

CHAPTER III

IDENTIFICATION AND INCLUSION OF ELIGIBLE BENEFICIARIES

The first of the two audit objectives set for this performance audit was to ascertain whether the system in place for identifying beneficiaries under each scheme was adequate and effective and to determine the:

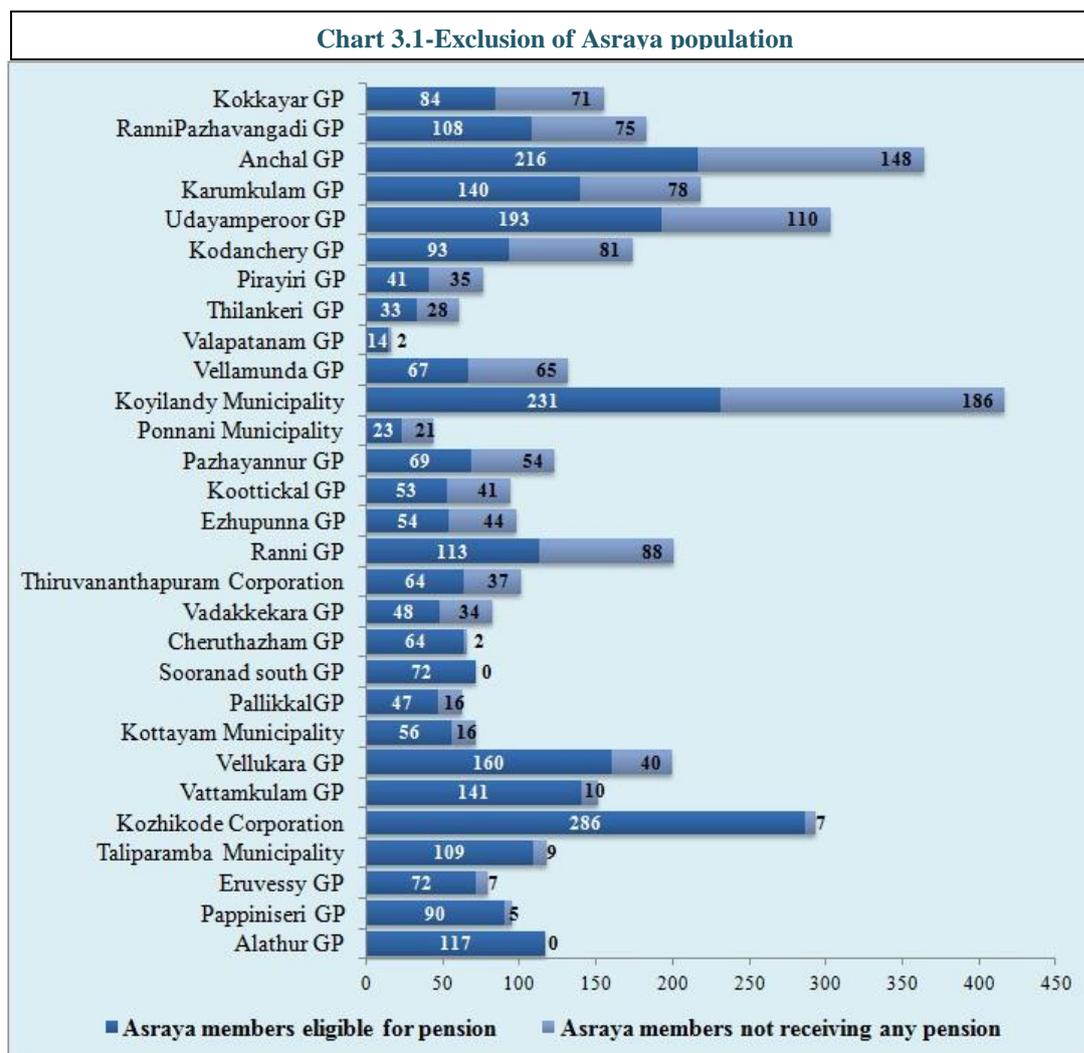
- **extent of exclusion of eligible population;**
- **extent of inclusion of non eligible population; and**
- **factors contributing to such exclusion and wrongful inclusion**

While the first two sub objectives aim to assess the impact of the schemes, the last sub objective aims to assess the causative factors that affected the impact of the schemes. This involved an assessment of the system design, application and verification processes that lead up to sanction of pensions- the outcome of which result in the beneficiaries getting included for receiving social security pensions.

The NSAP sets out the broad framework for providing social security and envisages that State Governments would formulate guidelines keeping in view the principles and requirements of NSAP. Government of Kerala has formulated its guidelines and the five social security pension schemes (three schemes of NSAP and two schemes of the State Government) implemented by the State has covered a beneficiary population of 27,64,321 by the end of the year 2014-15. The number of beneficiaries had doubled during the five year period (2010-11 - 2014-15) covered by audit. The schemes had gained greater momentum towards the end of the year 2013-14 and onwards. **An evaluation of the social security pension schemes across the selected sample of 25 GPs and seven Municipalities out of the total 978 GPs and 65 Municipalities revealed that incidences of both exclusion of eligible population and inclusion of ineligible population were significant as shown below.**

3.1 Exclusion of eligible population

- A large number of marginal groups and vulnerable sections of the society in dire need of social security pensions continued to be excluded from the pension schemes. Analysis in the sample of GPs and Municipalities revealed that an alarming 46 *per cent* (1,310 out of the 2,858 eligible population) of ‘Asraya’- the Destitute Identification, Rehabilitation and Monitoring project launched by Kudumbashree Mission of Government of Kerala, for rehabilitation of destitute families constituting the bottom two *per cent* of the social strata, were not beneficiaries of the social security pensions schemes as shown in **Chart 3.1** below. The population admitted to poor homes and old age homes have also been left out of the social security pension schemes.



