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## The Impact of Old Age Allowance on Elderly People's Socio-Economic Life: A Study of Kumal Community in Lamjung

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### ABSTRACT

*This study focuses on the response of elderly people on the old age allowance and its impact on socio-economic issues. The allowance is the cash provided by the government of Nepal as a social security allowance to the people of age 70 years and above. Both qualitative and quantitative data has been used in this study from complete enumeration. The information was collected from three municipalities: Sundar Bazar Municipality, Maddhye Nepal Municipality, and Rainas Municipality of Lamjung District. A face-to-face interview method was applied to collect information regarding social and economic aspects from all 51 elderlies of Kumal respondents who received allowance. Chi-square test was applied to find out the factors associated with satisfaction of elderly people. Most of the respondents felt that the allowance is negligible and administrative difficulties like error in date of birth in citizenship, delay in receiving, inaccessibility to bank due to ageing, etc. in receiving the allowance. People who were satisfied with this allowance reported that it was a privilege from the government and they can use this money on their own. This finding is based on a single ethnic group of small area and cannot be generalized to whole population but explored some idea how the allowance is perceived in Nepal. The allowance establishes the right of older people and essential for poor people to fulfil their daily needs. The government should take some initiatives for better management of the allowance with other processes rather than cash distribution and take more initiation for very poor older people who have no other income sources.*

**KEYWORDS:** *Elderly people, Kumal community, old age allowance, satisfaction*

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### INTRODUCTION

A senior citizen is an older person who is retired or receives pension. There are different basics for defining senior citizens. One of the most common methods, in use, is the chronological age. People are said to be senior citizens when they reach the age of sixty because those are the ages at which most people retire from the workforce (*Senior citizens*, 2008). Population ageing is not only an issue of developed countries now but also a serious issue of developing countries (Sustainable Development Goals, n.d.). The combined effect of lowered fertility rate and improved health facilities, the proportion of older population are increasing throughout the world. Both the developed and developing

countries of the world are experiencing the population aging and there is growing concern about the population aging in the world (Population Division, Ministry of Health and Population, 2012). The United Nations estimates that there are 606 million people in the world over the age of 60 years and the number will be more than double (1.6 billion) by 2050, reaching 19% of the world's future population. Among the elderly population, already 62% live in developing countries, but by 2050, 80% of the world's elderly will live in developing countries (United Nations, Department of Economic and Social Affairs, 2015). In Nepal, the elderly population covered 6.5% of whole population according to 2001 census but this percentage has increased by 8.1% in 2011 census and life expectancy increased from 60.34 to 66.6 years (Central Bureau of Statistics, 2014). At the same time, the index of ageing increased from 16.7 to 22.3 and median age increased from 20 to 22.3, which are the two main measures of ageing. So, ageing is an emerging issue in Nepal and it has become an important social concern because like many other developing countries, there is no social security system. Aged persons traditionally rely on their family or their support and care. The vast majority of old age people live under perturbing condition except those who are supported by own families. The majority of older people live in absolute poverty which is characterized as one of destitution, ill health, and social isolation (National Planning Commission, 2012).

The Government of Nepal has been providing financial assistance to senior citizens, single, and widow-women, differently disabled citizens, disappearing tribes and children, who are economically and socially backward. The old age allowance is a monthly allowance provided by the government to its senior citizens aged 70 years or above to meet special needs arising for old age as a part of social security. It is the noncontributing social assistance to elderly people (*Senior Citizens Act, 2063*). Respect to the elderly is most valuable culture in Nepali society. The experience and knowledge of older people have greater contribution in family, society and nation (Barrientos, 2015). The government took initiation for enhancement and improvement of the quality of life of senior citizens and has introduced the universal Old Age Allowance Programmed in 1994. A universal flat pension of rupees 100 to all elderly above 75 years since 1994, that is raised to NRs. 2000 from 2016 and NRs. 3000 from 2019. Since 2008/2009, Dalit and senior citizens of Karnali Province have age of 60 years above, enjoy the universal flat pension, but the rest of others have age limit of 70 years to get it (National Planning Commission, 2012). The total amount of old age allowance is much higher than the other social security allowance which covers more than 3% of total budget of nation (Central Bureau of Statistics, 2014). The allowance provided by the government helps the older people to fulfill their daily expenditure, to involve in their cultural and religious activities. The monthly allowances (with different rates) have been distributed to a total of 24,98,532 beneficiaries (Government of Nepal Ministry of Finance, 2019).

