

Social Security's Allowances in Nepal and Its Impact on Rural Economy Evidence From Chandrapur Municipality Rautahat

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Abstract – Social security's allowances program (SSAP) is being popular day by day in Nepal. Nepal's national social protection program (SPP) aims to control multidimensional deprivations, life cycle risks, and providing people with a basic minimum livelihood. Nepal has launched many social protection programs. Nepal has five social security's allowances programs (SSAP) include five schemes targeting: Children of Dalit under-five years of age, Widows and single women over 60 years of age, People with disabilities, Senior citizens over 70 years of age (over 60 years of age in the case of Dalit), Highly marginalized indigenous ethnic groups (Janajatis). These SSAP schemes are managed by the Department of Civil Registration (DoCR) under the Ministry of Federal Affairs and General Administration (MoFAGA), and delivered through local governments. The UN has proposed in Sustainable Development goal (SDG) to provide social security's for all by 2030. (World Bank, 2015). The developing countries are introducing social security's allowances program with large range with different modalities. Nepal has expending on social security's 2.3 % of its Gross Domestic Product (GDP). Nepal government has providing more than 89 social security's allowances schemes to the citizens through the various ministry. Social protection is inevitable for the better lifestyle to the pro-poor and the political support also highly acceptable in Nepal but the economic condition and the paying capacity of the government is very low so here is a matter to diabetes how much, to whom should pay by the government. Nepal has just successfully complete the election of three-tier government. The social security's allowances only managed by the federal government and some social protection scheme launched by the local government. Nepal has several social protection schemes but they have not adequate in term of cash transfer. Lack of integrated social protection policy the cost of government is growing up to manage the social protection program.

Keywords – Social, security's, allowances, protection, poor etc.

I. INTRODUCTION

Social protection encompasses "A subset of the public actions carried out by the state or privately that addresses risk, vulnerability and chronic poverty". Social protection also refers to policies and actions that enhance the capacity of poor and vulnerable groups to escape from poverty and better manage risks and shocks. It encompasses the instruments that tackle chronic and shock-induced poverty and vulnerability (Haddad, 2005). Social development, social protection and social security are all intertwined and seek to reduce the gap between the rich and the poor.

Social protection is required in order to implement social policies and programs that reach to the targeted beneficiaries. Social security will ensure the human rights and all-round development of the citizens of a nation. A comprehensive mix of social protection instruments backed by social security will help to

improve the lifestyle of poor populations through effective delivery of social programs. Social programs, as a part of social security, are emerging in many developed and developing countries as key elements for tackling poverty and vulnerability. Germany was the first nation in the world to adopt an old-age social insurance program designed by Otto Von Bismarck. The whole idea of this program was to promote the well-being of workers to keep the German economy floating at maximum efficiency, and to stave off calls for more radical socialist alternatives. Coupled up with the workers' compensation program established in 1884 and the "sickness" insurance enacted the year before, this gave the Germans a comprehensive system of income security based social insurance principles. (Bhatta, 2012)

The human right to social security is set forth in the Universal Declaration on Human Rights and various human rights instruments, while International Labour

Organization (ILO) conventions and recommendations define the normative framework and set standards for the establishment and development of social protection systems. The ILO Social Security (Minimum Standards) Convention, 1952 (No. 102), was the first international instrument to establish minimum standards applicable to all countries, regardless of their degree of economic development, for the following social security benefits: sickness, unemployment, old age, employment injury, family, maternity, invalidity and survivors, as well as medical care. (United Nations, 2018).

Nepal has already incorporated certain elements of the floor in social relief programs, although in a fragmented manner. A key challenge is to organize these programs as part of a coherent social protection strategy. Social security in Nepal has received a boost since the 2006 political change, which sought to end exclusion of marginalized groups from access to government services and provide social protection to the poor and the vulnerable. Many cash transfer program for the older people, women, and children have been introduced, and these have significantly helped close the poverty gap. (Khanal, 2012).

Social protection is a popular program of government of Nepal and the coverage of the social protection is growing year by year. Social protection allowance is a burning issue in the context of Nepal. This issue got much priority after the cabinet decision on January 23 2018. The primary function of the nation is protecting its citizens. Nepal is welfare state so she has humble of plan and program of regarding to social protection. Preamble of the constitution, We, the Sovereign People of Nepal, ...Protecting and promoting social and cultural solidarity, tolerance and harmony, and unity ... to build an egalitarian society founded on ... to ensure economic equality, prosperity and social justice, by eliminating discrimination, Being committed to socialism based on democratic norms and values , Do hereby pass and promulgate this Constitution. Preamble of the Constitution of Nepal.

Everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international co-operation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality. (United Nations, 1948).

Constitution of Nepal 2072 Article 43 including others provisioned the right of social security, etc. Government opened space for social security and protection through development activities, acts and regulation and in casual initiatives. Integrated social security policy will be

designed and enacted in order to integrate the existing scattered social security schemes and broaden the base so that all citizens can perceive a sense of security provided by the state. (Government of Nepal Ministry of Finance, 2018)

Government of Nepal has been providing financial assistance to senior citizens, single and widow-women, differently abled citizens, disappearing tribes and children, who are economically and socially backward. In the current FY, 2017/18, monthly allowances (with different rates) have been distributed to a total of 24,98,532 beneficiaries. So far, the details of about 2.227 million beneficiaries has been entered in MIS. Because of MIS, the eligible person only will be a beneficiary and it will also be useful for budget forecasting process. (Government of Nepal Ministry of finance, 2018) Social protection program also developing as womb to tomb function of the government. Social protection is concern each and every stage of human life and governments are trying to manage the needy people through the various plan, program and projects as given framework.

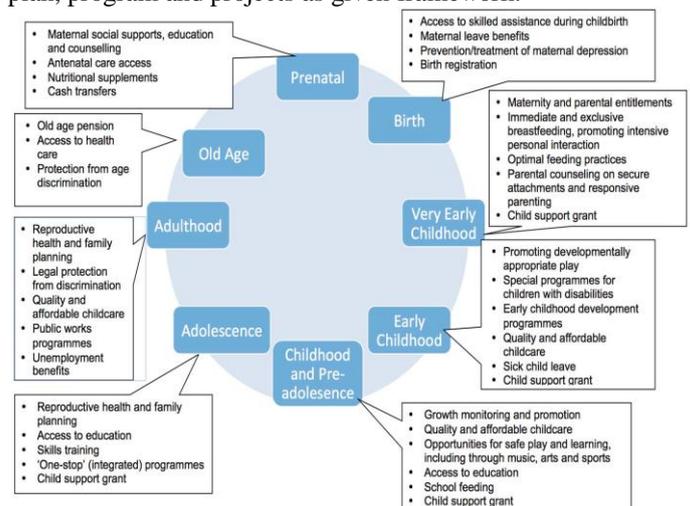


Fig.1 Social protection instruments across the life cycle. Source: Cognitive capital, equity and child sensitive social protection in Asia and the Pacific Global evidence on the effectiveness of social protection in 10 dimensions, including emerging evidence from the Asia and Pacific region. It testifies that social protection consistently strengthens human capital development, especially when benefits reach pregnant women and young children. Taken together, its instruments foster sustainable development and expand livelihoods and employment opportunities; address the work-childcare dichotomy; and enable households to make long-term investments in education, health and nutrition.

They make economic growth more robust through enhanced labour productivity, social cohesion, increased demand and macroeconomic stability. These instruments and programs are, therefore, highly suitable for efforts in Asia and the Pacific to sustain high growth rates while

broadening progress along the 2016–2030 Sustainable Development Agenda. (Samson , Fajth , & François, 2016)

There is growing awareness that social security should be understood within the context of the development process. This includes not only Pension schemes and Health insurance, but also employability, issues of gender discrimination, child labour, the formal –informal sectors of employment etc. Hence a wider concept of social security is needed in order to respond to the realities faced by informal economy workers, who constitute the majority of the world labour force. (Ramchandaran, 2011)

II. PROBLEM IDENTIFICATION

Some of the reasons for not achieving the desired results or researcher is not satisfied in existing situation are considered as research gap, research question or the statement of the problem. Social security allowance program (SSAP), child protection allowances (CPA) and child nutrition allowances (CNA) with some revision is continuous in Nepal since 1994/95. There are certain institutional and policy arrangements to run or execute the SSAP policy. In institutional setting there is Ministry of Federal Affairs and general administration and Department of Vital Statistics are in the center and District Development Committees, Municipalities and Rural Municipalities in the local and operational level. The constitution of Nepal (2072B.S.) as the Principal Law, Social Security has given emphasis to as the basic human right of citizen. The prevailing periodic plan viz. Fourteenth Three Year Plan 2073/74--2075/76 has also focused lots of activity and programs in line with promoting social security and reducing poverty.

Poverty is yet a public concern in Nepal. Various plan, policy, program and models of developments are implemented to reduce this complexity. Lack of resource utilization, quality service delivery and inclusive development to the marginalized people are some of the major issues in development. Regarding the effective implementation of public policies these are some of the difficulties. Approximately 2.26 million Nepali citizens are directly affected and tens of this figure are indirectly affected from SSAP.

