

**Report of the
Comptroller and Auditor General of India
on
Performance Audit of Social Security
Pension Schemes**

**Government of Kerala
Report No.6 of the year 2016**

TABLE OF CONTENTS

<i>Title</i>	<i>Reference to</i>	
	<i>Paragraph</i>	<i>Pages</i>
Preface		iii
Executive Summary		v-vi
CHAPTER-I : SOCIAL SECURITY PENSION SCHEMES-AN OVERVIEW		
Introduction	1.1	1
Organisational set-up	1.2	1
Beneficiaries	1.3	2
Financial outlay	1.4	2
CHAPTER II : AUDIT APPROACH		
Audit objectives	2.1	3
Audit scope	2.2	5
Audit criteria	2.3	6
Audit methodology	2.4	6
Organisation of audit findings	2.5	7
Acknowledgement	2.6	7
CHAPTER III : IDENTIFICATION AND INCLUSION OF ELIGIBLE BENEFICIARIES		
Exclusion of eligible population	3.1	9
Inclusion of non eligible population	3.2	11
Factors contributing to wrongful inclusions and exclusions	3.3	12
Scheme design deficiencies	3.3.1	12
Exclusion of vulnerable population	3.3.1.1	13
Complexity in scheme design	3.3.1.2	14
Frequent revisions of schemes	3.3.1.3	16
Weak process controls	3.3.2	17
Income certification process	3.3.2.1	18
Verification and approval process	3.3.2.2	19
Deficient procedures	3.3.3	22
Procedural delays	3.3.3.1	22
Divergent practices	3.3.3.2	23
Inadequate monitoring and oversight	3.3.3.3	24
Audit conclusions		26
Recommendations		27
CHAPTER IV : DISBURSEMENT OF SOCIAL SECURITY PENSION BENEFITS		
Inadequate central assistance	4.1	30
Irregularity of disbursements	4.2	30
Lack of disbursement monitoring mechanism	4.3	32
Audit conclusions		35
Recommendations		35

APPENDICES

<i>No.</i>	<i>Title</i>	<i>Page No.</i>
I	List of Grama Panchayats/Municipalities selected for Audit	37
II	Structured questionnaire	38

PREFACE

This Report for the year ended March 2015 has been prepared for submission to the Governor of Kerala under Article 151 of the Constitution of India for laying before the Kerala Legislature.

The Report contains significant results of the performance audit of Social Security Pension Schemes implemented through Local Self Government Institutions, viz., Grama Panchayats, Municipalities and Municipal Corporations.

The instances mentioned in this Report are those which came to notice in the course of test audit for the period 2010-11 to 2014-15. Facts relating to the period subsequent to 2014-15 have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

Executive Summary

National Social Assistance Programme (NSAP) was launched by the Government of India (GoI) to provide social security to the destitute, population living below the poverty line and vulnerable groups such as widows and disabled persons. Of the five sub schemes under the NSAP framework, three are pension schemes (i) Indira Gandhi National Old Age Pension Scheme, (ii) Indira Gandhi National Widow Pension Scheme, and (iii) Indira Gandhi National Disability Pension Scheme. The State of Kerala has implemented five social security pension schemes comprising the three pension schemes of NSAP and two other state sponsored pension schemes - Pension for Unmarried Women and Agriculture Labour Pension. These schemes are implemented by the State Government through Gram Panchayats (GPs)/ Municipalities. By the end of the year 2014-15, 27.64 lakh beneficiaries have been brought under these schemes.

Performance audit of the five Social Security Pension Schemes was conducted covering the five year period from 2010-11 to 2014-15 to assess the (i) extent of both exclusion of eligible population from and wrongful inclusion of ineligible population into the schemes and factors contributing to such exclusion and inclusion (ii) utilization of scheme funds and disbursement of benefits to eligible beneficiaries regularly and timely.

Performance Audit disclosed that large number of marginal groups and vulnerable sections of the society in dire need of social security pensions continued to be excluded from the social security pension schemes and large number of ineligible beneficiaries were wrongfully included. 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. Similarly, 12 *per cent* of the beneficiary population may comprise ineligible population wrongfully included under the social security pension schemes.

(Paragraphs 3.1 and 3.2)

The scheme guidelines formulated by the State Government addresses a range of population wider than that envisaged under NSAP. The scheme guidelines, however, exclude specific sections of vulnerable and destitute population constituting the lowest strata of society. Further, the scheme design is inherently complex with the five schemes having same subjective and common eligibility criteria rendering it difficult for the applicants to opt for one amongst them.

(Paragraph 3.3.1)

The processes of income certification, verification and approval by the local bodies are not transparent and are prone to weaknesses generally aiding wrongful inclusion of ineligible population thereby undermining the efficiency and effectiveness of the schemes.

(Paragraph 3.3.2)

Divergent practices by local bodies for sanctioning pensions coupled with lack of clarity in procedures were not only leading to delays but also causing monetary loss to potential beneficiaries. Established procedures for maintaining process documentation, grievance redressal, monitoring and oversight have not been institutionalized, which is compromising on accountability.

(Paragraph 3.3.3)

The social security pension schemes were not serving as income support schemes to beneficiaries for monthly sustenance as they were being disbursed by local bodies in three or four irregular instalments annually. The mechanism of the State Government of releasing lumpsum amounts to local bodies at irregular intervals was defeating the very purpose of assistance.

(Paragraph 4.2)

The disbursement instructions imposed by State Government while releasing funds to local bodies was leading to a situation of allowing funds to lapse even though payments of social security pensions were in arrears.

(Paragraph 4.2)

Disbursement monitoring mechanism was absent leading to disbursement of multiple pension payments or double payments to beneficiaries. Local bodies were unable to identify beneficiaries, verify their eligibility status and ensure that pensions are being disbursed to the correct beneficiaries.

(Paragraph 4.3)

The initiatives of linking beneficiary accounts with Aadhaar numbers to identify beneficiaries and Direct Benefit Transfer to ensure payments to targeted beneficiaries, though not complete, were bringing in discernible benefits to the State Government. However, procedural issues needed to be sorted out and technology leveraged further so that the benefits are harnessed by beneficiaries also.

(Paragraph 4.3)

CHAPTER I

SOCIAL SECURITY PENSION SCHEMES – AN OVERVIEW

1.1 Introduction

The Directive Principles of the State Policy in the Constitution of India enjoin upon the State to undertake welfare measures within its means, targeting the poor and destitute in particular. Article 41 of the Constitution of India directs the State to provide public assistance to its citizens in the case of unemployment, old age, sickness and disablement within the limit of the State's economic capacity and development. Social security, invalid and old age pensions figure as Item 23 of the Seventh Schedule of the Constitution of India in the Concurrent List. Social Security is an integral part of the development process and is designed to guarantee long term sustenance with a special focus on the vulnerable and marginal sections of the society. In concordance with these guiding principles, Government of India (GoI) launched (August 1995) the National Social Assistance Programme (NSAP) as a fully funded Centrally Sponsored Scheme targeting the destitute. In the year 2007/2009, the programme was expanded to cover all eligible persons Below Poverty Line (BPL) and more vulnerable groups such as widows and disabled persons.

NSAP includes five sub-schemes as its components. Of these, three are pension schemes (i) Indira Gandhi National Old Age Pension Scheme (IGNOAPS), (ii) Indira Gandhi National Widow Pension Scheme (IGNWPS), and (iii) Indira Gandhi National Disability Pension Scheme (IGNDPS). The other two sub-schemes are (i) National Family Benefit Scheme – a onetime assistance to the bereaved family in the event of death of the bread winner and (ii) Annapurna scheme – food security to the eligible old aged persons who have remained uncovered under IGNOAPS, which are not pension schemes.

The State of Kerala had formulated additional two pension schemes of its own, *viz.*, (i) Pension for Unmarried Women (PUW) and (ii) Agriculture Labour Pension (ALP). Thus the State is implementing five social security pension schemes.

1.2 Organisational set-up

At the Central level, Ministry of Rural Development (MoRD) exercises overall control over the implementation of NSAP. The responsibility of implementation of all pension schemes including those under NSAP in the State is vested with the Local Self Government Department (LSGD). Social Justice Department is the Nodal Department for administration of all schemes except ALP, which is administered by the Labour Department. The State level and District level Monitoring Committees have to monitor the implementation of the Schemes. The implementation of the schemes including beneficiary selection is carried out by Grama Panchayats (GP) and Municipalities.

1.3 Beneficiaries

The number of beneficiaries covered from 2010-11 to 2014-15 under the social security pension schemes implemented by the State is given below in **Table 1.1**.

Table 1.1: Number of beneficiaries covered under various pension schemes

Pension Scheme	2010-11	2011-12	2012-13	2013-14	2014-15
IGNOAPS	173071	191946	276924	339582	829656
IGNWPS	419038	512672	682763	762371	1009214
IGNDPS	200885	209907	252377	288590	325521
ALP	543144	545604	534408	530962	532404
PUW	40979	45284	50791	51865	67526
Total	1377117	1505413	1797263	1973370	2764321

The number of beneficiaries more than doubled over the five year period, which was ascribed to the State Government (i) relaxing the eligibility criteria of schemes as the pension schemes were applicable to the eligible population not necessarily restricted to the BPL population as long as their family income was within the prescribed threshold, while fulfilling other eligibility conditions; and (ii) launching a ‘Sampoorna Pension’ campaign from November 2013 to February 2014 with the objective of enrolling all eligible beneficiaries in the local bodies. At the end of the three month campaign all GPs were declared as ‘Sampoorna Pension’ GPs.