- From the structured questionnaire administered in the sample of GPs and Municipalities it emerged that **17.39 per cent** of the respondents (418 out of 2,403 eligible respondents) who were meeting the eligibility criteria laid down by the State Government remained excluded from the social security pension schemes. Old age pension scheme had the highest rate of exclusion followed by the widow pension scheme.
- A further analysis of the responses received to the structured questionnaire revealed that:
 - Incidence of exclusion for old age pensions varied significantly with gender and male population had a higher level of exclusion (36 per cent) vis-a-vis 15 per cent for female population.
 - Exclusion of individuals with lower levels of education was significantly more relative to those with higher levels of education.
 - In the case of old age and widow pensions exclusion of individuals belonging to BPL category was more compared to eligible Above Poverty Line (APL) category.

- The evidence gathered through the structured questionnaire and their evaluation formed the basis for estimating the extent of exclusion of eligible population. **Based on the exclusions observed through the structured questionnaire it can be estimated⁶ that 15 per cent of the eligible population may have been excluded from the social security pension schemes across GPs/Municipalities.** Therefore the declaration of GPs by the State Government as ‘Sampoorna Pension’ GPs was not reliable.
- **In the exit conference held on 21 January 2016, even though the Department expressed doubts on the magnitude of the exclusions pointed out, it assured that necessary steps would be taken to check in detail the exclusions pointed out by Audit including Asraya families and poorest of the poor.**

3.2 Inclusion of non eligible population

Data analysis of the beneficiary database and review of records at the selected GPs/Municipalities disclosed that a large number of ineligible population, which does not meet the eligibility criteria laid down in NSAP/State Government guidelines have been wrongfully included in the social security pension schemes.

- **From the structured questionnaire administered in the sample of GPs and Municipalities it emerged that 14.69 per cent of the beneficiary respondents (296 out of 2,015 respondents) were wrongfully included in the social security pension schemes as they were not meeting the eligibility criteria laid down by the State Government.**
- A further analysis of the responses received to the structured questionnaire revealed that:
 - Unlike exclusion incidences there was no substantial gender wise or education wise variation in wrongful inclusion of beneficiaries.
 - Majority of the wrongful inclusion of beneficiaries belonged to APL category.
- The evidence gathered through the structured questionnaire and their evaluation formed the basis for estimating the extent of wrongful inclusion of non-eligible population.
- **Based on the erroneous inclusions observed through the structured questionnaire it can be estimated⁷ that 12 per cent of the beneficiary**

⁶Exclusion estimates for the eligible population was arrived at statistically using sample weights for each GP/Municipality. Sampling weight is: (1/ No of sampled GP/Municipality* Sampling score of GP/Municipality/Total scores of all GPs/Municipalities). The estimate is subject to data inconsistencies that may exist in the BPL list.

⁷Wrongful inclusion estimate of ineligible population was arrived at statistically using sample weights for each GP/Municipality. Sampling weight is: (1/ No of sampled GP/Municipality* Sampling score of GP/Municipality/Total scores of all GPs/Municipalities).

population may have been wrongfully included as beneficiaries of social security pensions.

- **The Department stated (21 January 2016) that since the population is highly dispersed the checking mechanism is not effective and the Government is considering a proposal for a more realistic beneficiary selection.**

3.3 Factors contributing to wrongful inclusions and exclusions

Evaluation of records revealed that the exclusion of eligible population and inclusion of ineligible population were due to scheme design deficiencies, weak process controls and deficient procedures as brought out below:

3.3.1 Scheme design deficiencies

The NSAP, intended to provide social security to the population living below the poverty line, envisages the key principles of the framework, age criteria for the three pension schemes - Old Age pension (IGNOAPS), Widow pension (IGNWPS) and Disability pension (IGNDPS) and the scale of central assistance for all three schemes. The key principles with reference to coverage of beneficiaries comprise (a) universal coverage of eligible persons and proactive identification (b) transparent and people friendly process for application, sanction, appeal and review (c) key role for local self-government institutions (d) automatic convergence with other schemes and (e) State specific guidelines.

The NSAP provides two scales of assistance – one for beneficiaries below the age of 80 years which varies for the three schemes (₹200 per month for Old age pension and ₹300 per month for the other two schemes) and a uniform higher scale of central assistance of ₹500 per month for all three schemes for beneficiaries of 80 years and above. The States are required to at least contribute equally to provide a decent level of assistance for the beneficiaries.

The NSAP provides the option to the States to cover more deserving beneficiaries by giving pension from their own resources. The States could also adopt variations in the methods and processes for implementation based on precedents and local situations without deviating from the key principles and requirements of NSAP. The State while formulating its scheme guidelines has not specifically restricted the applicability of the social security pension schemes to BPL population alone and has sought to address a wider range of population falling within the prescribed annual family income threshold. The eligibility criteria prescribed for each of the five pension schemes implemented by the State are shown in **Table 3.1** as under:

Table 3.1- Eligibility criteria of the five social security pension schemes implemented by the State

Sl No	Description	Old age pension	Widow pension	Disability pension	Pension for Unmarried women	Agriculture Labour pension
1	Age	60 years and above	Nil	Nil	50 years and above	60 years and above
2	Annual Income ceiling	Less than ₹one lakh	Less than ₹one lakh	Less than ₹one lakh	Less than ₹one lakh	Less than ₹11,000
3	Continuous period of Residency	Past three years	Past two years	Past two years	Permanent resident	Past ten years
4	Other Requirements	Should be a destitute	Should be a destitute	-	Should be a destitute	-
		Should not resort to habitual begging	Should not resort to habitual begging	Should not resort to habitual begging	Should not resort to habitual begging	Should not receive any other assistance except in case of TB, Leprosy and cancer patients
		Should not be admitted to poor home /old age home	Should not be admitted to poor home/old age home	Should not be admitted to poor home/old age home	Should not be admitted to poor home/old age home	Should not be admitted to poor home/old age home
5	Scale of assistance per month (inclusive of central assistance)					
(a)	Less than 80 years (₹)	600	800	800/1100*	800	600
(b)	80 years and above (₹)	1200	800	800/1100*	800	600