Annually more than 12 billion rupees has allocated in SSAP which is 0.49% of the total GDP and 1.15% of the total budget allocation of the country (Economic Survey, 2072/73). This widely covered program has a prompt and effective response to the policy and the government. This program can be considered a leading policy in terms of public response and resource utilization. Experience learned from this two decade lasting SSAP can be useful in many such program and policies.

Greater incidence and severity of deprivation, a low degree of development of formal social-security systems, limited or inappropriate coverage of public support, resource constraints, low levels of institutional development for social-security provision, and the relative powerlessness of the poor and vulnerable are all factors which combine to make the problems of social security in developing countries both important and difficult. The problems are conceptual, ethical, and theoretical as well as empirical, practical, and administrative. (Ahmad,, Drèze, Hills, & Sen, 1991).

Major issues emanating from the study could be broadly classified as procedural, implementation Capacity, security, policy matters, coordination, information system etc. The major issues associated with the program are limited institutional capacity, ghost names, records updating ID card and its periodic renewal, dalits vs. non-dalits issue of discrimination age threshold for eligibility, adequacy of amount allowance, payment through banks, transparency, security/insurance, advance settlement cross border problem, duplication of names, registration. (Government of Nepal, National Planning Commission, 2012). Researcher has felt many dimensions while initiating to conduct this research. Main problem stroked to conduct the research which is the research problem is as follows;

- What are the main areas of improvement in the social security's allowances?
- What are the main factors for effective implementation of CAP/CNP?
- Does this program make any improvement in livelihood of the Chandra pur municipality
- Does the cash transfer to the rural areas support to robust the rural economy?

III. OBJECTIVE OF THE STUDY

Social security program has many dimensions. This research is going to describe the concept, analyze the socio economic impact and examine the policy efficacy of social security allowance program of Nepal. This research is focusing some generic experiences on social security allowance program in Nepal. Moreover, the general objective of the study is to assess the effectiveness of the social security allowance program (SSAP) in Nepal. However, the specific objectives of this study are;

- Identify the problems associated with the program in relation to its reliability and effectiveness;
- To judge the implementation process and modality of CAP/CNP
- To assess the general impacts of CAP/CNP in rural economy of Nepal.

IV. METHODS AND MATERIALS

This study has used both quantitative and qualitative techniques of data collection using both primary and secondary sources of information to meet the study objectives. The primary data were collected through the survey questionnaires from Chandrapur municipality's level respondents in order their perceptions and understanding about social security's allowances. In addition to survey, Focus Group Discussions, Key Informants Interviews and Case Studies were conducted to supplement the information collected from the survey questionnaires.

The field work took place during September 2018 only 122 respondents were taken through the Chandrapur municipality. For this study Chandrapur Municipality has been selected as the one of the largest Urban municipality in Rautahat district.

Beside this the municipality has diversity of ethnic groups who reside within the area of the municipality. There 10437 beneficiaries were considered as the total population of the study who were taking the SSA. Out of the total population (beneficiaries) of SSA further stratified in to the different groups as senior citizens over the age 70 are 2447 out of them 5% beneficiaries i.e 122 respondent were selected using accidental sampling method among the beneficiaries of SSAP. The data were analyzed using SPSS tools.

1. Current status of social protection allowances in Nepal

Nepal has its short historical background regarding to the social protection. One fifth of the salary for pension to shoulders was introduced by then PM Juddha Samsher in BS 1991 BS 1934 Employee Provident Fund (Army Drabaya Kosh) established in Rana Regime, likewise Employee Provident Fund (EPF) provides now following security packages to its clients:

- Accident Indemnity- 1 lakh in death and 10 to 25 thousand in disability
- Funeral Grant-25,000
- Insurance- 40,000/- to 1,50,000/-
- Medical Assistance .After the decade of 90's Nepal has interned in to the social security's allowances to the elder citizens there after so many schemes has lunched.

Other line ministry and other government and non-government agency has also made various social protection program. Now Nepal has currently providing the social protection scheme as bellow.

Source: collection from various website there is no debate to increase the amount of social security's allowances but the paying capacity of the state is very poor. Although, in the beginning time (1994) the beneficiaries get only Rs 60 this amount has increase year by year. In the between 20 years 1600% allowances

has been increased. The social security allowances rate in the year 2018 is given bellow.

Table 1 Various Social protection Schemes in Nepal.