1.4 Financial outlay

The financial outlay allocated by the State Government to GPs/Municipalities from 2010-11 to 2014-15 for implementing the schemes is given below in **Table 1.2**.

Table 1.2: Funds allocated for various pension schemes

(₹ in crore)

Pension Scheme	2010-11	2011-12	2012-13	2013-14	2014-15
IGNOAPS	98.72	107.38	237.33	147.74	549.55
IGNWPS	253.61	290.58	544.28	663.51	848.40
IGNDPS	101.20	114.89	197.26	255.78	295.71
ALP	205.94	273.23	263.20	246.10	292.59
PUW	21.31	23.33	38.96	47.51	56.80
Total	680.78	809.41	1281.03	1360.64	2043.05

The annual allocation increased three fold during the five year period 2010-11 to 2014-15 primarily due to increase in the number of beneficiaries and the quantum of assistance over the period.

CHAPTER II

AUDIT APPROACH

Sustaining social security schemes at envisaged scales, managing growing complexities and reaching out to the destitute families spread across the State is by itself a daunting task. The bouquet of schemes envisioned under the NSAP framework supplemented by the schemes of the State Government has inherent design and implementation challenges. The situation becomes further challenging since the BPL households, which is the target population for social security assistance, comprises a substantial 42 *per cent* of the total households in the State. The annual allocation for social security pension schemes is increasing over the years and for the year 2014-15 it constitutes 68 *per cent* of the total outlay for social security schemes. Considering the criticality of achieving its intended outcomes, escalating financial outlays and relative impact of pension schemes, which aim to provide monthly financial support to alleviate economic deprivation, it was decided to conduct the performance audit of social security pension schemes implemented in the State of Kerala.

2.1 Audit objectives

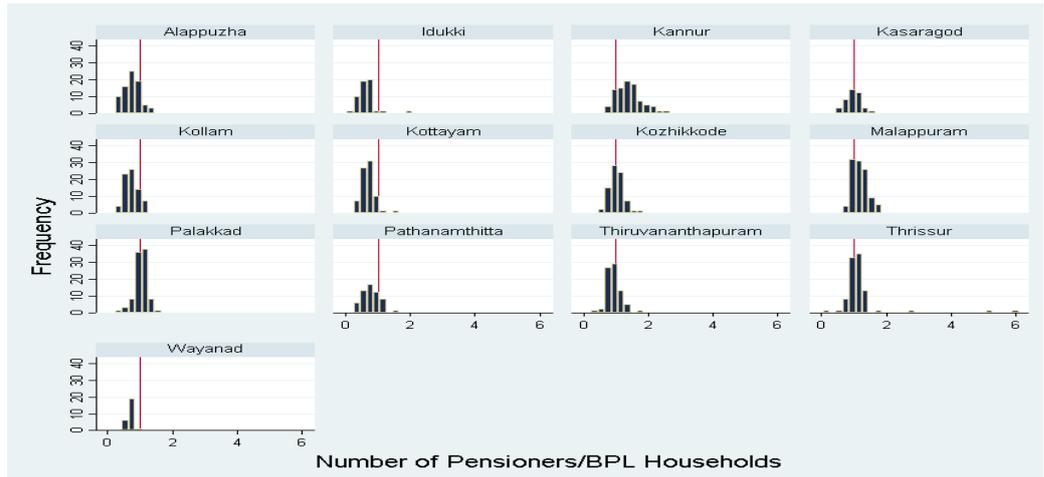
A background analysis of empirical evidence and relevant data available from various sources was carried out for an appreciation of a macro perspective of the schemes and discerning broader trends to determine the direction of audit and to set appropriate audit objectives.

A preliminary analysis of the primary data of beneficiaries – the Sevana database¹ was carried out in combination with secondary data on BPL households, GPs and ward level census data. The secondary data on BPL households and census data provided insights into the targeted population for social security schemes. The data bases provided an overall assessment of the nature and extent of beneficiary coverage across the various districts in terms of the ratio of beneficiaries to BPL households. The outcome of such ward level data analysis for each district, summarized in the graphs below (**Chart 2.1**), broadly suggested a potential incidence of both under coverage and over coverage of targeted population - defined as possible exclusion of eligible population (exclusion errors) or inclusion of non-eligible population (inclusion errors) respectively. Greater the number of bars to the right side of the redline² for any district greater would be the number of wards with a possible higher incidence of inclusion errors while if a district has a greater number of bars to the left side of the red line more wards in the district may have a higher incidence of exclusion errors. The height of the bars represents the potential extent of the respective errors in each ward.

¹ Sevana data base is the beneficiary database of social security pensions maintained by Information Kerala Mission - the e- governance project of State Government of Kerala.

² Redline – denotes a position of equality between eligible population and BPL households (implying one eligible person in each BPL household)

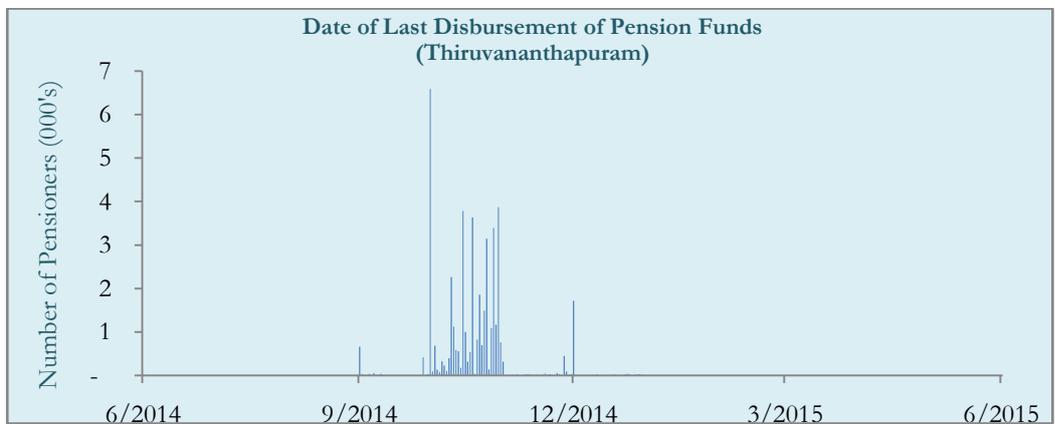
Chart 2.1- Graphs showing the possibility of inclusion and exclusion errors in each District



The distribution of wards in the above graphs suggested a substantial degree of existence of both types of errors and provided insights that evaluation of wrongful inclusion and exclusion of beneficiaries in the social security pension schemes should be a major focus of audit.

Similarly an analysis of the primary data (Sevana database) in combination with the trend of expenditure on social security schemes indicated an irregularity in terms of both the timing and the amount of disbursement. An example from the Thiruvananthapuram district’s disbursement history presented below in **Chart 2.2** demonstrates that there was no system for providing monthly payments, which undermined the pension schemes’ goal as an income support scheme.

Chart 2.2 – Graph showing the pattern of disbursement of pensions in Thiruvananthapuram



Preliminary analysis of Sevana database conducted in June 2015 revealed that the majority of pensioners (89.5 per cent) had received their last pension payment in the year 2014. Thus trends emerging across districts suggested that evaluation of the disbursement process should also form a part of audit focus.

Therefore, based on the analysis of empirical evidence, the performance audit was undertaken 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 the exclusion and wrongful inclusion
- scheme funds were optimally utilized and disbursement of benefits to eligible beneficiaries was made in timely and regular manner with minimal difficulty to the beneficiaries.

2.2 Audit scope

The scope of this performance audit is limited to the five social security pension schemes namely (i) Indira Gandhi National Old Age Pension Scheme (IGNOAPS), (ii) Indira Gandhi National Widow Pension Scheme (IGNWPS) (iii) Indira Gandhi National Disability Pension Scheme (IGNDPS) (iv) Pension for Unmarried Women (PUW) and (v) Agriculture Labour Pension (ALP) implemented by the State through local bodies. A five year period was considered as an optimum time span to evaluate the performance of the social security pension schemes and therefore the performance audit covered the period 2010-11 to 2014-15.

Audit sample

A structured process was adopted to determine an appropriate sampling method, sampling procedure and the sample size to address the audit objectives and to evaluate the pension schemes while retaining the random, representative nature of selection. Considering the nature of the performance audit, 'Probability Proportional to Size Without Replacement' paired with the ratio of number of pensioners to BPL households was adopted. A multi stage sampling procedure was adopted to select sampling units at different levels - Municipalities/GPs, wards, households and respondents for field process audit/administering the structured questionnaire to the target population.

Selection of GPs and Municipalities: As of March 2015, there were 978 GPs and 65 Municipalities (including five Municipal Corporations) in the State. Out of this population, 25 GPs and seven Municipalities were selected. Since the target BPL population for the pension schemes was mostly considered to be concentrated in the GPs, the GPs were selected based on the ratio of number of pensioners to BPL households. For selection of Municipalities, the expenditure incurred on pensions was considered as the criteria for selection because the BPL households were more or less evenly distributed and expenditure pattern reflected the extent of coverage of pension schemes in Municipalities.

Selection of wards: Wards within each GP/Municipality was considered as the basic sampling unit since the wards are the lowest formations in the organizational hierarchy of local bodies. A sample size of 180 wards was

determined using an user friendly open source software (R studio)³ with a 90 *per cent* confidence level and an error margin of five *per cent*. The sample size of 180 wards was broadly divided between GPs (140 wards) and Municipalities (40 wards) in accordance with their proportion in the combined sample of GPs and Municipalities. Selection of number of wards within each GP/Municipality was then determined in proportion to the BPL households in each GP/Municipality to reflect the targeted population representation. Actual selection of wards was done based on systematic sampling.