*For disability exceeding 40 % and less than 80% - ₹800. For disability of 80% or more - ₹1,100

The scheme guidelines formulated by the State Government have not been sent to MoRD for approval as required under NSAP. A review revealed that the scheme guidelines of the State Government suffer from the following deficiencies:

3.3.1.1 Exclusion of vulnerable population

a) The guidelines by definition exclude those admitted to poor homes or old age homes. This is in sharp contrast to the income ceiling of ₹one lakh envisaged in the guidelines since it potentially enables inclusion of those comparatively better placed in society with financial support while specifically excluding the otherwise eligible vulnerable and destitute living in poor or old age homes. This was evident from the beneficiary profile of the respondents to the structured questionnaire where 23 per cent belonged to APL category and 77 per cent belonged to BPL category. Similarly, the criteria that the applicant should not

resort to habitual begging and be a destitute are such that at best they only enable subjective evaluation but could be potentially exploited to exclude the lowest strata of society.

b) The restrictive annual income ceiling of ₹11,000 prescribed for Agriculture Labour Pension administered by Labour Department vis-à-vis the ceiling of ₹one lakh envisaged for all other pension schemes administered by Social Justice Department also has an identical effect of exclusion of agricultural labour living on the margins from social security.

3.3.1.2 Complexity in scheme design

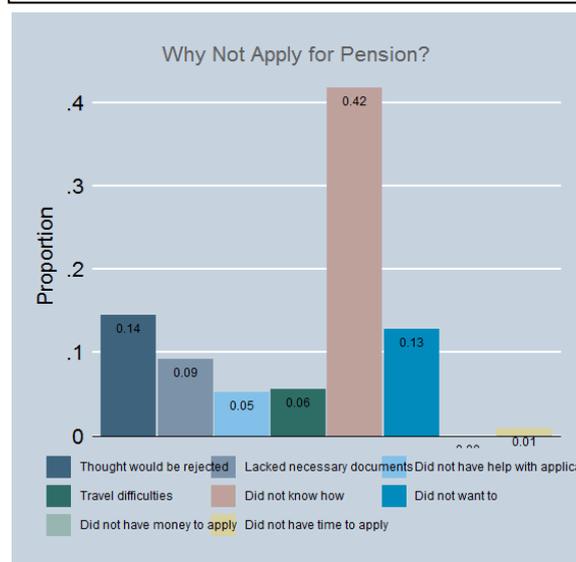
The guidelines formulated by the State envisages that an applicant would be entitled to receive only one type of social security pension and the applicants need to opt for the scheme that they are applying for. Considering that the eligibility criteria envisaged for the schemes are not mutually exclusive and an applicant has to opt for one scheme only while being potentially entitled to more than one type of social security pension (for instance a disabled widow aged 60 years would be entitled to widow pension, disability pension and old age pension and a person entitled to receive agriculture labour pension also similarly becomes entitled to Old age pension), the scheme design is very complex and requires assistance for understanding the eligibility criteria and applying for the appropriate scheme. *Sixty two per cent* of the respondents to the structured questionnaire confirmed that they had received assistance from Anganwadi workers/Ward members in filling up and submission of application forms.

Awareness: The complexity in scheme design with consequent complication in the application process warrants awareness campaigns to reach out to targeted population and to educate them of the various schemes. The local bodies were to create awareness among public regarding all pension schemes through Ward Members/Councilors or through Grama Sabhas/Ward Committees. In the case of disability pension, the local bodies were to organize camps at convenient localities and potential beneficiaries were to be taken to those places by vehicles free of cost and disability certificates issued on the spot. Further, NSAP had envisaged that field level workers/officials should be entrusted with the task of identifying beneficiaries and getting the forms filled up.

Majority of the local bodies test checked had not conducted any camps to identify beneficiaries for disability pension. Though notices were to be put up on the notice boards by GPs and awareness activities were stated to have been carried out, these were not adequate and effective. Therefore due to complexity in scheme design coupled with low awareness levels, the beneficiaries were not in a position to opt for the appropriate scheme.

While most of the respondents to the structured questionnaire were generally aware of the social security pension schemes, primarily through their ward members, 83 per cent of beneficiary respondents were ignorant of the pension scheme of which they were a beneficiary and 19 per cent did not know the amount of pension they were entitled to. A majority of respondents were also not aware of the procedure to apply as shown in **Chart 3.2**.

Chart 3.2: Major factors impeding beneficiaries from applying for pensions



This possibly explains why 46 per cent (1,310 out of the 2,858 eligible population) in 3,420 Asraya families, constituting the bottom two percent of the social strata, in the selected sample of GPs/Municipalities remain excluded from the social security pension schemes. **The number of schemes therefore required rationalization.**

The Department stated (21 January 2016) that while there were some issues in merging Agriculture Labour Pension with Old age pension, the merger of all pensions for women can be considered.

Scale of assistance: Unlike NSAP, which envisages uniform central assistance in all schemes to beneficiaries aged 80 years or above, the guidelines of the State envisages a higher assistance of ₹1,200 per month to beneficiaries of Old Age pension aged 80 years or above and a lower scale of assistance to beneficiaries aged 80 years or above covered in other schemes where they are in fact covered for disabilities and additional distress (widows /divorcees /unmarried women), which in effect fosters exclusion of a severe nature. To provide a perspective of the anomaly, a test check in 31 GPs/Municipalities revealed that there were 3,023 beneficiaries aged 80 years or above receiving widow or disability pension at a lower scale of assistance, the cumulative financial effect of which for the year 2014-15 alone was ₹145.10 lakh as shown in **Table 3.2** below:

Table 3.2: Beneficiaries above 80 years receiving lower scale of pension

Sl No	Name of Local Body	No. of beneficiaries receiving lower scale of pension		Financial impact (₹)
		Widows	Disabled	
1	Alathur GP	21	20	1,96,800
2	Pappiniseri GP	38	08	2,20,800
3	Eruvessy GP	28	09	1,77,600
4	Taliparamba Municipality	119	50	8,11,200
5	Kozhikode corporation	1,111	50	55,72,800
6	Vattankulam GP	10	0	48,000

SI No	Name of Local Body	No. of beneficiaries receiving lower scale of pension		Financial impact (₹)
		Widows	Disabled	
7	Vellukara GP	05	0	24,000
8	Kottayam Municipality	65	12	3,69,600
9	PallikkalGP	15	0	72,000
10	Sooranad south G P	31	02	1,58,400
11	Parakkadavu GP	31	04	1,68,000
12	Cheruthazham GP	0	2	9,600
13	Vadakkekara GP	95	0	4,56,000
14	Thiruvananthapuram Corporation	692	76	36,86,400
15	Ranni GP	31	0	1,48,800
16	Ezhupunna GP	7	1	38,400
17	Koottickal GP	1	0	4,800
18	Pazhayannur GP	11	1	57,600
19	Ponnani Municipality	66	0	3,16,800
20	Koyilandy Municipality	6	0	28,800
21	Vellamunda GP	24	0	1,15,200
22	Valapatanam GP	7	2	43,200
23	Thilankeri GP	0	18	86,400
24	Pirayiri GP	47	0	2,25,600
25	Kodanchery GP	40	1	1,96,800
26	Udayamperoor GP	68	15	3,98,400
27	Karumkulam GP	21	4	1,20,000
28	Anchal GP	30	0	1,44,000
29	RanniPazhavangadi GP	59	7	3,16,800
30	Kokkayar GP	3	0	14,400
31	Perinthalmanna Municipality	57	2	2,83,200
	Total	2,739	284	1,45,10,400

Further, contrary to the NSAP guidelines requiring the State share of assistance to be at least equal to the central share, the State Government was contributing only a lower amount of ₹300 compared to the central share of ₹500 for widow pension beneficiaries aged 80 years and above, which was also a contributing factor for the aforesaid anomaly.

The Department assured (21 January 2016) that necessary changes would be carried out to address the issue of beneficiaries aged 80 years and above receiving a lower assistance. The Department further agreed that standardization of age of beneficiaries across the schemes was required.

3.3.1.3 Frequent revisions of schemes

The complexity of scheme design was compounded by the frequent revisions to the eligibility criteria of the social security pension schemes. The age limit for old age pension scheme was reduced from 65 to 60 years and age limit for widow pension and disability pension were withdrawn. The social security pension schemes were extended to those receiving pensions from Government or elsewhere and also to those having adult sons as long as their family income remained within the prescribed income ceiling.

Further, the frequent revisions to the annual income ceiling have resulted in beneficiaries becoming ineligible with subsequent revisions. In July 2013, State Government enhanced the annual family income ceiling from ₹22,250 to ₹three lakh, which was subsequently reduced to ₹one lakh in June 2014. During audit it was observed that several GPs/Municipalities did not review the pensions already sanctioned based on income limit of ₹three lakh. Consequently, several beneficiaries having annual family income greater than the revised admissible limit of ₹one lakh continued to receive pensions. In seven GPs/Municipalities alone, there were 1,657 cases that have to be reviewed in the context of reduced income ceiling and a test check by Audit in three of these GPs/Municipalities for the year 2014-15 confirmed 105 inclusions, who have already received ₹5.61 lakh as shown in **Table 3.3** below, which have to be reversed.

Table 3.3: Cases sanctioned against the higher income ceiling of ₹three lakh needing review

Sl. No	Name of local body	No. of cases which need review	No. of cases identified by audit	Financial impact relating to identified cases (₹)
1	Koyilandy Municipality	44	44	3,06,000
2	Vellamunda GP	98	--	--
3	Alathur GP	803	12	61,600
4	Pappiniseri GP	115	---	--
5	Vellukara GP	93	49	1,93,200
6	RanniPazhavangadi GP	40	--	--
7	Kokkayar GP	464	--	--
Total		1,657	105	5,60,800

3.3.2 Weak process controls

The GPs/Municipalities receive applications for grant of social security pensions throughout the year. The applications after being entered in an Application Register are handed over to the Verifying Officer⁸ for verification and confirmation of eligibility of the applicants. The verified cases together with the report of the Verifying Officer are placed before the Welfare Standing Committee for approval and the approved cases are submitted to the Panchayat Committee/Municipal Council, which finally sanctions pension to the beneficiaries. The details of the cases sanctioned are intimated to the District Collector/District Labour Officer for allotment of funds and uploaded in the Sevana software.

Recognising practical situations where applicants may not have access to the requisite documents to prove their eligibility the State Government has authorized Village Officers to issue income certificates and certificates

⁸Government has designated the following Officers as Verifying Officers for various pensions. Indira Gandhi National Old Age Pension - Village Extension Officer (VEO), Indira Gandhi National Widow Pension & Pension for Unmarried Women above 50 years - Integrated Child Development Scheme (ICDS) Supervisor, Agriculture Labourers Pension - Agriculture Officer, Indira Gandhi National disability Pension - Medical Officer, Public Health Centre, (In Municipalities Health Officer, Health Inspectors and Revenue Inspectors are also authorized to verify applications relating to OAP and WP)

confirming the status of applicants of widow pension. Considering that the prescribed income ceiling is the dominant criterion of eligibility, determining the annual family income is a challenge. The efficiency and effectiveness of the coverage of social security pension schemes, therefore, primarily depends upon the strength of the income certification, verification and approval processes. Review revealed that the income certification and the eligibility verification and approval processes were porous and weak in many GPs/Municipalities thereby aiding wrongful inclusions and undermining the effectiveness of the social security pension schemes as shown below:

3.3.2.1 Income certification process

The State Government has authorized Village Officers to certify the income of applicants, where the beneficiaries have no basis to declare their income. Scrutiny of applications in the selected sample of GPs/Municipalities to assess the income certification process disclosed the following:

a) Generally the family income mentioned in the ration cards issued six years back was taken as the basis, which in a large number of cases was understated and incorrectly reflected the economic status of the applicants. Additionally, the status of family members mentioned in the ration cards itself contradicted the family income recorded in the ration cards. Instances of such wrongful inclusions are given in **Table 3.4** below:

Table 3.4: Beneficiaries wrongfully included for receiving pension

Sl. No	Name of local body/ Beneficiary ID	Remarks
1	Pappiniseri GP 111120600795 (WP)	As per Ration Card monthly family income is ₹12,000, and one family member is a Government employee.
2	Pappiniseri GP 111120200584 (OAP)	As per Ration Card monthly family income is ₹21,000. One family member is a pensioner and another one is a bank employee.
3	Pappiniseri GP 111120200418 (OAP)	As per Ration Card one family member is a Government employee.
4	Pappiniseri GP 111120200520 (OAP)	As per Ration Card one family member is a Government employee.
5	Pappiniseri GP 111120200493 (OAP)	As per Ration Card one son and other family members are staying abroad and another son is doing business.
6	Pappiniseri GP 111120201544 (OAP)	As per Ration Card two sons are working abroad.
7	Pappiniseri GP 111120200949 (OAP)	As per Ration Card two sons are working abroad.
8	Pappiniseri GP 111120200952 (OAP)	As per Ration Card two sons are working abroad.
9	Kottayam Municipality 101890202749 (OAP)	Beneficiary's wife is a Government employee
10	Kottayam Municipality 101890202692(OAP)	One family member is a teacher.
11	Alathur GP 108770200736 (OAP)	One family member is employed in private sector and another one is a bank employee.
12	Vattamkulam GP 109870600830 (WP)	Even though the Village Officer stated that husband has left the woman 19 years ago, Ration card issued on 09.01.2010 included the name of husband.
13	Vattamkulam GP 109870600783 (WP)	Even though the Village Officer stated that husband has left the woman 10 years ago, Ration card issued on 24.12.2008 included his name.

b) Further, to assess the veracity of the income certification process Audit compared the incomes certified by Village Officers with those mentioned in the

ration cards, which itself contained detailed incomes and other collateral evidences and observed that in many cases the incomes certified by the Village Officers were incorrect and understated, while the incomes of applicants exceeded the income ceiling prescribed for grant of social security pensions. Instances of such cases are given in **Table 3.5** below.

Table 3.5: Instances of incorrect income certified by Village Officers

Sl No.	Name of local body	Pension ID of beneficiary	Annual income certified by Village Officer (₹)	Remarks
1	Pirayiri GP	108520201836	18,000	Son is a Government employee and grandson is working as Technician
2	Pirayiri GP	108520201854	21,000	Beneficiary is a Pensioner
3	Pirayiri GP	108520201792	21,000	Husband is employed in public sector
4	Pirayiri GP	108520201794	18,000	Beneficiary is a Pensioner*
5	Pirayiri GP	108520201795	12,000	Husband is a pensioner*
6	Pirayiri GP	108520201796	36,000	The beneficiary and daughter are Government employees*
7	Pirayiri GP	108520201797	30,000	Husband and daughter are Government employees*
8	Pirayiri GP	108520201804	24,000	Three sons are engaged in business
9	Alathur GP	108770201588	72,000	One family member is a pensioner and another one is a Government servant.
10	Alathur GP	108770200532	24,000	Beneficiary is a Pensioner
11	Alathur GP	108770200499	60,000	One son is a Government employee and daughter is working in private sector
12	Eruvessy GP	111210200818	21,000	As per Verifying Officer's report two sons are Government employees.
13	Eruvessy GP	111210200814	60,000	Income shown in Ration Card is ₹21,770 per month
14	Taliparamba Municipality	102180602049	10,500	One family member is a Government employee.
15	Udayamperoor GP	106690201297	21,660	As per Ration Card the applicant is a Public Sector employee.
16	Udayamperoor GP	106690201305	31,896	As per Ration Card both husband and wife are Government employees.
17	Udayamperoor GP	106690201162	18,000	The monthly income as per Ration card is ₹41,666.

*In these cases income Certificates given by Village Officer to husband and wife on the same date showed different incomes

c) In some cases, the applications did not have the income details of the applicants and it is not clear as to how their eligibility was determined.

The Department stated (21 January 2016) that ascertaining the real income of beneficiaries is a challenging task and that while ration card data could be kept as master data, secondary checks as necessary can be made.

3.3.2.2 Verification and approval process

The report of the Verifying Officer is considered as the basis for determining the eligibility of the applicants and considering sanction of pension. In cases where the Verifying Officer finds that the person is not eligible, the Panchayat Committee/Municipal Council could overturn the recommendation of Verifying

Officer only if it is satisfied that the finding of the Verifying Officer is incorrect. Review of applications in the selected sample of GPs/Municipalities to assess the verification and approval process disclosed the following:

- a) The process of scrutiny of applications by Verifying Officers lacked transparency. The Verifying Officers invariably recorded only ‘eligible’ or ‘ineligible’ on the face of the applications and the envisaged verification report providing the outcome of verification against the eligibility criteria was not being provided. In some cases cryptic reasons were recorded on the applications. A test check of the rejected applications revealed that in Alathur and Vattankulam GPs eight applications were rejected on the ground that the applicants were Anganwadi workers/helpers, which was not a valid reason for rejection. Verifying Officers were also not visiting the households of applicants or contacting household members for verification, which was confirmed by 64 per cent of respondents to the structured questionnaire.
- b) After scrutiny of the applications by the Verifying Officer, the details of all applications (irrespective of whether they were ‘eligible’ or ‘ineligible’) have to be placed before the Panchayat Committee/Municipal Council for consideration. Test-check revealed that in Kokkayar GP details of only eligible applications were being placed before the Committee. The verification process, therefore, did not render itself to review. The Secretary of the Grama Panchayat stated that from September 2015 onwards all applications are being placed before the committee irrespective of whether the applicants are eligible or not.
- c) In Kottayam Municipality, instances were noticed where pensions were sanctioned against blank application forms without any details of the applicants.
- d) In Cheruthazham GP and Pallickal GP, the Panchayat Committees routinely overturned the findings of Verifying Officers without valid reasons and after incorrectly obtaining favourable reports from Ward Members. Details are given in **Table 3.6** below:

Table 3.6: Pensions sanctioned to ineligible persons overlooking the report of the Verifying Officer

Sl. No	Pension Id	Date of sanction of pension	Findings of the Verifying Officer
Cheruthazham GP			
1	110960201050	05.01.15	Applicant’s husband is doing business and one son is NRI.
2	110960201040	06.12.14	Applicant’s two sons are NRIs and one son is working in bank.
3	110960201041	06.12.14	Applicant’s one son is NRI and another one is working outside Kerala.
4	110960201042	06.12.14	Applicant’s one son is NRI
5	110960200703	06.12.14	Applicant’s two sons are NRIs.
6	110960201056	27.03.15	Applicant’s one son is NRI.
7	110960201060	27.03.15	Applicant’s one son is NRI.
8	110960201059	27.03.15	One son is NRI and applicant was NRI previously.
9	110960201058	27.03.15	Applicant’s family income is above ₹one lakh.

Sl. No	Pension Id	Date of sanction of pension	Findings of the Verifying Officer
10	110960201061	27.03.15	Applicant's one son is NRI and another one is working in military service.
11	110960201062	27.03.15	Applicant's one son is NRI
12	110960201063	27.03.15	One son is NRI and another son is doing business.
13	110960201064	27.03.15	Applicant's two sons are NRIs.
14	110960201065	27.03.15	Applicant's two sons are in military service.
15	110960201066	27.03.15	Applicant is a retired public sector employee.
16	110960201068	27.03.15	Applicant's two sons are doing business.
17	110960201069	27.03.15	Applicant's one son is in military service.
18	110960201070	27.03.15	Applicant's two sons are NRIs.
19	110960201071	27.03.15	Applicant's one son is NRI.
20	110960201072	27.03.15	Applicant's one son is in military service and other son is NRI.
21	110960201074	27.03.15	Applicant's one son is doing business and other son is NRI.
22	110960201075	27.03.15	Applicant's one son is NRI.
23	110960201076	27.03.15	Applicant's one son is NRI and other one is doing business. Also, the applicant has 2.5 acre land.
24	110960201077	27.03.15	Applicant's one son is doing business.
25	110960201078	27.03.15	Applicant's one son is NRI, other one is in military service and also another one is working in a Society. More over the applicant itself admitted that they had annual family income of ₹1.5 lakh.
26	110960201079	27.03.15	Applicant's one son is in military service and other son is working in bank.
27	110960201080	27.03.15	Applicant's two sons are working outside the state.
28	110960201081	27.03.15	Applicant's one son is NRI.
29	110960201084	27.03.15	Applicant's one son is NRI.
30	110960201086	27.03.15	Applicant's one son is NRI.
	Pallickal GP		
31	102360201256	--	Income exceeded limit due to family members being NRIs/Govt servants.
32	102360201257	--	Income exceeded limit due to family members being NRIs/Govt servants.

e) Similarly widow pension was sanctioned on the basis of certificates issued by Panchayat/Panchayat President/Corporation instead of by Village Officers who were authorized by the State Government.

f) While, both the NSAP guidelines and State plan formulation guidelines envisage that the lists of selected beneficiaries have to be placed before the Gram Sabha and approved before pension disbursement, Audit observed that except Perinthalmanna Municipality none of the GPs/Municipalities were complying with the above stipulation.

The Department agreed (21 January 2016) that the checking mechanism was not effective due to a highly dispersed population and stated that at least two

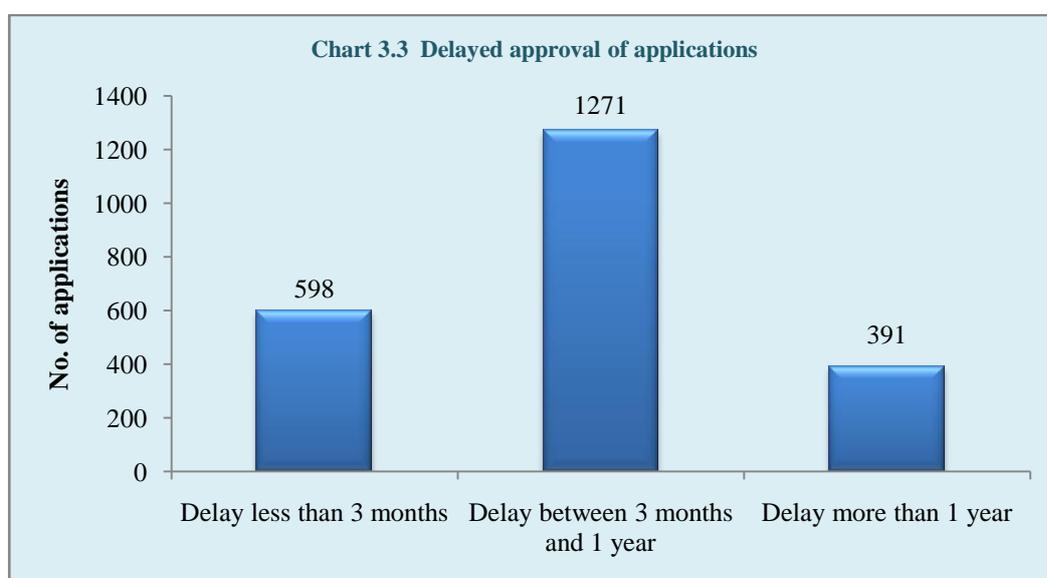
officials would check eligibility conditions before placing it in the Gram Sabha. The Department further stated that Government is also considering a proposal to constitute smaller manageable units under Gram Sabha at the Panchayat level for a more realistic beneficiary selection. The Department also assured to look into the possibility of a onetime verification to exclude ineligible beneficiaries.

