

# **Anti-Poverty and Social Security Programs for People with Disabilities**

Robert Palacios

World Bank

November 2007

# Programmes addressed in the report

- ***reservations under various centrally-sponsored anti-poverty programs***, in particular public works, targeted credit and publicly-financed housing schemes for the poor
- ***unemployment allowances for PWD***
- ***social pensions for destitute PWD***, i.e. monthly social assistance cash benefits
- ***insurance in cases of disability***, including schemes for civil servants and the formal private sector, existing schemes for informal sector workers in some parts of the country, and new initiatives on social insurance to the unorganized sector.

# Anti-poverty programmes

- ***The PWD Act commits to reservation of not less than 3 percent in all poverty alleviation schemes for the benefit of PWD.***
- ***Reporting formats from poverty alleviation programs do not in all cases make it easy to know what share of beneficiaries are PWD.***
- ***However, where data are clear, it appears that PWD have been well below 3 percent of beneficiaries in all schemes.***

# Anti-poverty programmes - SGSY

- SGSY in period 1999-2004 did not reach more than 1 percent of beneficiaries as PWD. Average over period was 0.78 percent and best year 2003/04 at 0.95 percent
- No single state in 2003-04 reported meeting the PWD quota, with AP the best performer at 2.1 percent of beneficiaries
- Several large states reported PWD shares below 0.5 percent of SGSY beneficiaries (e.g. UP, West Bengal, Orissa, J&K and Bihar).

# Anti-poverty programmes - SGRY

- CAG reports indicate that the share of PWD beneficiaries in total did not reach above 1.7 percent for state reporting in the period 1998-2003
- more recent data from states are consistent with low shares (e.g. PWD in Orissa between 2001 and 2005 accounted for only 0.3 percent of total employment days generated under SGRY).

# Anti-poverty programmes - IAY

- Performance on the IAY housing program is also well below commitments of the PWD Act. Data are available for fewer years, but 2003-04 data indicate that only around 0.8 of all beneficiaries were PWD.

# ***Unemployment allowance for PWD***

- The PWD Act provides for UA “within the limits of their economic capacity and development”, so that it is not a binding entitlement as such.
- Challenging to compile data due to large state variations in existence and generosity of the program. Among the major states, only Tamil Nadu, AP and West Bengal had schemes as of 2004.
- CAG (2004) indicates that additional states had introduced UA for PWD - including Karnataka, Maharashtra, HP and Manipur – but that CAG found that benefits were not being paid

# Social pensions for destitute PWD

- nationally, all states/UTs for which data are available have disability social pension schemes in some form
- state-funded, so high variation in amount of benefit, but most moving to Rs. 200 at least since 2006 and as high as Rs. 1000 in Goa
- beneficiary and spending numbers on disability social pensions are not consolidated to allow a national picture of coverage and spending from administrative data

