

Impact of Old Age Allowance on Socio-Economic Well being of Elderly People in Pokhara

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Abstract: This study aims to examine the impact of old age allowance on socio-economic wellbeing of elderly people in Pokhara. For this purpose, out of total 630 recipients of old age allowance in Pokhara Metropolitan-26, 135 respondents have been purposively selected. Information was collected from these respondents using structured questionnaire. Both descriptive as well as inferential statistics were used for the analysis. The mean score analysis shows that old age allowance helps to increase feeling of honor that government is taking care of them, increase their self-respect, financial independency, meet household expenditure, fulfillment of basic needs such as foods needs and purchase of health facilities and medicine. From this we can conclude that old age allowance plays a very important role in socio-economic wellbeing of the beneficiaries. Similarly, independent sample t-test shows that there is significant change in socio-economic wellbeing in education, and ethnic group. However, there is no any significant change in socio-economic wellbeing in gender, marital status, family type, size of family, occupation and monthly income of family of the respondents.

Keywords: Elderly, old age allowance, significant, socio-economic wellbeing

Introduction

Population ageing is pervasive since it is affecting nearly all the countries of the world. In Nepal, individuals over 60 years of age are considered elderly. According to the census of Nepal, the proportion of the population aged 60 years and above has increased from 6.5 percent in 2001 to 8.14 percent in 2011. The majority of elders depend upon agriculture and are living under the poverty. They suffer from deprivation, illiteracy, poor health and nutrition, low social status, discrimination and restriction on mobility. Because of poverty, they enter into old age in a poor state of health and without saving or material assets. They lack means to fulfill their basic needs such as food, clothes,

shelter, health care, and safe drinking water. Social security is not only a basic need; it is also basic human rights. The Constitution of Nepal, 1992 (2047 BS) has recognized social security as a state responsibility and the Interim Constitution of Nepal, 2006 (2063 BS) has stated social security as a fundamental right to citizen within the domain of economic, social and cultural rights. This concept has been reserved and secured by the Constitution of Nepal, 2072 B.S. (2015).

Realizing this fact, the Government of Nepal has introduced Old Age Allowance in 1995, with NPR100 per month paid to all Nepali citizens aged 75 or above. It was increased several times over the years. In

2008, it was raised to NPR 500 per month. That same year the qualifying age was lowered from 75 to 70 (60 years for the Dalits and people living in Karnali Zone). The benefit level was doubled to NPR.1, 000 in the FY 2015–16 budget and was doubled to NPR 2,000 in the budget of fiscal year 2016/17. And once again government of Nepal decided to raise it to NPR 3,000 in the budget of fiscal year 2019/20.

Report of International Labour Office (2015) reveals that social protection policies contribute to fostering both economic and social development in the short and the long term, by ensuring that people enjoy income security, have effective access to health care and other social services, and are empowered to take advantage of economic opportunities. Similarly, the cross-sectional quantitative study conducted in Lesotho shows that the old age pension was the major source of income for the elderly people (Mugomeri et al., 2017).

Study conducted in rural areas of Mexico reveals that the old age allowances and pension produce feelings of safety and welfare. Therefore, the governments should invest efforts towards universalizing the non-contributory pension programs in order to ensure a basic income for the elderly (Aaron et al., 2014). The old age allowance helps to alleviate poverty and supplement the living expenses of those aged 65 or above who need financial support (Cheung, 2012). Apart from improving elderly well-being, the pension scheme may have led to inter-generational payoffs in so far as it increased expenditure on the health and education of younger family members. Similarly, pension programme lowered poverty in families with an elderly person (Kaushal, 2014).

The study conducted on the topic “Factors associated with socio-economic status of Dalit people getting old age allowance in Pokhara” concluded that old age allowance plays a very important role in

socio-economic status of Dalit beneficiaries and education, marital status and location are the major factors associated with socio-economic level (Dhungana & Ranabhat, 2018).