3.3.3 Deficient procedures

Procedures envisaged to implement the social security pensions in a structured manner and to enable effective monitoring and oversight were not implemented in most of the GPs/Municipalities that were test checked. There was lack of clarity with regard to certain procedures and GPs/Municipalities were practicing divergent procedures causing procedural delays and loss to beneficiaries as detailed below:

3.3.3.1 Procedural delays

The NSAP envisages that process time cycle from the receipt of applications to their sanction or rejection should not exceed 60 days. However, as many as 4,014 applications are pending even after the stipulated time in the 31GPs/Municipalities that were test checked at the end of 2014-15. An analysis of the cases already sanctioned by the local bodies revealed that 2,260 cases were delayed beyond the envisaged timeline of 60 days for periods ranging from less than three months to more than one year causing hardship to applicants and impeding the pace of inclusion. An age wise analysis of the 2,260 sanctioned cases is shown below in **Chart 3.3**. The delay was mainly attributable to the verification process.



Most of the delay in disposing cases for more than one year were in Ezhupunna GP (74 cases), Kodanchery GP (73 cases) and Koottickal GP (60 cases). In RanniPazhavangadi GP 238 applications pertaining to the period January 2014 to March 2015 forwarded to the VEO for verification were pending verification by

the VEO despite reminders by the Secretary to the GP and the matter has not been escalated to the District Collector for resolution.

The delays were also caused due to lack of clarity. After launching NSAP Schemes by GoI, the State Government merged its pension schemes with those under NSAP and issued detailed guidelines for disposing the applications. In the case of Old Age pension the State Government stipulated (December 1995) that after verification and sanction by the Panchayat Committees/Municipal Councils, the cases shall be referred to the District Collector for approval and release of funds, while the orders of State Government (April 1997) regarding Widow Pension/Disability Pension did not contain such a stipulation. Due to the absence of uniformity in the guidelines issued by the Government, certain local bodies accepted applications and sanctioned pension themselves, whereas certain other local bodies sent the cases after sanction to the District Collectors for approval. When the applications increased considerably during 2013 and 2014, the issue being taken up by District Collectors, the State Government granted (December 2014) full powers to local bodies to dispose applications received after 1 January 2015 without referring the cases to District Collectors. However, the State Government insisted that all applications received up to 31 December 2014 have to be disposed as per the old procedure.

Delays were observed even in uploading data in the Sevana database after sanction of pensions in nine GPs which was a bottleneck for further process and the State Government allocating funds. Sanctioned cases were pending in these nine GPs for periods ranging from November 2013 to March 2015.

3.3.3.2 Divergent practices

The hardship to applicants was further accentuated as the beneficiaries were getting penalized for the process delays due to an irregular divergent practice adopted by GPs/Municipalities while sanctioning social security pensions.

a) Though the extant directions stipulate that social security pensions are to be sanctioned from the date of application, GPs and Municipalities were, however, incorrectly sanctioning social security pensions either from the month subsequent to the one in which the application was received or from the date of approval by the Welfare Standing Committee/Panchayat Committee/ Municipal Council. As such the effective date of sanction of social security pensions involved a time lag ranging upto one year from the date of application. Test check in 23 out of the 32 GPs/Municipalities revealed that 19,419 beneficiaries were affected by this irregular procedure during 2014-15 alone and the beneficiaries were deprived of ₹1.44 crore as shown in **Table 3.7** below:

Table 3.7: Financial loss to beneficiaries during 2014-15

Sl. No	Name of Local Body	No. of cases	Financial loss to beneficiaries (₹)
1.	Eruvessy GP	31	83,925
2.	Kozhikode Corporation	30	2,76,075
3.	Vellukara GP	67	3,63,800
4.	Kottayam Municipality	55	5,15,400
5.	Pallikkal GP	146	2,50,600
6.	Sooranad South G P	35	1,02,600
7.	Parakkadavu GP	35	1,61,100
8.	Cheruthazham GP	45	28,700
9.	Vadakkemkara GP	372	2,55,200
10.	Ezhupunna GP	190	1,38,400
11.	Thiruvananthapuram Corporation	15297	98,31,600
12.	Koottickal GP	159	99,200
13.	Pazhayannur GP	277	1,92,600
14.	Koyilandy Municipality	342	2,44,800
15.	Vellamunda GP	740	4,62,400
16.	Valapatanam GP	48	31,200
17.	Thilankeri GP	106	72,800
18.	Kodanchery GP	1294	8,00,000
19.	Udayamperoor GP	15	7,500
20.	Anchal GP	42	1,96,525
21.	RanniPazhavangadi GP	13	23,100
22.	Kokkayar GP	42	1,42,600
23.	Perinthalmanna Municipality	38	89,900
TOTAL		19,419	1,43,70,025

In Kottayam Municipality, about 1,400 Old age pension applications pertaining to 2014 were sent to the Additional Thahsildar for approval. The Additional Thahsildar approved the cases with the specific direction that the pensions shall be given from the date of approval. Audit noted that there was even delay of more than one year from the date of application for approval by the Additional Thahsildar on account of which the beneficiaries had to forgo the assistance for periods even more than one year.

b) Divergent practices were also being followed in GPs and Municipalities due to lack of clarity. People engaged in certain jobs like fishing, construction works, etc. are receiving pensions from the respective Welfare Fund Boards to which they are enrolled and paid subscriptions. There is no clarity whether those receiving Welfare pensions from Welfare Fund Boards are entitled to Social Security Pension if they were otherwise eligible. As a result of the confusion in this regard, certain local bodies⁹ were not sanctioning pensions to eligible people on the ground that they were receiving pension from Welfare Fund Boards.

