

8. SOCIAL SECURITY IN TAMILNADU

In a country like India, with vast sections of population surviving at subsistence levels, social security and social safety nets are very crucial. And the issues pertaining to social security assume overwhelming importance, especially in the context of the new economic policy regime of market-driven growth, initiated in India in mid-1991.

“The right to social security should be made a fundamental right. A comprehensive and integrated social security law should be enforced.”

- Tamilnadu Peoples' Manifesto, 1996

In recent times, there have been much research and debate regarding the feasibility, effectiveness and necessity of the various programmes of social security: promotional, preventive and protective.

Promotional measures are i) growth-mediated as well as direct anti-poverty measures ii) employment generation schemes like Jawahar Rojgar Yojana iii) asset creation schemes such as the IRDP iv) backward area development programmes such as DPAP v) provision of basic needs such as subsidized housing for the poor, health care, sanitation and vi) Public Distribution System.

Preventive measures are those that seek more directly to avert deprivation in specific ways. Examples are measures towards asset redistribution, employment creation and food security. Protective measures include all those specific measures that provide relief from or protection against deprivation to the extent that they are not met by promotional or protective measures.

Tamilnadu has generally been acclaimed as one of the frontline States of India in the field of Social security and social assistance programmes.

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1) Nutrition and
2) Some Assistance schemes for the unorganised poor***

“.....Tamilnadu has been in the forefront in formulating and implementing a wide range of measures to the old, infirm and destitute sections of the population. The nutrition programmes implemented in Tamilnadu provide an additional layer of State support to the vulnerable.... Tamilnadu has been known for the wide range of protective social security measures implemented in the State, more so since 1989...”

- Seeta Prabhu

(For a review of nutrition programmes of the Tamilnadu Govt., refer the section in “Children in Tamilnadu”)

Social Assistance Schemes

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- a) amount disbursed very inadequate to help the person duly,***
- b) narrowly defined eligibility criteria, leading to a high exclusion of the eligible and***
- c) scope for enormous corruption***

Prior to 1989, social security in Tamilnadu for the unorganised poor consisted of old age, physically handicapped and widow's pensions, an accident relief scheme for workers engaged in hazardous occupations, and a contributory insurance scheme for weavers in the cooperative sector. The oldest and the most known of these was the Old Age Pension (OAP) scheme, introduced in 1962 (age limit, 65) and later extended to the physically handicapped in 1974 (age limit, 45), to destitute widows in 1974 (age limit, 40), to agricultural labourers in 1981 (age limit, 60) and to deserted wives in 1986 (age limit, 30).

In 1989, a much more comprehensive package of social security measures was introduced by the DMK govt., in line with their election manifesto. The main elements of this new package were a) liberalisation of the OAP and other pension schemes and the Accident Relief scheme, b) a Survivor Benefit scheme, c) a Maternity Assistance Scheme and d) A Marriage Grant scheme.

S. Guhan (1993) has estimated that 7.32 lakh poor households out of an estimated 44 lakh poor households, ie, about 17%, have been protected from contingencies which could have made them poorer; and that the expenditure incurred, around 40 crores of rupees, constituted 1.5% of the revenue expenditure of the government in 1989-90.

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“Easwara Prasad (1995) records the arbitrariness of the officials in ascertaining the destitute status of widows in Tamilnadu for granting a pension. If the widow has a son or grandson, her application is summarily rejected even though he may live in a distant place and has no contact with the widow and is not supportive”

(“Social Security for Destitute Widows in Tamilnadu”, EPW, vol 28, No 41, October 9, pp. 2207-2213)

“The social assistance programmes provide some minimum support to destitute groups but do not enable the beneficiaries to cross the poverty line”

- Seetha Prabhu

| Trends in Revenue Expenditure on Social Security (in Rs. Lakhs) | | | | |
|--|--------------|--------------|--------------|--------------|
| | 91-92 | 92-93 | 93-94 | 94-95 |
| Total | 86795.21 | 85425.30 | 87580.13 | 96349.51 |
| Rural employment Social Security & welfare | 1861.10 | 2253.64 | 2564.87 | 1187.06 |
| Nutrition | 1409.60 | 1762.80 | 1943.06 | 2054.80 |
| | 2555.65 | 2723.10 | 2825.12 | 3651.75 |

| Share of sectors in Total Revenue Expenditure (%) | | | | |
|--|--------------|--------------|--------------|--------------|
| | 91-92 | 92-93 | 93-94 | 94-95 |
| Rural Employment Social Security & Welfare | 2.14 | 2.64 | 2.93 | 1.23 |
| Nutrition | 1.62 | 2.06 | 2.22 | 2.13 |
| | 2.94 | 3.19 | 3.23 | 3.79 |

| Real per capita expenditure on social security (in Rupees) | | | | |
|---|--------------|--------------|--------------|--------------------|
| | 91-92 | 92-93 | 93-94 | 91-94 (av.) |
| Total | 601.79 | 525.45 | 492.52 | 535.54 |
| Rural Employment Social Security & Welfare | 12.90 | 13.86 | 14.42 | 13.37 |
| Nutrition | 9.77 | 10.84 | 10.93 | 10.54 |
| | 17.72 | 16.75 | 15.89 | 16.70 |

In the social security and welfare sector, Tamilnadu spent 36% of the plan and non-plan expenditure on the item, pension and social security schemes. The share of this item increased further to 54% in 1993-94

A comparison between the social security in Tamilnadu and in Maharashtra in the early 1990's reveal interesting insights.