Selection of households and respondents: Similarly the sample of 2,880 households from the selected 180 wards for administering the structured questionnaire was determined using the R studio software. In order that the selection reflects the representativeness of the targeted population the sample size of 2,880 households was divided into two samples and (i) 1,080 households were selected from the beneficiary list (Sevana database) (ii) 1,800 households were selected from the BPL list representing the potential beneficiary population. Further, to ensure appropriate coverage of respondents across all wards, the sample size of 2,880 households was broken into a sample of 16 households (10 from BPL list and six from beneficiary list) from each selected ward. A purposeful sampling was used to select the 10 households from the BPL list to ensure that households that were extremely poor, moderately poor and marginally poor were included in the process and the BPL list was ranked and stratified into three categories as under.

Rank above 30 (Poorest)	-	A category (6 households)
Rank between 20 and 30 (Medium)	-	B category (3 households)
Rank below 20 (Less poor)	-	C category (1 household)

On this basis, the structured questionnaire was administered to 8,075 respondents in 2,880 households. Details of the selected sample units are given in **Appendix I**.

2.3 Audit criteria

The audit criteria for the performance audit were derived from:

- Kerala Panchayat Raj Act, 1994, Kerala Municipality Act, 1994 and Rules made thereunder;
- Guidelines of NSAP issued by GoI; and
- Guidelines and orders related to pensions issued by the State Government.

2.4 Audit methodology

In order to appropriately address the audit objectives, the methodology adopted included examination of records, data analysis, obtaining information and discussion with officials from various related offices - Information Kerala

³R Studio is an open source Integrated Development Environment for 'R' – a programming language for statistical computing and graphics.

Mission, LSGD, Social Justice Department, Director of Panchayats, Office of the Labour Commissioner, Land Revenue Commissioner, District Collectors, Post Master General, selected Municipalities and GPs.

A structured questionnaire was designed and administered on a sample of the targeted population to elicit information on the various pension schemes. The structured questionnaire used to gather evidence is given as **Appendix II**. Digital data collection tools comprising POS devices⁴ and the kobo tool box platform⁵ were used for automated capture of questionnaire responses and real time summation and analysis of responses respectively. The responses were aggregated and analysed to determine the extent of exclusion of eligible population and wrongful inclusion of non-eligible population in the selected sample of GPs/Municipalities.

As the sample of GPs/Municipalities were derived using a focused approach to determine the extent of exclusions and wrongful inclusions a statistical technique was adopted in order to estimate results that are statistically representative of the overall population at the GP/Municipality level. The statistical technique involved application of sampling weights to the sample findings to restore the relative significance of GP/Municipality. The extent of exclusion of eligible population and wrongful inclusion of ineligible population, thus obtained, provided the reasonable estimates for the overall population.

2.5 Organisation of audit findings

The audit findings are contained in Chapters III and IV of this report. Audit findings, conclusions and recommendations relating to each of the two audit objectives have been reported in two distinct chapters to facilitate easy comprehension and follow up.

2.6 Acknowledgement

The performance audit commenced with an entry conference with the Principal Secretary to Government, LSGD in July 2015, where the audit methodology, scope, objectives and criteria were discussed. Audit acknowledges the co-operation and assistance extended by the officials of the respective departments, GPs, Municipalities and other offices at various stages during conduct of the performance audit. After conclusion of audit and the consolidation of audit findings a draft report was forwarded to Government on 30 December 2015 and replies were sought for. The reply of the Government to the draft report is yet to be received. Subsequently, an exit conference was held with the Principal Secretary, LSGD on 21 January 2016, in which draft audit findings and recommendations were discussed. The discussion was fruitful and the Department provided an assurance to initiate remedial measures as appropriate and to respond to the Audit report.

⁴ Point of Sale/Service hand held devices used to digitally capture responses to the structured questionnaire

⁵ Kobo tool box is an open source suite of tools, including software, for field data collection and analysis.

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:

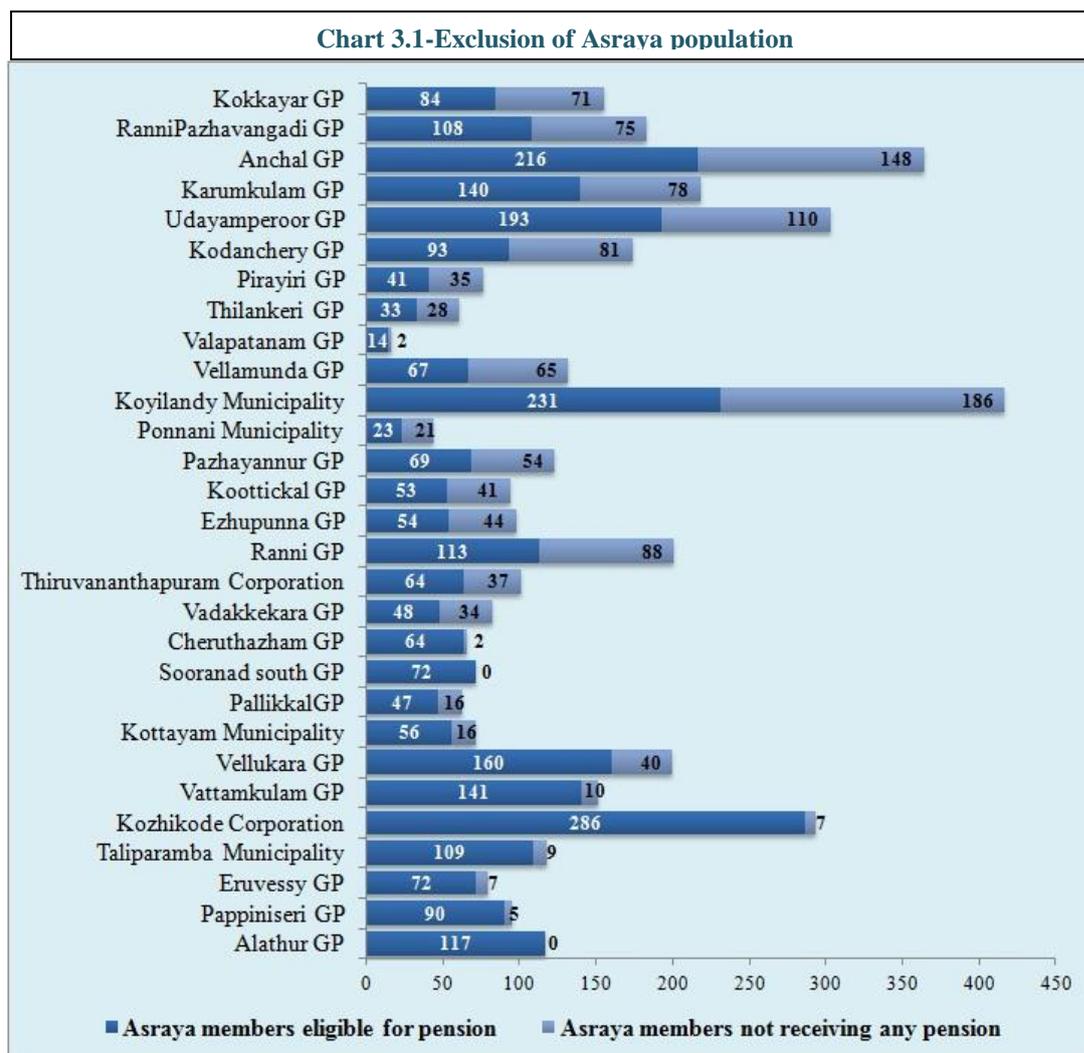
- **extent of exclusion of eligible population;**
- **extent of inclusion of non eligible population; and**
- **factors contributing to such exclusion and wrongful inclusion**

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

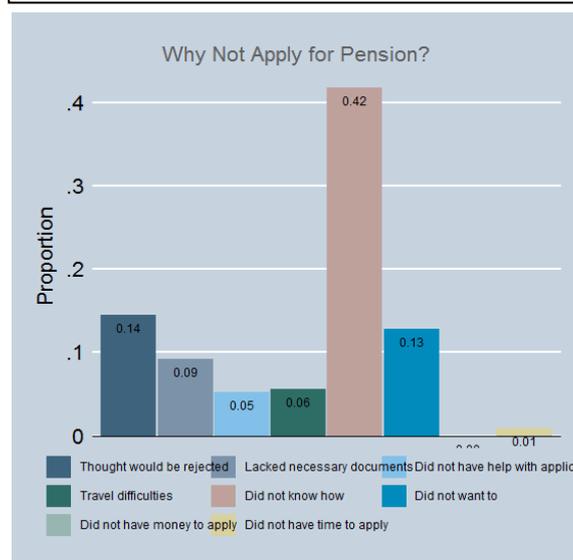
The guidelines formulated by the State envisages that an applicant would be entitled to receive only one type of social security pension and the applicants need to opt for the scheme that they are applying for. Considering that the eligibility criteria envisaged for the schemes are not mutually exclusive 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