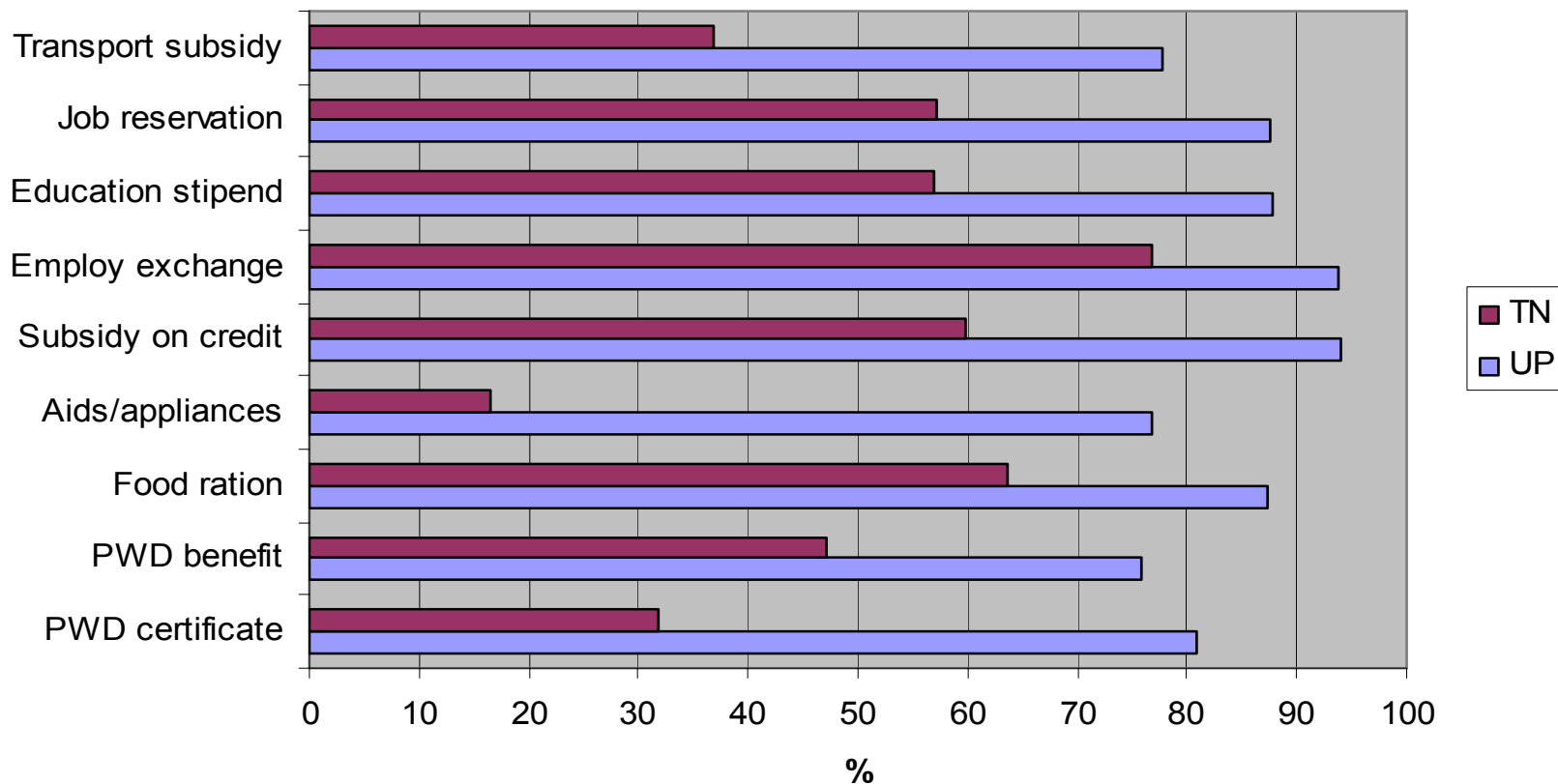
# Social pensions for destitute PWD

- household survey data from 2004/05 provide the first nationally representative insight into coverage of disability social pensions, as well as coverage across different wealth categories and social groups
- the overall picture is that disability social pensions appear to be the single most important PWD-specific benefit in the social protection system in terms of coverage and the level of benefit received

	<b>% of all HH receiving DP</b>	<b>% of PWD receiving DP</b>
J&K	0.2	6.7
HP	1.1	42.9
Punjab	0.3	17.2
Uttaranchal	0.2	8.7
Haryana	0.8	37.2
Rajasthan	0.5	20
Uttar Pradesh	0.3	14.4
Bihar	0.2	8.8
West Bengal	0.1	4.3
Jharkhand	0.2	12
Orissa	0.8	28.8
Chattisgarh	0.3	14.9
MP	0.5	21.4
Gujarat	0	0
Maharashtra	0.1	6.2
Andhra Pradesh	0.1	5.6
Karnataka	0.8	44.9
Kerala	0.6	22.2
Tamil Nadu	0.1	3.8
<b>All India</b>	<b>0.3</b>	<b>14.1</b>