S.No.	Social Protection Scheme	Agencies
1.	Social Security Allowance	MoFAGA
2.	Child Protection Allowances	MoFAGA
3.	Child nutrition Allowances	
4.	Food for Work (WB), Infrastructure through Karnali Employment Programme,	MoFAGA
5.	Primary Education to all, Free book & Admission	MoEd
6.	Primary & Secondary education scholarship	MoEd
7.	Primary Health to all	MoH
8.	Free medical treatment to senior citizen	MoH
9.	Maternity Allowance (maternity health facility)	MoH
10.	Provident fund facility (for government employees and non-governmental employees)	Employment Provident fund
11.	Pension, gratitude, medical expenses to govt. personnel	GoN
12.	Pension, gratitude, medical expenses to nongovernmental personnel	The employer
13.	Insurance for insured person	Insurance agency
14.	Beema (insurance) and Citizen Investment Fund scheme (for government and nongovernmental employees)	Citizens Investment Fund
15.	Loan, financial security	Commercial Banks
16.	Youth Self Employment program	MOF
17.	Contributory Social Security Program (recently established)	Social Security Fund/GoN
18.	Health Insurance program (Contributory)	Health Insurances Board
19.	Cattle insurance	MoALD

Table 2 Social security's allowances rate.

Areas	Categories	Age	Rate Rs
Social security's allowances	elder citizen dalit and Karnali Zone	60	1000
	elder citizen other	70	1000
Single women, widow allowances	Single women	60	1000
	Widow	-	1000
child protection allowances	child protection allowances	upto5	400
Child Nutation Allowances	Karnali zone, Achham Rautahat and Bhajhang district	upto 5	400
Disability	Fully disability	-	2000
	partial deasibility	-	600
indigenous group,	lopunmukhaadibasij anajati	-	2000
elder citizen medicine allowances	elder citizen medicine allowances	70	1000

Sources: Department of Civil registration (DoCR).
Exchange rate: US dollar \$ 1= Nepalese rupees Rs 116 as on 2018/9/30.

2. Chandrapur municipality and its demography

Chandrapur municipality was established in 2014. 5 village development committee (VDC) were merging in this municipality named, Chandranigahapur, Paurai, Judibela, Santapur (M) and Dumariya. Chandrapur municipality has lies in East-West highway. The Chandrapur municipality has strong physical infrastructure in comparison with neighboring municipality. The population of the Chandrapur municipality was 72059 in 2011.

Now the population has crossed 100000. The Chandrapur municipality has strong educational and health institute in this area so the pull factor for this municipality is very high. Source: Chandrapur municipal profile unpublished Chandrapur Municipality has distributing social security's allowances through banking system.

All the beneficiaries should be update online entry in department of civil registration. The Beneficiaries of four year is given bellow.

Table 3 Population of Chandrapur municipality.

Year	Population	Increase populations	Remarks
2011	72059	1801.475	The populations Increased @2.25% during the period of 7 years 22129 people migrate from other municipality and 4570 people migrate to other municipality. So the current projected population is 101125.
2012	73860.475	1846.511875	
2013	75706.98688	1892.674672	
2014	77599.66155	1939.991539	
2015	79539.65309	1988.491327	
2017	81528.14441	2038.20361	
2018	83566.34802	2089.158701	

Table 4 Social security's allowances beneficiaries in Chandrapur Municipality.

Chandrapur municipality Social security's allowances beneficiaries										
Year	senior citizen	senior citizen dalit	single woman	Widow	fully disable	partial disable	child allowance and medicine treatment	Total		
2015/016	2138	429	567	965	135	142	503	2390	4879	
2016/017	2156	448	544	1131	137	158	2390	2475	6964	
2017/018	2286	479	514	1369	179	260	4600	2731	9687	
2018/019	2447	503	513	1420	183	271	5100	2975	10437	

Source: Progress Report of Chandrapur Municipality
The current population of Chandrapur Municipality is 101125 and the number of beneficiaries were 10437 so the percentage of getting allowances is 10.32 %. For this the Chandrapur municipality pays Rs12,44,63,400.

Where the part of social security's allowances is 15.31%. The total budget for the fiscal year 2018/2019 is given below.

Table 5 Budget of Chandrapur municipality.

S.No.	Areas of allocation	Allocated budget	%
1.	Fiscal Equalization Grant	336400000	41.39
2.	Conditional Grant	262700000	32.32
3.	Revenue Sharing	62300000	7.67
4.	UNICEF/ LGCDP	12400000	1.53
5.	Internal Revenue	14500000	0.18
6.	Social Security's allowances	124400000	15.31
7.	Total	812700000	100
8.	Capital budget	254000000	32
9.	Current budget	558700000	68

Sources: Chandrapur Municipal annual plan 2018/19 Unpublished the Chandrapur Municipal has passed the annual budget for the fiscal year 2018/2019 with the total budget was Rs 812700000. The capital budget 254000000. Were allocated for the development plan, program and projects.