In Tamilnadu, the year 1991-92 witnessed a phenomenal increase in revenue expenditure. Though there was a marginal decline in 1992-93 and slower growth in subsequent years, the average expenditure level in 1991-95 was 103% higher than the level in 1987-91. The expenditure on rural development has been much lower than in Maharashtra despite an increase in 1990-91. In 1994-95, there was a sharp decline in the expenditure on this item. Expenditure on social security and welfare also fluctuated sharply from year to year with the sector recording an increase of only 29% in nominal terms between the pre and post adjustment periods. Nutrition was the only sector to keep pace with the increase in total revenue expenditure....

The increase in the revenue expenditure in Tamilnadu since 1991-92 has had its impact on sectoral ratios. Except for the nutrition sector, the other ratios recorded a decline during 1991-95 as compared to 1987-91...

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In Tamilnadu, the increase in nominal expenditure on social security and welfare across districts has been extremely modest even in nominal terms. 5 districts reported a decline in expenditure (Pudukkottai – 21.89%; North Arcot – 17.42%; Dharmapuri – 12.36%; South Arcot – 8% and Chengalpattu – 0.08%) and even among those that reported an increase, the extent of increase was noteworthy (over 50%) only in Pasumpon, Kamarajar and Thanjavur districts. The situation with respect to the nutrition sector was, however, quite different. 21 out of 23 districts reported an increase of over 100%...

The above observations considerably strengthen our earlier conclusion regarding the shift in priority from social security and welfare to nutrition in Tamilnadu...

The lack of recognition on the part of the two governments regarding the synergistic relationship between promotional and protective social security measures is evident. Maharashtra concentrates on provision of rural employment but is insensitive to the need for ensuring food security for the poor households. Tamilnadu, at the other extreme, pays overwhelming attention to the provision of nutrition for the vulnerable sections but has no thrust on the provision of employment to the able-bodied persons in the rural areas. Thus both States miss out on the synergies that would be generated by a balanced provision of promotional and protective social security measures...

(mostly drawn from Seetha Prabhu's study)

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FOOD SECURITY

The figures given in the latest FAO Report on "The State of Food Security in the World 1999" on India are not very flattering, though some comfort can be taken in some of the trends listed in the Report. The FAO statistics, based on Indian data, place the number of malnourished Indians in 1995-1997 at 204 million. This is the largest number of undernourished people anywhere in the world. The number of persons suffering from chronic food security is more than all such people in the whole of sub-Saharan Africa.

Besides, 53% of Indian under-5 children were underweight, 52% were stunted and 18% were wasted in the year 1995 ("under-nutrition" indicates the outcome not only of inadequate food intake but also of poor health and sanitation conditions that may prevent people from deriving full nutritional benefit from what they eat).

Tamilnadu stood first in the country in foodgrain production. In 1998-99, the cultivable area rose to 45.50 lakh hectares with a production of 103.06 lakh tones.

Yet millions of Tamil people have been deprived of the purchasing power to benefit by this increase in production. Food security, in the minimal form of Public Distribution System of subsidized necessities, has been the only safeguard against massive starvation and hunger.

“Although the PDS is a centrally sponsored programme, it is implemented through the States machinery. The official statistics relating to PDS do not present information on the number of users and the proportion of requirement met by the subsidised programme. The NSSO presents information on utilisation of the PDS only by way of monthly per capita expenditure classes.

On the whole, only 33% of rural households in India reported use of the PDS on a regular basis and only about 24% of their requirements were met through this system. Thus the total PDS market, as a proportion of the total cereal market in India worked out to be about 8% only”.....

- India Human Development Report, 1999

“The data published by the National Council of Applied Economic Research (NCAER), indicating the proportion of the rural households using PDS in Tamilnadu as 83% as against the national average of 36%, points to the effective coverage of PDS in the State”

- Ninth Five Year Plan Tamilnadu : 1997-2002

“All the revenue villages have been covered by fair price shops. There are 24905 fair price shops in the State, of which 20670 shops are functioning in the rural areas and 4235 in urban areas. While 23663 shops are run by Co-operatives, 1110 shops are run by Tamilnadu Civil Supplies Corporation and 132 shops by others. Apart from these shops, there are 2967 part time shops, 30 mobile shops and 181 sub retail outlets run by women. There are about 150 lakh ration cards.”.....