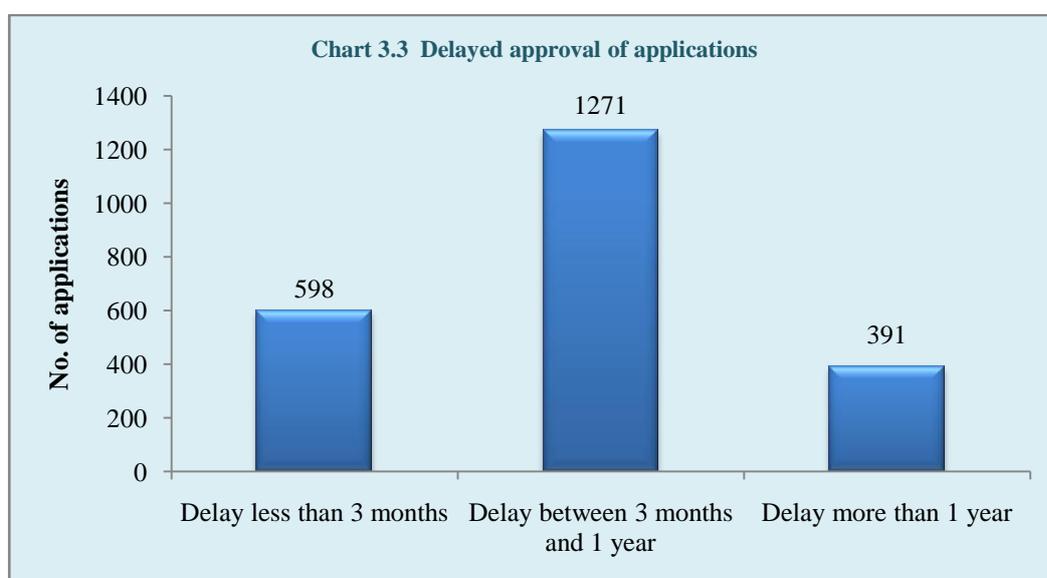
officials would check eligibility conditions before placing it in the Gram Sabha. The Department further stated that Government is also considering a proposal to constitute smaller manageable units under Gram Sabha at the Panchayat level for a more realistic beneficiary selection. The Department also 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.

CHAPTER IV

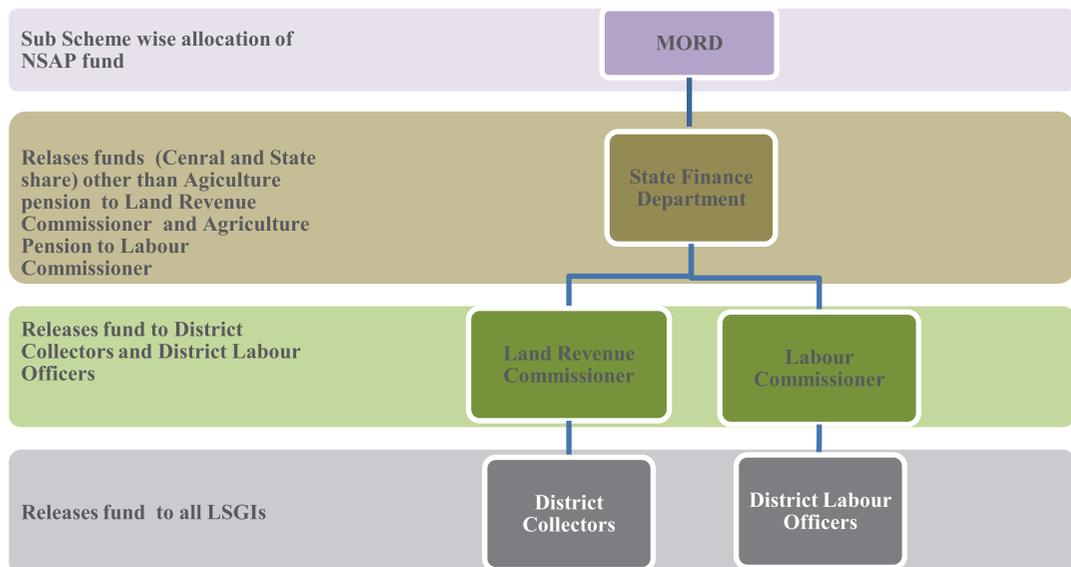
DISBURSEMENT OF SOCIAL SECURITY PENSION BENEFITS

The second audit objective set for this performance audit was to ascertain whether the **scheme funds were optimally utilized and disbursement of benefits to eligible beneficiaries was made in timely and regular manner with minimal difficulty to the beneficiaries.**

This involved an assessment of the fund utilization, disbursement and beneficiary maintenance mechanism - the outcome of which result in the beneficiaries receiving social security pensions timely and regularly.

The scales of assistance envisaged under the NSAP framework constitutes the central assistance and States are required to contribute at least equally to provide a decent level of assistance for the beneficiaries. Central assistance under NSAP is determined based on BPL population of the State. Up to March 2014, GoI provided funds as Additional Central Assistance (ACA), to the State's Consolidated Fund as a single allocation for all sub-schemes and the States had the flexibility to allocate funds among various schemes as required. From April 2014 onwards, NSAP became a Centrally Sponsored Scheme under MoRD and funds are being released by MoRD as an annual allocation sub-scheme wise. The State Government allots funds to the Labour Commissioner for Agricultural Labour Pension and to the Land Revenue Commissioner for other pension schemes for eventual transfer to LSGIs for implementation. The fund flow is depicted in **Chart 4.1.**

Chart 4.1: Social Security Pension Fund flow



The key principles envisaged under the NSAP with reference to payments under social security schemes include electronic transfer and regular monthly

disbursement of pensions and benefits preferably at the doorstep of the beneficiaries. A review of the fund augmentation and disbursement process disclosed that the central assistance was inadequate, pension disbursements were irregular and disbursement monitoring mechanism was absent. However, the State Government has commenced linking Aadhaar numbers to beneficiary accounts and transferring pension payments directly into the bank accounts of beneficiaries, benefits of which are perceptible, though the measures are still incomplete, as brought out below:

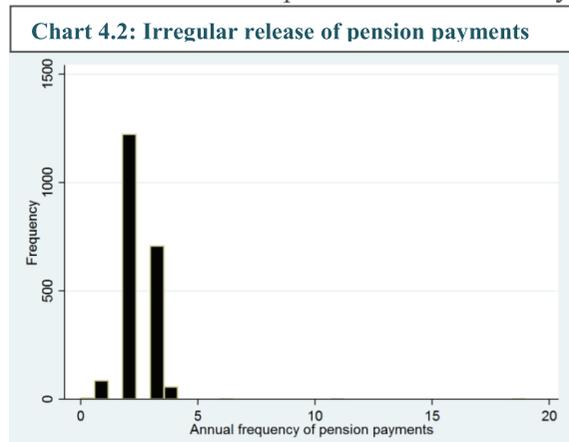
4.1 Inadequate central assistance

NSAP envisages that the criteria for allocation of central share are the BPL population of the State and the number of beneficiaries as reported by the State Government. The Guidelines envisage that funds would be allocated in two instalments. While the first instalment of 50 *per cent* of the annual allocation would be released automatically, the release of second instalment would depend upon the State utilizing 60 *per cent* of the available funds, furnishing utilization certificate, a certificate that funds have been transferred to the beneficiaries and the State submitting the proposal by 15 December along with other certificates as prescribed. The State Government did not fulfill this requirement and the details of BPL beneficiaries were also not being sent to the Central Government, which contributed to the short receipt of central share. The central share received during 2014-15 was only ₹127.69 crore as against an estimated ₹583.40 crore required as central assistance for BPL beneficiaries under NSAP. The shortfall had to be augmented through the resources of the State Government, which was avoidable.

4.2 Irregularity of disbursements

Social security pension schemes are in the nature of income support schemes and every beneficiary under the scheme is entitled to receive pension on a monthly basis. A review disclosed that:

a) The State Government did not release the funds to Disbursing Officers regularly so as to enable them to make the payments monthly. The State Government released funds in three or four instalments in a year to generally coincide with festive occasions such as Onam, New Year etc. An overwhelming 93 *per cent* of respondents to the structured questionnaire categorically stated that pension payments were not being received regularly as shown in **Chart 4.2**. This phenomenon was prevalent across wards.



b) Further, the quantum of funds released by the State Government was not in accordance with the requirement of local bodies. To make matters worse, even

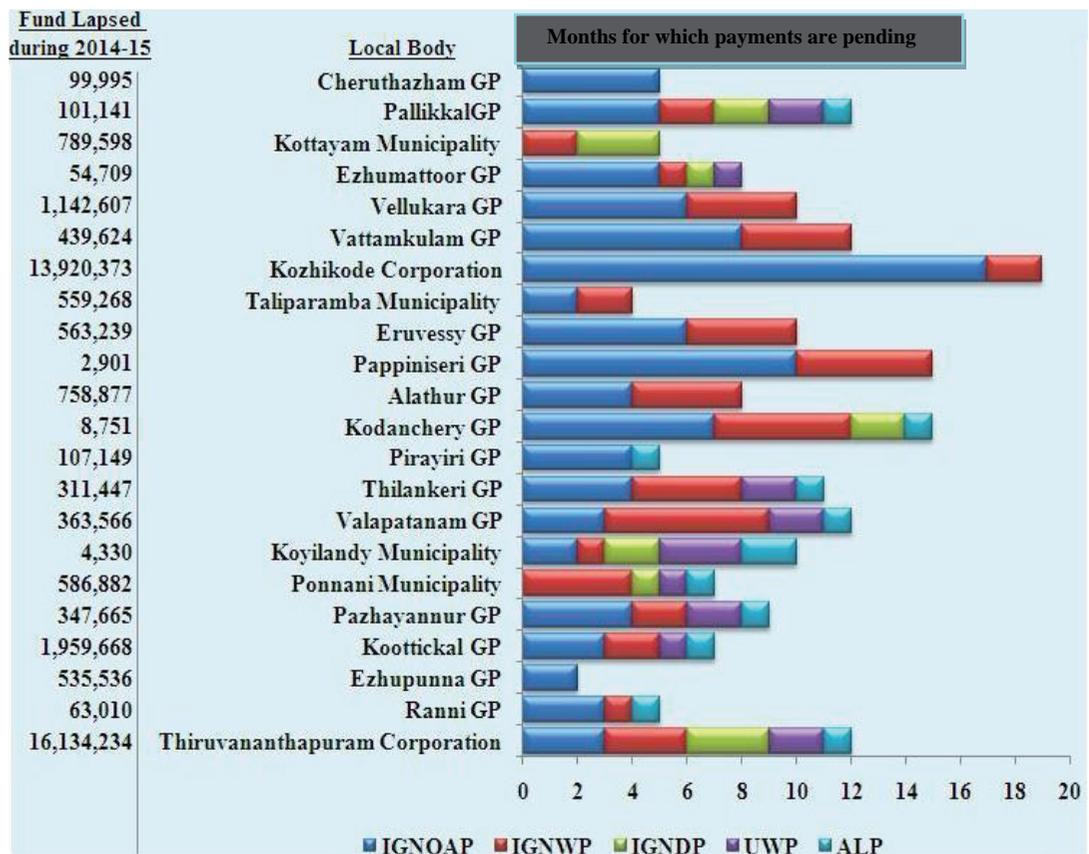
while releasing funds in lump sum the State Government generally specified the periods for which pensions should be disbursed. This was paradoxical, as in spite of availability of funds and accumulated arrears of pensions payable, the local bodies had to surrender funds due to the restriction imposed by the State Government. The trend of allowing funds to lapse has been continuing during the entire five year period of audit. In 29 out of the sample of 32 GPs/Municipalities selected for audit the funds that lapsed during the past five years are shown in **Table 4.1** as under.

