up to date information: In many cases the situation and problem of the elderly are not adequately recorded at the local level. As a result, some deserving elderly are left out of the ambit of old age pension and a few undeserving candidates with stable source of income, not eligible for BPL card, are maliciously enrolled into the scheme. A regular third party survey in the village can help in this regard by capturing the changing socio-economic conditions of the elderly. Additionally, it underscores the importance of introducing transitional audit for those moving out of eligibility to prevent abrupt financial distress to the government while maintaining the integrity of targeted welfare programs.
7. Provision of feedback: In order to offer a hassle free experience, to the elderly for transfer of old age pension, a special window with dedicate toll free number may be opened by the government. This will facilitate the elderly to record their pension related grievances and seek appropriate redress.
8. Stricter Compliance of Lok Sewa Guarantee Act-2010: Exploitation of less educated and less aware beneficiaries specially the elderly through middle men such as advocates, who charge high amount

of money from such people to register for services which are generally free of cost. A separate desk for helping such old aged and uneducated beneficiaries can be established.

9. To address fingerprint recognition issues in biometric systems for the elderly due to loose skin, alternative authentication methods should be integrated. These could include iris scanning or face recognition, which are more reliable for individuals with deteriorated fingerprints. Regular maintenance of biometric devices and training staff to handle such cases sensitively can also ensure seamless service delivery without excluding eligible beneficiaries.
10. Awareness campaigns: A need for targeted awareness campaigns and digital literacy programs by the department of social Justice to ensure that a larger proportion of elderly citizens and others have knowledge about various government led pension schemes for such vulnerable sections who may access these services, reducing barriers to registration and improving overall participation in social security schemes.

## 11. Conclusion

The study comprehensively assessed the impact and adequacy of the Social Security Old Age Pension Scheme in Madhya Pradesh, focusing on the use pattern, economic security, quality of life improvements, and barriers faced by the beneficiaries. The findings indicate that the pension is primarily utilized for meeting essential needs such as food, water, electricity, and medicine, with 95% of beneficiaries relying on it for basic survival. However, the pension amount of ₹600 per month is grossly inadequate to meet broader financial needs or to allow for savings, investments, or education expenses, highlighting the economic limitations of the scheme in ensuring comprehensive financial security.

While the schemes provide some degree of economic relief, the majority of beneficiaries—especially labourers and those entirely dependent on government support—continue to live in poor conditions, with 57% residing in kutchha houses. Ownership of basic assets such as mobile phones (23.2%), TVs (13.2%), and two-wheelers (5.6%) is minimal, reflecting the challenges in improving the standard of living and overall quality of life.

The onboarding process and regular receipt of the pension face significant barriers. A hassle free and regular disbursement of old age pension to the elderly at their doorstep is the basis for greater impact and augmentation of welfare. Although transparency in registration and disbursement has improved with the introduction of Direct Benefit Transfer (DBT), issues such as biometric mismatches, irregular pension credit timelines, and limited mobility due to old age continue to cause delays and hardships. The survey reveals that 91% of the elderly must visit banks personally to withdraw their pensions, with many facing logistical challenges in accessing these facilities, particularly in rural areas. Moreover, while the Lok Sewa Guarantee Act ensures timely onboarding within 15 working days, only 13% reported starting of service within this timeframe, underscoring gaps in administrative efficiency. Awareness about digital platforms and online services remains low, with only 47% of beneficiaries aware of these facilities. This knowledge gap further limits the scheme's reach and effectiveness. The self-assessment revealed that 10% of beneficiaries are no longer eligible for the BPL card, necessitating regular verification to ensure the scheme targets the most deserving individuals.

In conclusion, while the Social Security Old Age Pension Schemes provide essential support to beneficiaries, they fall short of guaranteeing economic security or significantly improving the quality of life for the elderly in Madhya Pradesh. Addressing barriers such as inadequate pension amounts, onboarding difficulties, and delays in disbursement, alongside increasing awareness and accessibility to

digital platforms, is crucial to enhance the scheme's effectiveness and ensure meaningful support for the elderly population.

## 12. Acknowledgement

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