“The Public Distribution System has been well managed in the State through an extensive network of 22959 shops. Of these 17206 shops are in rural areas and 5753 in urban areas. The total card strength is about 150 lakhs.....

- Ninth Five Year Plan Tamilnadu : 1997-2002

Even though 82% of rural households are said to use the PDS, it's questionable whether the overall effect really helps consumption: Tamilnadu has lower than average per capita consumption of foodgrains. And as revealed by the India Human Development Report, Tamilnadu has not escaped the urban bias that governs the PDS system in the country:

“A strong urban bias has also been found both in the supply and utilization of PDS in all States excepting Kerala, Andhra Pradesh, Karnataka and Tripura. Thus the objective of resource transfer to the needy through the supply of subsidised essential items has not really been achieved in India.”

- India Human development Report, 1999

The new target of the PDS is the population below the poverty line (BPL) in all areas. This targeted PDS (TPDS) has been implemented in all the States and Union Territories since May/June 1997. That the TPDS was the first step in a process of excluding large numbers of vulnerable people from the PDS was confirmed by the changes proposed in the 2000-2001 Central Budget, which announced steep price increases for PDS rice and wheat.

Under the BJP-led Central dispensation, the attack on the PDS that begun in the early 1990's has turned into a demolition job. The changes announced in the 2000-2001 budget portend the end of the PDS and worsening food and nutrition security for the mass of our population.

In 1993-94, 35% of the Indian population was officially income poor. However, data on nutritional outcomes indicate that 50% of the population is malnourished, 56% are unable to meet their minimum daily energy requirements and 74% are unable to meet their minimum daily protein requirements.

The Central Government is abdicating its responsibility to provide a minimum quantity of cheap food to consumers in all parts of the country. It has, cynically, decided to transfer the cost of the food subsidy to State Governments. The new policy penalizes States like Tamilnadu that have performed better, who have provided some nutritional support to households, where the quantities distributed per capita are relatively large, and where the delivery system functions, although with problems.

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Independent surveys reveal that 25 to 35% of PDS foodgrains, in Tamilnadu, get diverted to the open market and to other States

The proposed revisions in the PDS will promote neither the food security of the poor nor the fiscal sustainability of the PDS. This is because the root cause of the problem lies largely in the inefficiency of the FCI. Much of the subsidy goes to finance this inefficiency and not towards poverty alleviation. Therefore the Govt will have to explore options like revamping the FCI and other measures.

Unlike in other States where there is clear demarcation of those APL and BPL in ration cards, in Tamilnadu there is no such classification.

Irregularities such as large scale diversion of PDS rice to open markets and wastages have eaten into the effectiveness of the PDS system.

Indira Gandhi Institute for Development Research has calculated that only 12 paise of every rupee spent on PDS actually reaches the poor; the rest goes to wastage and bureaucratic expenses. The system needs to be radically modernized and regularized.

A study by the Tata Economic Consultancy in 1997 had shown that 35% of PDS foodgrains were diverted. If 35% was diverted and the %age of the poor in the TPDS was about 35%, it is implied that the entire allocation meant for the poor was not reaching them.

An independent survey conducted by the Central Government in 1999 revealed that nearly 25% of PDS rice was being diverted to the open market in Tamilnadu. Of this the common variety (sold at Rs 2 per kg) accounted for about 60%.

In February 2000 alone, Food Cell police claimed seizures of rice, kerosene and wheat worth about Rs 62.23 lakhs. Despite the seizures, diversion of PDS goods to open market continues, a portion of it to Kerala and Karnataka. The entry points for diversion to Kerala are Coimbatore, Pollachi and Kanyakumari, for Karnataka it is Hosur.

TN govt decision not to increase the rice price under the PDS following the raise by Central Govt twice, is likely to result in more diversion of PDS rice to the open market.

The centre's suggestion to the States to empower panchayat raj institutions to function as vigilance committees and to conduct social audit of the PDS for higher accountability and for preventing diversions and 'institutionalized corruption' has not found favour with the State Government, given the local bodies having become highly politicized.

A little over 25,000 shops are functioning under the PDS in the State with around 17000 shops being located in rural areas and controlled by primary agricultural cooperative banks dominated by ruling partymen. This is blocking any serious steps, even though official sources accept that the PDS has already become a millstone round its neck with an estimated 70 to 80% of the staff at the prime levels of storage, transportation and distribution having become 'incorrigibly corrupt' and the official machinery having been 'politicised'.

Invoking the Essential Commodities Act too has not worked given the patronage system that works at all levels.

Obviously the various aspects of the programme, such as identification of the beneficiaries, functioning of the fair price shops and effectiveness of the vigil by Panchayats need to be scrutinised at the level of implementation, to bring out their policy implications.

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