The empirical study conducted by Choudhary(2013) in Bangladesh shows that the position of the elderly in the family and their relationship with the family members (with the sons, daughters, neighbors and relatives) has increased after getting the old age allowance. The results also showed that the old age allowance has an effect to uplift the social position of the elderly people. The study conducted by (Margaret et al., 2015) in South Africa shows that the old-age pension program is one of the most generous social-aid programs offered in South Africa and is a major instrument for redistributing resources to poorer households and communities in a highly unequal society and many households depend on the grant for their survival.

Joshi (2012) conducted a study to investigate the effectiveness of senior citizen social security allowance scheme in Dhangadhi Municipality. The study found that male respondents have more knowledge about social security allowances than female respondents. Senior citizen utilized allowances for self expenditure and household expenditure. Similarly, the study found that old age allowance has improved their status in the family but the elderly allowance is inadequate to meet their overall basic necessities.

Social security has been recognized as a concern of citizen’s rights in the world. Social security is linked to enhancing social equity and justice. Old age allowance is another form of recognition for older people, but there is little understanding of the impact and access of the allowance on older people.

Different studies related to social security allowance and old age allowances

have been carried out by different researchers in different parts of the world. In Nepal, very few studies have been carried out related to social security allowance. This study has tried to examine the impact of old age allowance on socio-economic well-being of elderly people in Pokhara and to find the factor associated with socio-economic wellbeing of the recipients.

Data and Methods

As the research aimed at examining the socio-economic impact of old age allowance on elderly people in Pokhara, at first out of 33 wards of Pokhara Metropolitan city, ward no. 26 was selected purposively and then out of total 630 recipients of old age allowance in Pokhara Metropolitan-26, 135 respondents (at 7.5% margin of error and 5% level of significance) have been taken as sample. The respondents were selected purposively for interview. Then the information was collected by using structured questionnaire.

In this study, social security allowance and socio demographic characteristics such as sex, location, income of the family, family size, marital status/living status are considered as independent variables. Similarly, social and economic impact of social security allowance is considered as dependent variables. Under social and economic impact, indicators such as change in social status, respect and self-respect, economic well-being perceived, health access, fulfillment of basic needs are included. Likewise, under socio-economic status different 5-point Likert Scales statement are asked to know the impact of Old Age Allowance (OAA).

Both descriptive as well as inferential statistics were used for the analysis. In order to know the impact of old age allowances, mean score was calculated. Likewise, to find the factors associated with socio-economic status, t-test and one-way ANOVA was

applied.

Results and Discussion

Based on the information collected from 135 respondents this study has the following results and discussion:

Social Status: Different dimensions are used to measure the social status of the respondents. The respondents were asked to indicate their likeliness on five-point Likert scale on whether OAA helps to increase the number of friends in some ways, helps to involve in social activities and increase their importance on peers and associates. The table below reveals the responses on social status dimensions as perceived by the respondents.

Table 1 shows the mean score of social status scales. The below average mean scores of all dimensions indicates that majority of the respondents have agreed on these three indicators. It means OAA plays an important role for the increase of their social status.

Table 1: Mean Score Evaluation of Social Status Scales

| Items | Mean | SD |
|---|------|-------|
| OAA helps to increase the number of friends in some ways | 2.3 | 1.258 |
| OAA helps to get involved in social activities. | 2.28 | 0.911 |
| OAA has increased your importance on peers and associates | 2.27 | 1.168 |

N=135; Scales: 1= Strongly Agree, 3=Neutral, 5 = Strongly Disagree

Source: Field Survey, 2018

Respect from others and self-respect :

Under respect from others and self-respect, respondents were asked to indicate their

likeliness on five point Likert scale on different dimensions such as their feeling of honor that government is taking care of them, respect from neighbors as the beneficiary of OAA, increase of self-respect and respect in family due to allowance. The table below reveals the responses on different dimensions of respect from others and self-respect as perceived by the respondents.