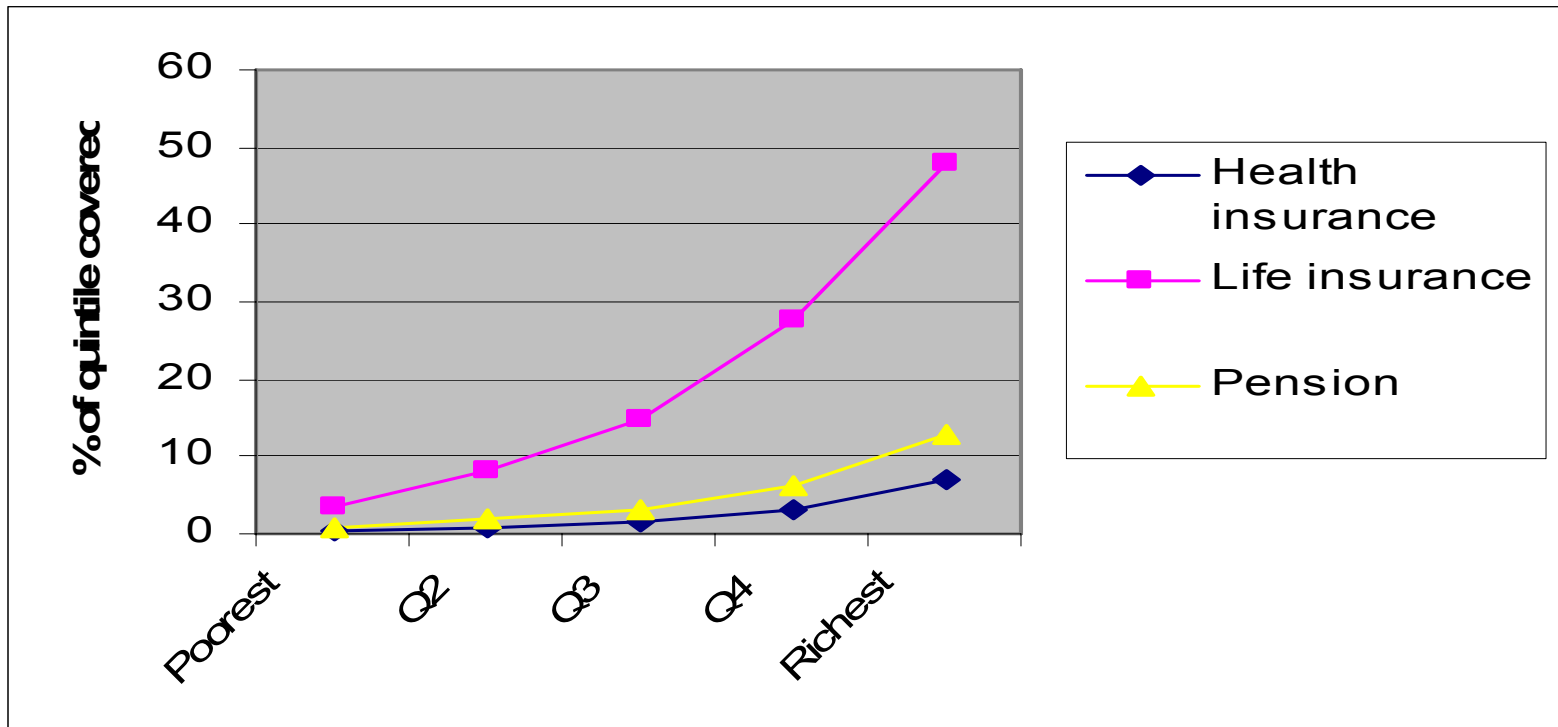
# Awareness of entitlements is an issue in all states but some do better than others

Figure \*.\*: Share of PWD HHs not aware of entitlements



# Disability Insurance

- To date, disability insurance has been largely confined to the formal sector, resulting in low coverage concentrated among the better-off



# Disability Insurance – Unorganized Sector

- There is a growing number of self-help groups, MFIs, welfare funds and others with micro-insurance offerings
- However, coverage remains low (less than 5 %) and many do not offer disability insurance
- Those that do offer it almost universally pay out lump sum benefits and only in cases of permanent and serious injury.

# Disability Insurance – Unorganized Sector - JBY

- the largest scheme for unorganized workers is Janashree Bima Yogana (JBY), which is a bundled life and total/partial permanent disability product of LIC and covered 3.6 mln households as of 2006
- In addition to the survivor benefit in case of death, JBY provides for Rs. 50,000 to a household in case of permanent total disability and Rs. 25,000 in case of permanent partial disability. Annual premium = Rs. 200 per household, half of which comes from the insured person and half from a Social Security Fund of LIC.

# **Disability Insurance – Unorganized Sector - Microinsurance**

- In its review of 51 micro-insurance schemes, ILO found that only one quarter offered disability benefits - although others did offer accident and health benefits that may overlap to some extent
- There is very little analysis available on how well these schemes function. Common challenges include relatively high administrative costs, limited risk pooling and lack of expertise in insurance.

# Disability Insurance – Unorganized Sector – GoI Initiative

- 2007-08 budget announcement of the Aam Aadmi Bima Yojana (AABY)
- scheme intended to cover around 15 million rural landless households with death and disability insurance for the breadwinner, with the premium fully subsidized on a 50/50 sharing basis by centre and states
- Too early to judge the likely success of the scheme – however questions on outreach strategy between insurer (LIC) and rural landless who are difficult to reach group

# Health Insurance

- In practice, once a person has a disability, the most relevant insurance product for them will be health insurance
- HI is likely to be more valuable to many disabled people due to higher medical costs
- The challenge however is that commercial insurers may either avoid PWD or charge very high premia on HI

# Health Insurance

- Such a problem with the functioning of the commercial insurance market suggests that PWD would benefit more than most from a public subsidy on HI.
- To this end, Gol has recently announced a major HI initiative for BPL HH, which will start phased roll-out from 2008.