Table 4.1: Funds allowed to lapse during the last five years

Description	2010-11	2011-12	2012-13	2013-14	2014-15
Funds allowed to lapse (₹ in crore)	1.54	1.39	6.06	2.87	4.12

To provide a perspective of the magnitude of the inconsistency, 22 out of these 29 GPs/Municipalities, which allowed funds to lapse during the year 2014-15 had accumulated arrears of payment as shown in **Chart 4.3** below.

Chart 4.3: Funds lapsed during 2014-15 vis-à-vis pending arrears of pension payment



The accumulated arrears generally related to the period from September 2014 to January 2015. However, in Kozhikode Corporation and Pappiniseri GP the payments were pending from September 2013 and April 2014 respectively.

In the case of Udayamperoor GP, however, the funds allocated by the District Collector/District Labour Officer for payment of various pensions vis-à-vis the

amounts requested by GP based on the actual number of beneficiaries, was short by ₹66.73 lakh.

4.3 Lack of disbursement monitoring mechanism

The disbursement monitoring mechanism entails proper identification of beneficiaries, ensuring their continued eligibility and monitoring payments to beneficiaries. Review revealed that:

a) While NSAP guidelines stipulate that every beneficiary under the schemes shall be issued a Pension Passbook, the LSGIs have not issued pass books to the beneficiaries. Except Thiruvananthapuram Corporation and Perinthalmanna Municipality none of the other GPs/Municipalities had issued Identity Cards/Pension Cards to beneficiaries and there was no mechanism in the LSGIs to identify beneficiaries.

b) There was no system in the LSGIs to ensure that the beneficiaries are still in existence and continuing to fulfill the eligibility criteria (such as an annual verification/life certificate/widows etc). As such, under the existing mechanism the LSGIs were not in a position to ensure that irregular payments were not made in respect of deceased pensioners. In one case relating to Karumkulam GP, audit observed that pension has been disbursed for periods after the death of the beneficiary (Pension ID 102930100077).

Also, pension payable to deceased pensioners pertaining to periods prior to their death were not being released to their legal heirs as envisaged in the NSAP/State Government guidelines. In 18 GPs/Municipalities, Audit observed 394 such cases of pensions not released to legal heirs of deceased pensioners involving an amount of ₹10.22 lakh.

The Department stated (21 January 2016) that in future pension payment can be linked to death registration.

c) None of the local bodies test checked was verifying whether acknowledgements for the entire amounts given to postal authorities (excluding money orders returned) have been received. In the absence of mechanism to verify acknowledgements, the LSGIs could not ensure that pensions were actually disbursed to the beneficiaries. Audit further observed that in cases where money orders were initially returned due to absence of the pensioner, in the second attempt only the net amount after deducting the money order commission was being paid to the beneficiary, which was incorrect and violated the directions of the State Government. Audit observed 481 such cases across 11 out of the 32 GPs/Municipalities.

d) Absence of a disbursement monitoring mechanism was further evident as Audit observed 211 cases of duplicate payments or beneficiaries receiving multiple pensions across 18 GPs/Municipalities involving an amount of ₹25.38 lakh.

Linkage of Aadhaar numbers: Recognising potential benefits, GoI has preferred Aadhaar based platform for pension disbursement and has directed the

State to develop a plan to enable the beneficiaries get Aadhaar numbers and to link the Aadhaar Numbers with their Bank/PO accounts. LSGIs have started linking Aadhaar with the pension accounts of beneficiaries and the work was in progress. Benefits of this linkage were immediately discernible as local bodies had independently identified and suspended payments (₹12.12 lakh) in 138 of the 211 cases observed by Audit, though the irregularly payments were yet to be recovered (except ₹31,635, which has been recovered in Udayamperoor GP). The remaining 73 cases of beneficiaries receiving double payments/multiple pensions noticed by Audit are in the 12 GPs/Municipalities as shown in **Table 4.2** below:

Table 4.2: Details of beneficiaries receiving double payments/multiple pensions

Sl No	Name of local body	No. of cases receiving multiple payments or double payments	Amount in (₹)
1	Pappiniseri GP	02	44,680
2	Eruvessy GP	02	72,600
3	Kozhikode Corporation	13	1,86,645
4	Vattamkulam GP	12	2,66,315
5	Kottayam Municipality	03	1,40,820
6	Pallickal GP	02	28,925
7	Parakkadavu GP	01	2,300
8	Thiruvananthapuram Corporation	19	2,96,970
9	Koottickal GP	01	10,800
10	Ponnani Municipality	04	1,20,060
11	Koyilandy Municipality	11	3,21,250
12	Vellamunda GP	03	40,580
	Total	73	15,31,945

The Department replied (21 January 2016) that while Aadhaar could not be made mandatory, efforts are being made at the local body level to reduce duplicate pensions based on linkage of Aadhaar numbers and ration cards and that once Direct Benefits Transfer is fully functional most of the duplication would end.

e) **Introduction of electronic transfer of payments:** One of the key principles of NSAP guidelines was to encourage electronic payments and disburse pensions and benefits preferably at the doorstep of the beneficiaries. Until recently, the local bodies were disbursing the payments predominantly through money orders and the money order commission is borne by the State Government. While NSAP guidelines had envisaged that administrative expenditure on the schemes should not be more than three *per cent*, the expenditure on money order commission alone was five *per cent* of amount disbursed. For a perspective of costs, ₹16.71 crore was incurred during the period 2010-11 to 2014-15 as money order commission in the sample of 31 GPs/Municipalities.

Direct Benefit Transfer system: From February 2015 onwards, the Government introduced Direct Benefit Transfer (DBT) system for crediting the amounts directly to the Bank/Post Office (PO) Savings accounts of beneficiaries. It is envisaged that in cases where Bank/PO account numbers are not available or if

the beneficiary is very old/bed ridden, the amount would be sent by electronic Money Order (eMO) at their option. The Director Panchayats releases payments to Banks/POs for payment by DBT and 12 batches of payments had so far been released to Banks/POs. As of December 2015, pensions from February 2015 to August 2015 have been disbursed through this system. While this measure has enabled the State Government to overcome existing limitations and ensure that payments are made only to the targeted beneficiaries, some procedural issues needed be sorted out as brought out below:

- There is not only a lag in crediting the amounts to the accounts of beneficiaries but also a serious lapse of not being able to credit to the beneficiary accounts. As of 19 November 2015, out of ₹373.22 crore released to the Bank for disbursement, ₹117.57 crore was remaining in the bank account without being disbursed.

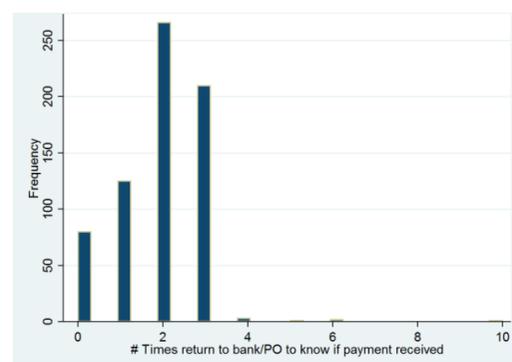
- Similarly, out of ₹925.92 crore given to Post Offices for disbursement, the postal authorities could not credit ₹24.27 crore to the accounts of beneficiaries¹⁰, which was returned to the Director of Panchayats. Procedural issues in this regard have not been addressed and the Director Panchayat/Local bodies was not able to determine whether the pensions have been correctly credited to beneficiary accounts.

The Department agreed and replied (21 January 2016) that more money was lying with post offices than with the banks and limited financial powers of sub post offices were contributing to the delay. It was further stated that the Department was considering issuing bankers cheques for beneficiaries not having a valid bank account.

Based on the Department’s suggestion that the position be verified in at least two sub post offices, a test check carried out in a Head Post Office (Chengannur) and two sub post offices (Ayiroor South and Kumbanad) did not disclose any amounts remaining undisbursed with these Post Offices beyond what was already pointed out by Audit.