Table 2 reveals that almost all of the dimensions of respect from others and self-respect as included in the scales have positive inclination. The lowest mean score of 1.37 reveals that they feel so much honor that government is taking care of them followed by OAA helps to increase their self-respect.

Table 2: Mean Score of Respect from others and Self-Respect Scales

| Items | Mean | SD |
|--|------|-------|
| I feel honored that government is taking care of me | 1.37 | 0.741 |
| I think neighbors respect me as a beneficiary of OAA | 2.35 | 0.892 |
| OAA helps to increase my self-respect. | 1.64 | 0.851 |
| I feel respect in family due to allowance | 2.41 | 1.095 |

N=135; Scales: 1= Strongly Agree, 3=Neutral, 5 = Strongly Disagree

Source: Field Survey, 2018

Economic Wellbeing Perceived: Under economic wellbeing perceived, respondents were asked to put their agreement or disagreement on different dimensions such as decrease in financial dependency towards others, contribution of OAA in meeting their regular household expenditure and

contribution of OAA in saving money for future with a five-point Likert type scale ranging from 1-5. The following table summarizes the output of its descriptive.

The table 3 indicates the mean score of economic well-being perceived. The lowest mean of 1.45 indicates that majority of the respondents agree that their financial dependency to others has decreased due to allowance. Similarly, the mean score of 1.97 also indicates that OAA helps to meet the regular household expenditure of beneficiaries. However, the mean score of 4.62 indicates that OAA is not sufficient to save for future emergencies.

Table 3: Mean Score of Economic Well-Being Perceived Scales

| Items | Mean | SD |
|---|------|-------|
| I feel that my financial dependency to others has decreased due to allowance. | 1.45 | 0.817 |
| OAA helps me to meet my regular household expenditure | 1.97 | 0.791 |
| It helps to save money for future | 4.62 | 0.571 |

N=135; Scales: 1= Strongly Agree, 3=Neutral, 5 = Strongly Disagree

Source: Field Survey, 2018

Health Access: Under the health access category, respondents are asked to put their opinion on the indicators such as OAA helps to increase in health awareness, helps in purchase of health service and medicine, increase in frequency of visiting doctors and increase in nutritious foods and safe drinking water with a five-point Likert scale. The Table 4 reveals their responses.

Table 4 presents the mean score of health access scales. The low mean score of all dimensions indicates the positive

inclination. The lowest mean score 1.99 indicates that majority of the respondents have agreed that OAA helps to purchase health facilities and medicine. Similarly, other dimensions also have mean scores below than average which indicates that OAA plays an important role to increase health access.

Table 4: Mean Score of Health Access Scales

| Items | Mean | SD |
|--|------|-------|
| It helps to increase health awareness | 2.24 | 1.16 |
| It helps to purchase of health service and medicine | 1.99 | 0.763 |
| It helps to increase in frequency of visiting doctors | 2.16 | 1.087 |
| It helps to increase in nutritious foods and safe drinking water | 2.13 | 0.953 |

N=135; Scales: 1= Strongly Agree, 3=Neutral, 5 = Strongly Disagree

Source: Field Survey, 2018

Fulfillment of basic needs: Under the fulfillment of basic needs, respondents are asked to express their opinion on different indicators such as fulfillment of food needs, health needs, clothing needs and education needs of family members with five-point Likert scale. The Table Below presents the output of its descriptive.

The table 5 depicts the mean score of basic needs scale. The lowest mean of 1.56 indicates that majority of the respondents were agreed on OAA helps to meet their food needs. Likewise, the below average mean scores of 2.01 indicates that OAA helps to increase their health access. However, the highest mean score of 4.61 reveals that OAA does not help to support the education of

their family members.