The current budget for the year is Rs. 558700000. This budget will be managed to deliver the public service and goods. The current budget is concern with the social protection because this budget is allocated the administration expenses of health service, education service, agriculture service, livestock services and so on.

V.IMPACT OF SOCIAL SECURITY'S ALLOWANCES IN RURAL ECONOMY

1. Conception about SSA

The conception about Social security's allowances program has been different between the beneficiaries. That may be on their level of education and economic condition.

Sources: Field survey 2018 From the above table the social security's allowances beneficiaries has different perception about the SSAP. 42 % respondent agree with the self-respect prospective of SSAP, 38 % respondent are agree with the reward from the government this amount were given them the contribution to the nation. Only 17 % respondent were feeling uneasy from the provision that may be they are from rich family and they don't need such allowances. Nepal has universal social security's allowances. All Nepalese senior citizen get the

SSA although they are rich family. 3 % people not any perception about the program.

Table 6 conception about social security's allowances.

S.No.	Perception	Number of beneficiaries	%
1.	Self-respect	51	42
2.	Reward from the government	46	38
3.	Felling uneasy	21	17
4.	Don't know	4	3
	Total	122	100

2. Areas of Expenditure of SSA

The beneficiaries of social security's allowances money used in various sectors where they want. Mostly respondent use this money is given in below table no 7.

Table 7 Areas of expenditure.

S.No.	Areas of expenditure	Number of beneficiaries	%
1.	Food and clothes	32	26
2.	Medical treatment	39	32
3.	Pocket money	41	34
4.	Other	10	8
	Total	122	100

Sources: Field survey 2018

From the above table the social security's allowances beneficiaries has differently using this money. 26 % respondents were investing in food and clothes. 32 % respondents were using their medical treatment and medicine. When 34 % respondent were using this money as pocket money, they use this money as they need in daily life. 8 % people not mention any areas where the use this money.

3. Cash transfer

The social security's allowances money has working as the safety net in the rural areas of the municipality. It have robust the rural economy and increase the money transactions. Social security's also known as the cash transfer to the pro poor and vulnerable and needy people and community.

Table 8 Mode of cash transfer.

S.No.	Mode of cash transfer	Number of beneficiaries	%
1.	Robust the economy	31	25
2.	Promote the local business	35	29
3.	Increase in production	38	31
4.	Other activates	18	15
	Total	122	100

Sources: Field survey 2018

From the above table the social security's allowances money working as cash transfer in rural economy. 25 % respondent were agree with the SSAP has support the robust the rural economy. 29 % respondents are agree with the view of promote the local business because the SSAP circulate the money in local areas. 31 % respondents were agree with the cash transfer support to increase the local production. 15 % people believe that the cash transfer support other activities.

4. Satisfaction with social security's allowances

In Nepal the social security's allowances coverage is very poor in monetary and social prospective. Nepal has just launching this program only for safety nets to its people this amount is very low.

Table 9 Satisfaction with social protection.

S.No.	Perception	Number of beneficiaries	%
1.	Sufficient	12	10
2.	It's ok	15	12
3.	Very low	88	72
4.	Don't know	7	6
	Total	122	100

Sources: Field survey 2018

From the above table the social security's allowances beneficiaries has different perception about the satisfaction with SSAP. 10 % respondent agree with the sufficient money of SSAP, 12 % respondent are agree with the it's ok. But 72 % respondent were considering that this amount is very low from this allowances we can't do anything. Although they are 6 % people not any suggestion and comment about the program.

VI. CONCLUSION

Social security allowances programs should take a holistic approach so as to cover the maximum number of people and sustain their incomes. Lack of social protection policy the plan and programs are scattered in various government and nongovernment agency. It increased the cost of delivery of social protection. A partnership has to be developed between government, social organizations and national security protection policy. There should be the political will to implement social welfare programs aimed at protecting the vulnerable groups of a society. The senior citizens above the age of 70 years they can't work for them. The cash transfer scheme as provided as the social security's allowances by the central government of Nepal played a vital place in their life. Generally it is said that the senior people get these allowances for few years as touch to die. So, the government should tie up this program with the retirement age of the personnel. Social security's allowances management system also very poor. They don't get regularly the allowances money. The

beneficiaries get the allowances quarterly but some time its delay up to 6 months.

A permanent mechanism has to be worked out that will facilitate the elaboration of social protection programs and their implementation so as to extend their benefits to the beneficiaries and thereby strengthen the human rights of all citizens, especially marginalized populations and migrants.

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