- There was no system in the local bodies to inform the beneficiaries about payments that have been credited to their accounts. Against the backdrop of payments being received at irregular intervals, this was inconveniencing the beneficiaries as they had to visit the Bank/PO several times to check whether the payments have been credited or not. Most of the respondents to the structured questionnaire reported that they had to

Chart 4.4 - Average number of beneficiary visits to Banks /POs



¹⁰Report of the Post Master General dated 10 December 2015

visit their Banks/POs multiple times to know whether payment has been received in their accounts as shown in **Chart 4.4**.

Audit conclusions

1. The social security pension schemes were not serving as income support schemes to beneficiaries for monthly sustenance as they were being disbursed through three or four irregular instalments annually. Systemic deficiencies were plaguing the fund augmentation and disbursement mechanism. While inability of the State Government to fulfill the criteria for obtaining central share of assistance was burdening the resources of the State, its mechanism of releasing lumpsum amounts to local bodies at irregular intervals was defeating the very purpose of assistance.
2. The restrictive disbursement instructions imposed by State Government while releasing funds to local bodies was leading to an ironical situation of allowing funds to lapse even though payments of social security pensions were in arrears.
3. Disbursement monitoring mechanism was lacking and as such the Local Self Government failed to identify beneficiaries, verify their eligibility status and ensure that pensions are being disbursed to the correct beneficiaries. They could neither detect multiple pension payments or double payments.
4. The initiatives of linking beneficiary accounts with Aadhaar numbers to identify beneficiaries and Direct Benefit Transfer to ensure payments to targeted beneficiaries, though not complete, were bringing in discernible benefits to the State Government. However, procedural issues would have to be sorted out and technology leveraged further so that the benefits are harnessed by beneficiaries also.

Recommendations

1. State Government should address the systemic deficiencies in augmentation and disbursement of funds and ensure regular monthly pension disbursements to beneficiaries.
2. Local bodies need to institute a process of annual verification of beneficiaries to ensure continued fulfillment of eligibility criteria. Technology could be leveraged to the extent possible. Disbursement monitoring mechanism needs to be strengthened.
3. Linkage of Aadhaar with beneficiary accounts needs to be expeditiously completed and duplicate/ghost beneficiaries need to be weeded out on priority. Procedural issues leading to failure in crediting social security pensions to beneficiary accounts through Direct Benefit Transfer need to be addressed and resolved.
4. A system of providing mobile alerts to beneficiaries could be introduced to inform the beneficiaries of the payments credited to their accounts to enhance

beneficiary convenience. Local Self Government could also harness the full potential of technology in enhancing the quality of service delivery and consider introducing mobile payments or payments through business correspondents.

Thiruvananthapuram,
The 27 May 2016



(N. NAGARAJAN)

Principal Accountant General (General
and Social Sector Audit), Kerala

Countersigned

New Delhi,
The 30 May 2016



(SHASHI KANT SHARMA)

Comptroller and Auditor General of India

Appendix I
List of the Gram Panchayats/Municipalities selected for Audit
(Reference: Paragraph 2.2, Page 6)

Sl. No	Gram Panchayat	No. of wards selected	Name of ward/Ward No.
1.	Alathur	5	Ward 1, Ward 4, Ward 7, Ward 10, Ward 13
2.	Anchal	7	Ward 1, Ward 3, Ward 5, Ward 7, Ward 9, Ward 11, Ward 13
3.	Cheruthazham	4	Ward 1, Ward 5, Ward 9, Ward 13
4.	Eruvassey	4	Ward 1, Ward 4, Ward 7, Ward 10
5.	Ezhumattoor	4	Ward 1, Ward 4, Ward 7, Ward 10
6.	Ezhupunna	7	Ward 1, Ward 3, Ward 7, Ward 5, Ward 9, Ward 11, Ward 13
7.	Karumkulam	11	Ward 1, Ward 2, Ward 3, Ward 4, Ward 5, Ward 6, Ward 7, Ward 8, Ward 9, Ward 10, Ward 11
8.	Kodencheri	7	Ward 1, Ward 3, Ward 7, Ward 5, Ward 9, Ward 11, Ward 13
9.	Kokkayar	3	Ward 1, Ward 5, Ward 9
10.	Koottickal	4	Ward 1, Ward 4, Ward 7, Ward 10
11.	Pallickal	4	Ward 1, Ward 4, Ward 7, Ward 10
12.	Pappinisseri	4	Ward 1, Ward 4, Ward 7, Ward 10
13.	Parakkadavu	6	Ward 1, Ward 3, Ward 5, Ward 7, Ward 9, Ward 11
14.	Pazhayannur	10	Ward 1, Ward 2, Ward 3, Ward 4, Ward 5, Ward 6, Ward 7, Ward 8, Ward 9, Ward 10
15.	Pirayiri	8	Ward 1, Ward 3, Ward 5, Ward 7, Ward 9, Ward 11, Ward 13, Ward 15
16.	Ranni	3	Ward 1, Ward 5, Ward 9
17.	Ranni Pazhavangadi	4	Ward 1, Ward 5, Ward 9, Ward 13
18.	Sooranad South	6	Ward 1, Ward 3, Ward 5, Ward 7, Ward 9, Ward 11
19.	Thilankeri	3	Ward 1, Ward 4, Ward 7
20.	Udayamperur	7	Ward 1, Ward 3, Ward 5, Ward 7, Ward 9, Ward 11, Ward 13
21.	Vadakkekara	8	Ward 1, Ward 3, Ward 5, Ward 7, Ward 9, Ward 11, Ward 13, Ward 15
22.	Valapattanam	1	Ward 1
23.	Vattamkulam	6	Ward 1, Ward 4, Ward 7, Ward 10, Ward 13, Ward 17
24.	Vellamunda	9	Ward 1, Ward 3, Ward 5, Ward 7, Ward 9, Ward 11, Ward 13, Ward 15, Ward 17
25.	Velukara	5	Ward 1, Ward 4, Ward 7, Ward 10, Ward 13
Municipalities and Municipal Corporations			
1.	Kottayam Municipality	5	Ward 1, Ward 8, Ward 15, Ward 22, Ward 29
2.	Perinthalmanna Municipality	5	Ward 1, Ward 7, Ward 13, Ward 19, Ward 25
3.	Ponnani Municipality	5	Ward 1, Ward 10, Ward 19, Ward 28, Ward 37
4.	Quilandy Municipality	5	Ward 1, Ward 9, Ward 17, Ward 25, Ward 33
5.	Thaliparamba Municipality	5	Ward 1, Ward 9, Ward 17, Ward 25, Ward 33
6.	Kozhikode Corporation	7	Ward 1, Ward 8, Ward 15, Ward 22, Ward 29, Ward 36, Ward 43
7.	Thiruvananthapuram Corporation	8	Ward 1, Ward 11, Ward 21, Ward 31, Ward 41, Ward 51, Ward 61, Ward 71
TOTAL		180	

Appendix II
Structured questionnaire
(Reference: Paragraph 2.4, Page 7)

Section 1. Identification

Locality	Name	Code
District		
Grama Panchayat/Municipality/Municipal Corporation		
Ward/Local Body		
Beneficiary address		

A2. Record of Visits

A2.1	Date of Visit	<i>Dropdown: YYYY-MM-DD</i>
A2.2	Start Time of Interview	<i>Dropdown: Hrs (0-23), Mins (0-59)</i>
A2.3	Surveyor Code	
<p>A.3 Consent <i>After identifying household head, please read: "Hello. My name is X and I am an Audit Officer for the state of Kerala's Accountants General. We are conducting a performance audit of government pension schemes, and we would like to interview you as a part of the audit. The interview can take place here in your home. If possible, we would like to request a private room to conduct the interview to ensure the privacy of your responses. We would like to ask you questions about (1) household income and employment and (2) your awareness of and participation in these pension programs. We expect this interview to last between 20 to 40 minutes. There are no direct benefits for participating, although your contribution will help us to improve the implementation of the pension programs and the benefits it provides to households in Kerala. Before we begin, I would like to outline a few guidelines with respect to our discussion."</i></p>		
A3.1	If you prefer not to answer a question, you do not need to.	
A3.2	You can take a break at any time.	
A3.3	Your participation is completely voluntary. You are free to withdraw your consent at any time without any negative result.	
A3.4	All the information you share will be confidential. All information linking you to your answers will be held privately and not shared.	
A3.5	Your responses will be recorded by the survey personnel on an electronic tablet.	
A3.6	Could you please acknowledge that I have provided you with the previously mentioned information by saying "yes"?	1. Yes 2. No
A3.7	Do you have any questions about our discussion and the study?	1. Yes 2. No
A3.8	Do you agree to participate in this study?	1. Yes 2. No

Section 2. Household identification

First, I would like to understand who typically resides in your household and more about your household's income sources.