3.3.3.3 Inadequate monitoring and oversight

The monitoring and oversight procedures envisaged as a part of the scheme formulation were not established in most of the GPs and Municipalities.

⁹Vellukara GP, Kokkayar GP, Ranni GP, Thilankeri GP, Alathur GP, RanniPazhavangadi GP and Anchal GP

a) **Improper maintenance of data/records:** GoI and the State Government have specified that local bodies shall maintain a register showing the details of applications received, pensions sanctioned, applications rejected etc., and shall maintain a file containing photocopies of all applications, which shall be kept open and accessible for inspection at respective offices. The local bodies were not complying with these requirements. None of the local bodies test checked maintained the application register properly except Perinthalmanna Municipality.

In all local bodies test checked, applications were not kept in proper order and were only bundled and stored rendering it difficult to sort out applications for further scrutiny. It is also seen that the Verifying Officers have no control over the applications received for verification and they also were not maintaining any registers for recording the applications received and disposed.

b) **Non constitution of District Level Monitoring Committees:** NSAP guidelines stipulate constitution of State level and District level Committees for implementation, monitoring and evaluation of programme. The State Government has constituted (January 2013) a State Level Committee for implementation but the District Level Committees were not formed in majority of the districts.

c) **Inadequate grievance redressal mechanism:** NSAP guidelines stipulate that the State should put in place a grievance redressal mechanism at GP/Municipal/District level and designate an officer to whom grievances can be addressed. The office of the designated officer has to keep a record of complaints received, action taken and outcome and inform the complainant about the action taken. There was no institutionalized mechanism for monitoring the grievances available in GPs/Municipalities, as no records/registers were being maintained by them for the purpose. The District collectors were authorized to follow up the grievances of the pensioners, which was not effective.

d) **Absence of social audits:** NSAP guidelines stipulate that social audit of schemes should be conducted at least once in every six months by Gram Sabha/Ward Committee and that for each social audit, the Gram Sabha/Ward Committee has to elect a Social Audit Committee comprising at least two beneficiaries from each of the schemes under NSAP, of which one shall be a woman. It should be ensured that beneficiaries from SCs, STs and Minorities also are represented in the Social Audit Committee. The Government has not issued any specific direction to local bodies regarding conduct of social audit, and none of the local bodies test checked had conducted any Social Audit relating to NSAP schemes.

e) **Lack of convergence with other antipoverty programmes:** NSAP guidelines require convergence of NSAP with different antipoverty programmes to provide for wider social security. It is emphasized that NSAP beneficiaries shall be automatically enrolled for benefits under antipoverty schemes. Audit observed that the State Government and local bodies were not taking effective

steps for enrolling all beneficiaries under the different antipoverty programmes viz., Rashtriya Swasthya Bima Yojana (RSBY), Aam Aadmi Bima Yojana (AABY), Indira Awaas Yojana, Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) etc.

Responses to the structured questionnaire also indicated that achieving full convergence with antipoverty schemes was still a long way ahead. Out of the 1,055 Sevana beneficiaries selected for administering the structured questionnaire only 573 beneficiaries were enrolled under RSBY(54 *per cent*), 382 under MGNREGS (36 *per cent*) and 46 under AABY (4 *per cent*).

Audit conclusions

1. It is clear that the social security pension schemes under the NSAP framework have gained momentum particularly in the last two years and a sizeable coverage of beneficiaries has been achieved. Nevertheless, based on the audit process carried out it can be concluded that 15 *per cent* of eligible population may have been excluded from the various social security schemes.
2. While on the one hand vulnerable population has been left out, 12 *per cent* of the beneficiary population may comprise ineligible population wrongfully included under the social security pension schemes. A large number of wrongful inclusion belonged to APL category.
3. The scheme design formulated by the State Government addresses a range of population wider than envisaged under NSAP. However, the schemes by design exclude a considerable chunk of the vulnerable and destitute population constituting the lowest strata of society. The scheme design in its present form is inherently complex with a bouquet of pension schemes to choose from and with eligibility criteria colliding across the schemes. The lower scale of assistance envisaged for beneficiaries aged 80 years and above of other pension schemes' vis-à-vis Old age pension is irrational.
4. The processes of income certification by Village Officers, verification by Verifying Officers and approval by Local Self Government are non transparent and prone to weaknesses leading to wrongful inclusions, which is undermining the efficiency and effectiveness of the schemes.
5. Lack of clarity in procedures for sanctioning pensions were not only leading to delays but also causing monetary loss to potential beneficiaries.
6. Established procedures for maintaining process documentation, grievance redressal, monitoring and oversight have not been institutionalized, which is compromising on accountability.

Recommendations

1. State Government has to reach out to the excluded marginal sections of the society in a focused manner. Targeted awareness campaigns need to be undertaken in GPs/Municipalities with sizeable concentrations of BPL households, destitutes under Asraya project and other marginal groups and proactive assistance would have to be rendered to cover the targeted population under social security pension schemes
2. State Government may carry out a onetime verification of its beneficiaries to weed out wrongful inclusions. The process could commence from the local bodies, where incorrect income certification and improper sanctions to ineligible population have been pointed out by Audit.
3. State Government may consider reviewing and rationalizing the scheme design considering the existing complexity and the number of schemes, which address the same targeted population and have common eligibility criteria. The subjective eligibility criteria that leads to potential exploitation of vulnerable sections need to be removed. The scale of assistance to beneficiaries aged 80 years under other pension schemes needs to be rationalized vis-à-vis those under Old age pensions.
4. The Local Self Government should strengthen the income certification, verification and approval processes by institutionalizing a structured mechanism of checklists for each process and strengthen process documentation.
5. Implementation of uniform and standardized procedures for sanctioning pension has to be ensured
6. Grievance redressal mechanism, Monitoring committees and Social audits need to be institutionalized and effectively maintained.