Table 5: Mean Score of Basic Needs Scales

| Items | Mean | SD |
|--|------|-------|
| It helps to meet my food needs | 1.56 | 0.665 |
| It helps to increase my health access | 2.01 | 0.696 |
| It helps to meet my clothing needs | 2.67 | 1.315 |
| It helps to support the education of my family members | 4.61 | 0.659 |

N=135; Scales: 1= Strongly Agree, 3=Neutral, 5 = Strongly Disagree

Source: Field Survey, 2018

Analysis of Difference in Mean Scores

The independent sample t-test between the demographic variables such as gender, education status, marital status, family type, size of the family, ethnic group, occupation and monthly income of family with regards to the constructs of socio-economic variables is presented in table 6.

The table 6 is the presentation of the findings of the mean score comparison of the demographic variables such as gender, education status, marital status, family type and size of family with regards to change in socio-economic wellbeing. Independent sample t-test has been conducted to analyze the mean score differences in evaluating scores. It reveals that education status, that is illiterate or literate, has significant differences towards socio-economic wellbeing due to old age allowance. However, the insignificant t-statistics of gender, marital status, family type and size of family justifies that the null hypothesis is accepted; that means there is no significant differences of socio-economic wellbeing.

Table 6: Independent Sample t-test of Socio-Economic Wellbeing

| | Mean Scores | t-stat | Sig. |
|------------------|-------------|--------|-------|
| Gender | | | |
| Male | 2.3118 | -0.373 | 0.71 |
| Female | 2.3488 | | |
| Education Status | | | |
| Illiterate | 2.4127 | 2.783 | 0.007 |
| Literate | 2.1306 | | |
| Marital Status | | | |
| Married | 2.3214 | -0.24 | 0.811 |
| Widow/ Single | 2.3453 | | |
| Family Type | | | |
| Joint | 2.3676 | 0.954 | 0.342 |
| Nuclear | 2.2789 | | |
| Size of Family | | | |
| 1 to 4 | 2.3131 | -0.455 | 0.65 |
| 5 and above | 2.3549 | | |

Source: Field Survey, 2018

Table 7 depicts the mean score differences between ethnic group, occupation and income of the family with the constructs/variables of socio-economic well-being after the old age allowance. The ANOVA test has been conducted to analyze the mean score differences in evaluating scores. The null hypothesis assuming that there are no significant differences among the mean scores of various groups has been tested. The table reveals that the F-statistics on ethnic group is significant at 1% level of significance. This means that there is significant difference in socio-economic wellbeing among the ethnic group after receiving old age allowance. Similarly, the table also reveals that there are no significant differences among the mean scores of occupation and income of the

family. This means that there are no such differences in opinion regarding the socio-economic changes across these categories.

Table 7: One-Way ANOVA test of Socio-Economic Wellbeing

| | Mean Scores | F-stat | Sig. |
|-----------------------------|-------------|--------|-------|
| Ethnic Group | | | |
| Brahmin | 2.1741 | 8.212 | 0 |
| Chhetri | 2.2733 | | |
| Dalit | 2.6463 | | |
| Janajati | 2.1276 | | |
| Occupation | | | |
| Agriculture | 2.2037 | 0.604 | 0.66 |
| Day Labor | 2.5222 | | |
| Housewife | 2.3444 | | |
| Unemployed | 2.3184 | | |
| Others | 2.5556 | | |
| Income of the Family | | | |
| Upto 20000 | 2.3409 | 1.767 | 0.175 |
| 20001 to 40000 | 2.2141 | | |
| Above 40000 | 2.4683 | | |

Source: Field Survey, 2018

Conclusion

The mean score analysis shows that old age allowance helps to increase feeling of honor that government is taking care of them, increase their self-respect, financial independence, meet household expenditure, fulfillment of basic needs such as foods needs and purchase of health facilities and medicine. From this, we can conclude that old age allowance plays a very important role in socio-economic wellbeing of the beneficiaries.

Similarly, independent sample t-test shows that there is significant change in socio-economic well-being in education

and ethnic group. However, there is no any significant change in socio-economic well-being in gender, marital status, family type, size of family, occupation and monthly income of family of the respondents. From this, it can be concluded that level of education and ethnic group have significant differences in socio-economic wellbeing of the beneficiaries.

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