2.1.	Does your household hold a Ration card?	<ol style="list-style-type: none"> 1. Yes 2. No (<i>go to 2.3</i>) 3. Not sure 4. Don't remember 5. Not applicable
2.2.	What is your Ration card number? <i>Enumerator, please request to check and confirm card number.</i>	<i>Program survey to show an error message for invalid numbers</i>
2.3.	<i>Enumerator, please select reason the card could not be verified.</i>	<ol style="list-style-type: none"> 1. Not held in household 2. Not issued a ration card 3. Refused 4. Other (<i>specify</i>)
2.4.	What is your BPL/APL status?	<ol style="list-style-type: none"> 1. BPL 2. APL 3. Don't know
2.5.	<i>Enumerator, please select whether you were able to physically verify whether the household is BPL from the ration card.</i>	<ol style="list-style-type: none"> 1. Yes 2. No
2.6.	In the last year, how many adults (age 18 and older) have lived in this household continuously for 30 days or more?	<i>Dropdown number</i>
2.7.	In the last year, how many children (age 17 and younger) have lived in this household continuously for 30 days or more?	<i>Dropdown number</i>
2.8.	Is there anyone else you consider a part of this household who has not lived here continuously for 30 days in the last year?	<ol style="list-style-type: none"> 1. Yes 2. No (<i>go to 2.11</i>)
2.9.	How many of these individuals are currently away from your household because they have migrated for work purposes?	<i>Dropdown number – If 0, skip to 2.11</i>
2.10.	Where are these individuals working? (<i>multiple selections allowed</i>)	<ol style="list-style-type: none"> 1. Within India 2. Outside of India (<i>specify countries</i>)
2.11.	Approximately how much land does your household own?	<i>Dropdown list of quantity and units (hectares, acres, cents)</i>
2.12.	Do you rent or own this house?	<ol style="list-style-type: none"> 1. Rent 2. Own (<i>Go to 2.14</i>) 3. Other Arrangement (<i>specify</i>)
2.13.	Have you applied for any housing schemes in the Panchayat (IAY, EMS Housing scheme)?	<ol style="list-style-type: none"> 1. Yes 2. No
2.14.	Are you enrolled under NREGS?	<ol style="list-style-type: none"> 1. Yes 2. No
2.15.	Have you enrolled for RSBY?	<ol style="list-style-type: none"> 1. Yes 2. No

Report on Performance Audit of Social Security Pension Schemes

2.16.	Have you enrolled for AABY?	1. Yes 2. No
2.17.	What type of roof does your house have?	1. Terraced 2. Tiled 3. Thatched 4. Aluminium sheet 5. Other
2.18.	Is your house electrified?	1. Yes 2. No
2.19.	Do you own a TV?	1. Yes 2. No
2.20.	Do you own a motorized vehicle?	3. Yes 4. No
2.21.	What kind of motorized vehicle do you own?	1. 2-wheeler 2. 3-wheeler 3. 4-wheeler (car/truck) <i>(multiple choices possible)</i>
2.22.	What was your approximate household income in the last year? a. Wage/salary work b. Agricultural sales c. Pension income d. Remittances e. Household production or home business income	₹ _____ ₹ _____ ₹ _____ ₹ _____ ₹ _____
2.23.	In the last month, have you had to skip any meals because you could not afford it? <i>Enumerator note: Please do not consider religious fasting due to the month of Ramadan etc.</i>	1. Yes 2. No 3. Don't know 4. Refused to answer

Appendices

2B	2B.1	2B.2	2B.3	2B.4	2B.5	2B.6	2B.7	2B.8	2B.9	2B.10	2B.11	2B.12	2B.13	2B.14
ID	Please provide the names of adults who have lived in this household for 30 days or more in the past year, starting with yourself. <i>Please confirm that the respondent first lists details about him/herself, then the rest of the household.</i>	Is (NAME) deceased? 1. Yes 2. No 3. Not sure	How old is (NAME)?	Is (NAME) male or female? 1. Male 2. Female	What is (NAME)'s marital status? 1. Married 2. Divorced 3. Separated 4. Widowed 5. Never Married	Is (NAME) disabled? 1. Yes 2. No (<i>go to 2.B.8</i>)	What type of disability does (NAME) have? 1. In seeing 2. In hearing 3. In speech 4. In movement 5. Mental retardation 6. Mental illness 7. Other (<i>specify</i>)	Does (NAME) have a medical certificate of disability? 1. Yes 2. No 3. Not sure	What is (NAME)'s highest level of education? 1. Primary (1-5 years) 2. Middle (6-8 years) 3. High (9-10 years) 4. Plus Two (11-12 years) 5. University and above	In the past year, in what activity was (NAME) primarily occupied? 1. Self-employed (agriculture) 2. Self-employed (non-agriculture) 3. Regular wage/salary earning (worked for a company) 4. Regular wage/salary earning (worked for the government) 5. Casual labor (agriculture) 6. Casual labor (non-agriculture) 7. Occupied with domestic duties 8. Student 9. Other work (specify) 10. Unemployed	Does (NAME) have an Aadhaar number? 1. Yes 2. No 3. Not sure	Does (NAME) have a bank account in his/her own name? 1. Yes 2. No 3. Not sure	Does (NAME) have his own mobile number? 1. Yes 2. No 3. Not sure	Does (NAME) receive money from a government-supported pension scheme? 1. Yes 2. No 3. Not sure
1														
2														
3														
4														
5														

Section 3. Beneficiary Awareness and Pension Application

The following sections 3- 6 must be repeated for every member who is potentially eligible for the pension (using the criteria of widow over 40, over 60, disabled, unmarried woman over 50, agricultural laborer, in the proxy questions above) or receiving a pension. The surveyor will need to ask the respondents to **individually and privately** respond to the following set of questions.

Now I would like to speak with you about your understanding of the benefits that are potentially available to you from the government. In some cases, the government provides individuals with a pension, which is a fixed income paid regularly to you.

3.0 Enumerator, please note the ID of the individual you are speaking to. _____

3.1.	Have you ever heard of any government-supported pension programs?	<ol style="list-style-type: none"> 1. Yes 2. No (Go to 3.4) 3. Not sure
3.2.	Could you please tell me the name of any government-supported pension schemes of which you are aware? (multiple selections allowed)	<ol style="list-style-type: none"> 1. Indira Gandhi National Old Age Pension 2. Indira Gandhi National Widow Pension 3. Indira Gandhi National Disability Pension 4. Agricultural Labourers Pension 5. Pension for unmarried women above the age of 50 years 6. Other (specify)
3.3.	How did you first learn about any of the government-supported pension schemes you are aware of? (multiple selections allowed)	<ol style="list-style-type: none"> 1. Ward member 2. Word of mouth (neighbour, friend or relative) 3. Word of mouth (social gathering) 4. Gram Sabha 5. Public announcement (loudspeaker) 6. Newspaper 7. Notice boards 8. TV or radio 9. Other (specify)
3.4.	Do you receive a government-supported pension scheme?	<ol style="list-style-type: none"> 1. Yes 2. No (Go to 3.6) 3. Not sure (Go to 3.6)
3.5.	Which government-supported pension do you receive?	<ol style="list-style-type: none"> 1. Indira Gandhi National Old Age Pension 2. Indira Gandhi National Widow Pension 3. Indira Gandhi National Disability Pension 4. Agricultural Labourers Pension 5. Pension for unmarried women above the age of 50 years 6. Other (specify)
3.6.	Even though you do not currently receive a government-supported pension, have you ever received one in the past?	<ol style="list-style-type: none"> 1. Yes 2. No (Go to 3.8) 3. Not sure (Go to 3.8)
3.7.	In the past, which government-supported pension have you received money from?	<ol style="list-style-type: none"> 1. Indira Gandhi National Old Age Pension 2. Indira Gandhi National Widow Pension 3. Indira Gandhi National Disability Pension 4. Agricultural Labourers Pension 5. Pension for unmarried women above the age of 50 years 6. Other (specify)
3.8.	Have you ever applied for a government-supported pension scheme?	<ol style="list-style-type: none"> 1. Yes 2. No (Go to 3.10) 3. Not sure (Go to 3.10)

3.9.	To which government-supported pensions have you applied for?	<ol style="list-style-type: none"> 1. Indira Gandhi National Old Age Pension 2. Indira Gandhi National Widow Pension 3. Indira Gandhi National Disability Pension 4. Agricultural Labourers Pension 5. Pension for unmarried women above the age of 50 years 6. Other (specify)
3.10.	Why have you not applied for a pension before?	<ol style="list-style-type: none"> 1. Thought my application would be rejected (<i>Go to 3.11</i>) 2. Lacked necessary documents 3. Did not have anyone to help me with the paperwork 4. Difficult to travel to location to receive application 5. Did not know how to apply 6. Did not want to apply 7. Did not have money to apply 8. Did not have time to apply 9. Other (<i>specify</i>) <i>Go to Section 6</i>
3.11.	Why did you think your application would be rejected?	<ol style="list-style-type: none"> 1. Did not know anyone who could recommend my case 2. Did not fulfill income criteria 3. Did not fulfill age criteria 4. Did not fulfill marital status criteria 5. Did not fulfill other criteria 6. Other (<i>specify</i>) <i>Go to Section 6</i>
<p><i>Introduction if 3.4 is "Yes":</i> Now I would like you to consider the pension that you receive from the government. If you receive money or support from more than one government-supported pension program, please consider the scheme that you consider to be your biggest source of pension income.</p>		
<p><i>Introduction if 3.6 is "Yes":</i> Now I would like you to consider the pension that you have received from the government. If you have received money or support from more than one government-supported pension program, please consider the one you most recently received money from.</p>		
<p><i>Introduction if 3.8 is "Yes":</i> Now I would like you to consider the pension that you applied for. If you applied for more than one government-supported pension program, please consider the one you most recently applied to.</p>		
3.12.	What is the name of this pension?	<ol style="list-style-type: none"> 1. Indira Gandhi National Old Age Pension 2. Indira Gandhi National Widow Pension 3. Indira Gandhi National Disability Pension 4. Agricultural Labourers Pension 5. Pension for unmarried women above the age of 50 years 6. Other (<i>specify</i>) 7. Don't know <i>(one selection allowed)</i>
3.13.	When did you first begin your application for this pension?	<i>Dropdown menu with months and years, Don't know/remember</i>
<p><i>If 3.4 is "Yes" or 3.6 is "Yes":</i> For the following questions, please consider the application that you submitted for XX pension that was successful. <i>If 3.8 is "Yes":</i> For the following questions, please consider the application that you submitted most recently for XX pension.</p>		

3.14.	When you first began applying, did you have all the information you needed to know on how to apply?	<ol style="list-style-type: none"> 1. Yes 2. No 3. Don't know
3.15.	<p>Please recall the most difficult part of the application. For each, please:</p> <p>a. Describe the action you took</p> <p>b. How long it took to complete</p> <p>c. Whether it cost any money to complete.</p>	<ol style="list-style-type: none"> 1. Getting necessary documentation: age verification 2. Getting necessary documentation: residency 3. Getting necessary documentation: medical disability 4. Getting necessary documentation: other (specify) 5. Obtaining the application 6. Filling out the application 7. Submitting the application 8. Other (specify) <p><i>Dropdown menu specifying number, dropdown menu specifying units</i> ₹ _____</p>
3.16.	Did anyone help you obtain the documents you needed for your pension application?	<ol style="list-style-type: none"> 1. Yes 2. No(<i>Go to 3.19</i>) 3. Not sure (<i>Go to 3.19</i>)
3.17.	<p>Who helped you?</p> <p><i>(multiple selections possible)</i></p>	<ol style="list-style-type: none"> 1. Family member(s) 2. Ward official 3. Gram panchayat/municipal officer 4. Political party worker 5. Anganwadi official 6. Bank official 7. Individual outside Gram panchayat/municipal office 8. Other (please specify)
3.18.	Did you pay for their service?	<ol style="list-style-type: none"> 1. Yes 2. No 3. Not sure
3.19.	Did anyone help you fill out your pension application?	<ol style="list-style-type: none"> 1. Yes 2. No (<i>Go to 3.22</i>) 3. Not sure(<i>Go to 3.22</i>)
3.20.	<p>Who helped you?</p> <p><i>(multiple selections possible)</i></p>	<ol style="list-style-type: none"> 1. Family member(s) 2. Ward official 3. Gram panchayat/municipal officer 4. Political party worker 5. Anganwadi official 6. Bank official 7. Individual outside Gram panchayat/municipal office 8. Other (please specify)
3.21.	Did you pay for their service?	<ol style="list-style-type: none"> 1. Yes 2. No 3. Not sure
3.22.	Did anyone help you submit your pension application?	<ol style="list-style-type: none"> 1. Yes 2. No(<i>Go to 3.25</i>) 3. Not sure (<i>Go to 3.25</i>)
3.23.	Who submitted your pension application?	<ol style="list-style-type: none"> 1. Family member(s) 2. Ward official 3. Gram panchayat/municipal officer

	<i>(multiple selections possible)</i>	<ol style="list-style-type: none"> 4. Political party worker 5. Anganwadi official 6. Bank official 7. Individual outside Gram panchayat/municipal office 8. Other (please specify)
3.24.	Did you pay for their service?	<ol style="list-style-type: none"> 1. Yes 2. No 3. Not sure
3.25.	Has your application been successfully submitted?	<ol style="list-style-type: none"> 1. Yes 2. No (<i>Go to section 6</i>) 3. Not sure (<i>Go to section 6</i>)
3.26.	When was your application successfully submitted?	<i>Dropdown of month and year</i>
3.27.	Did someone visit your household to verify your pension application?	<ol style="list-style-type: none"> 1. Yes 2. No (<i>Go to Section 4</i>) 3. Not sure (<i>Go to Section 4</i>)
3.28.	Who visited your house for your pension verification visit?	<ol style="list-style-type: none"> 1. Ward official 2. Gram panchayat or municipal official 3. Other government official 4. Anganwadi official 5. Not aware of the visit 6. Other (please specify)
3.29.	What kind of pension verification did they request?	<ol style="list-style-type: none"> 1. Informal vouching mechanism (contacting personal references) 2. Documentation: BPL card 3. Documentation: age verification 4. Documentation: medical disability card 5. Documentation: marital status 6. Documentation: residency 7. Employer verification (formal) 8. Employer verification (informal) 9. Other (specify)
3.30.	<i>If 3.8 is "Yes":</i> Was your pension application ultimately sanctioned or rejected?	<ol style="list-style-type: none"> 1. Sanctioned(<i>Go to section 4</i>) 2. Rejected(<i>Go to section 5</i>) 3. Still waiting (<i>Go to section 6</i>) 4. Don't know(<i>Go to section 6</i>) 5. Don't remember(<i>Go to section 6</i>)

Section 4. Sanctioned pension applications

<i>Enumerator: Ask questions in past tense if 3.6 is "Yes"</i>		
4.1.	Have you received money from your pension yet?	<ol style="list-style-type: none"> 1. Yes 2. No (<i>go to section 5</i>)
4.2.	In what month and year did you receive your first pension payment?	<i>Dropdown menu with months and years, Don't know/remember for each</i>
4.3.	How many times a year do (did) you receive your pension?	<ol style="list-style-type: none"> 1. <i>Dropdown menu specifying number</i> 2. Don't know
4.4.	Are (were) the payments regular or not at all regular?	<ol style="list-style-type: none"> 1. Regular 2. Not at all regular 3. Don't know
4.5.	Is the amount of money you receive (received) per pension payment more or	<ol style="list-style-type: none"> 1. More or less the same (<i>go to 4.7</i>) 2. Varies by payment (<i>go to 4.8</i>)

Report on Performance Audit of Social Security Pension Schemes

	less the same or varies (varied) by payment?	3. Don't know
4.6.	How much money do (did) you receive per pension payment?	1. ₹ _____ (go to 4.9)
4.7.	What are the maximum and minimum amounts you are (were) paid?	Min: ₹ _____ Max: ₹ _____
4.8.	In what month and year did you receive your most recent pension payment?	Dropdown menu with months and years, Don't know/remember for each
4.9.	How do (did) you know when you will (would) receive a pension payment? (multiple selections allowed)	1. Know because it arrives at regular intervals/times 2. A panchayat or local body official (president, secretary, etc.) alerted me 3. An elected official alerted me (ward member, etc.) 4. Postal service worker alerted me 5. Someone else alerted me (friend, neighbour, family member) 6. Heard a radio announcement 7. Saw in the newspaper 8. Other (specify) 9. I do not know when I will receive a pension payment.
4.10.	How do (did) you receive this pension payment?	1. Money order is sent to my house (Go to section 5) 2. Money order is sent to other location 3. Payment is sent to my own bank account (including post office savings account) 4. Payment is sent to household member's bank account (including post office savings account) 5. Other (specify)
4.11.	How far is this location?	(distance in kilometers)
4.12.	How do (did) you typically travel to this location?	1. Walk 2. Bus 3. Bicycle 4. Motorcycle 5. Auto 6. Taxi 7. Private vehicle 8. Other (please specify)
4.13.	How many times do (did) you typically return to the bank/PO to know if a payment has been received in the account?	Dropdown specifying number
4.14.	How many times do (did) you typically return to finally receive your payment?	Dropdown specifying number

Section 5. Rejected pension applications

5.1.	Skip if 3.29 is "Rejected": Was your application ever rejected?	1. Yes. Read: Please consider your most recently rejected application for XX pension. 2. No (Go to Section 6) 3. Don't remember (Go to Section 6)
------	--	---

5.2.	Why was your application rejected?	<ol style="list-style-type: none"> 1. Missing documentation(<i>Go to 5.4</i>) 2. Not eligible 3. Beyond specified time limit(<i>Go to 5.4</i>) 4. Failed to pay special fee requested by official(<i>Go to 5.4</i>) 5. Failed to pay official fee(<i>Go to 5.4</i>) 6. Reason never provided(<i>Go to 5.4</i>) 7. Other (specify) 8. Not sure(<i>Go to 5.4</i>) (<i>multiple selections allowed</i>)
5.3.	What criteria for the pension did you not fulfill?	<ol style="list-style-type: none"> 1. Age criteria 2. Income criteria 3. Medical criteria 4. Marital status criteria 5. Destitute criteria 6. Other criteria (specify)
5.4.	How long after you applied did you learn your application was rejected?	<ol style="list-style-type: none"> 1. Immediately 2. <i>Dropdown menu specifying number</i> 3. <i>Dropdown menu specifying units (days, months, or years)</i>

Section 6. Side Payments

6.1.	Sometimes individuals are asked to pay a small payment or favour, in addition to the official rate, in exchange for a government official or document procurer to work on their behalf. Have you ever heard of anyone having to pay/do favours/vote to access their pension?	<ol style="list-style-type: none"> 1. Yes 2. No(<i>Go to 6.4</i>) 3. Don't know / Not sure(<i>Go to 6.4</i>)
6.2.	In which cases have you heard of someone making a payment/doing a favour to access their pension?	<ol style="list-style-type: none"> 1. Procure the documents required for the application 2. In order to submit or process the pension application 3. Approve pension application 4. Receive pension payment 5. Other (<i>specify</i>) (<i>multiple selections allowed</i>)
6.3.	What do these individuals usually request?	<ol style="list-style-type: none"> 1. Money 2. In-kind payments 3. Vote 4. Other (<i>specify</i>)
6.4.	Do you think having a contact in the Gram Panchayat or ward office helps your application be sanctioned?	<ol style="list-style-type: none"> 1. Yes 2. No 3. Not sure 4. Refused to answer
6.5.	Who do you think is most influential for such cases?	<ol style="list-style-type: none"> 1. Ward member 2. Panchayat official 3. Bank official 4. Pension office staff 5. Political party worker 6. Other (specify)