Different studies have revealed that a large segment of the Nepali people still live under difficult conditions with consistent poverty, unemployment and underemployment, and increasing social and economic inequality. Therefore, to improve the quality of life of older people, the allowance is essential as the social security. This social security is a policy of a country to invest to the people, which in a long run produce good returns (Help Age International, 2009). There is also a great need for research in different aspects of elderly people in developing as well as the least developed countries so that it may help to know the well-being of elderly which is not examined in depth (Government of Nepal Ministry of Finance, 2019). The expectation of providing the allowances to the elderly is improving the quality of life and fulfilling their daily expenditure to some extent, which in turn increase the satisfaction of life of older people. The aim of this study is to know the satisfaction with the allowance among older people in Nepal and

utilization pattern of this allowance. Also, this study is carried out to know the social and economic impact of the allowance on older population. The allowance is necessary in Nepal and the general satisfaction level with this allowance can be increased by increasing the amount of allowance (Government of Nepal Ministry of Finance, 2019). The allowance has a significant contribution to uplift the overall wellbeing of Nepalei people. Therefore, this study aims to assess the satisfaction and utilization of old age allowance among Kumal community in Lamjung district.

## **METHODS AND MATERIALS**

### **Research Design**

A cross-sectional, descriptive research design was carried out in four Kumal communities: two wards (Ward No. 2 and Ward No. 7) of Sundarbazar Municipality, one ward (Ward No. 4) of Maddhe Nepal, and one ward (Ward No. 5) of Rainas Municipality in Lamjung District. There were total 51 elderly people including widows and Dalit of age greater than 60 years receiving the allowance. All of them were included in this study by complete enumeration method.

### **Procedure**

First, the ethical approval was obtained from Research Committee of Prithvi Narayan Campus, Pokhara. Secondly, the same was obtained from each municipality. Verbal informed consent was obtained prior to data collection. The data were collected from 8 February to 18 March 2020 through face-to-face structured interviews at the respondents' residence.

### **Research Instrument**

The study is based on the primary data and a questionnaire was developed to collect these primary data. The questionnaire contained three parts: demographic information, utilization of the allowance, and satisfaction in various aspects. It has 26 five-response categorized Likert Scale (Long Form) questions and pre-structured questions to collect socio-demographic and economic variables.

### **Measures**

In order to gain a better insight into the subject matter and to unravel and understand problems, a questionnaire was developed with five-point Likert scale (from strongly dissatisfied to strongly satisfied) to measure the satisfaction. Utilization was measured by the questions related to how they used the allowance.

### **Validity and Reliability of Study Tools**

For validity of the questionnaire, standard survey questionnaires were used that were already tested for measuring the level of satisfaction. Further, for the easy understanding of local people, the questionnaire was translated in Nepali language consulting the experts. To maintain the suitability of translation, back to back translation was done. Nepali translated questionnaires were pre-tested in a similar setting and necessary corrections were made for maintaining the reliability of research instruments. Finally, the field survey was conducted. Collected data were checked for errors and omission on consistency of data was maintained. Observation was also carried out to check the validity of information gathered during the survey. A field diary was created to record the observation during the data collection period.

### Data Analysis

Both descriptive and inferential statistics have been used for analyzing the data. For inferential statistics, Chi-square test ( $\chi^2$ -test) was used to test the association between satisfaction and other independent variables at 5% level of significance ( $p$ -value < 0.05). The software such as IBM, SPSS (25 version), and Microsoft Office Excel 10 were used in data analysis procedure.

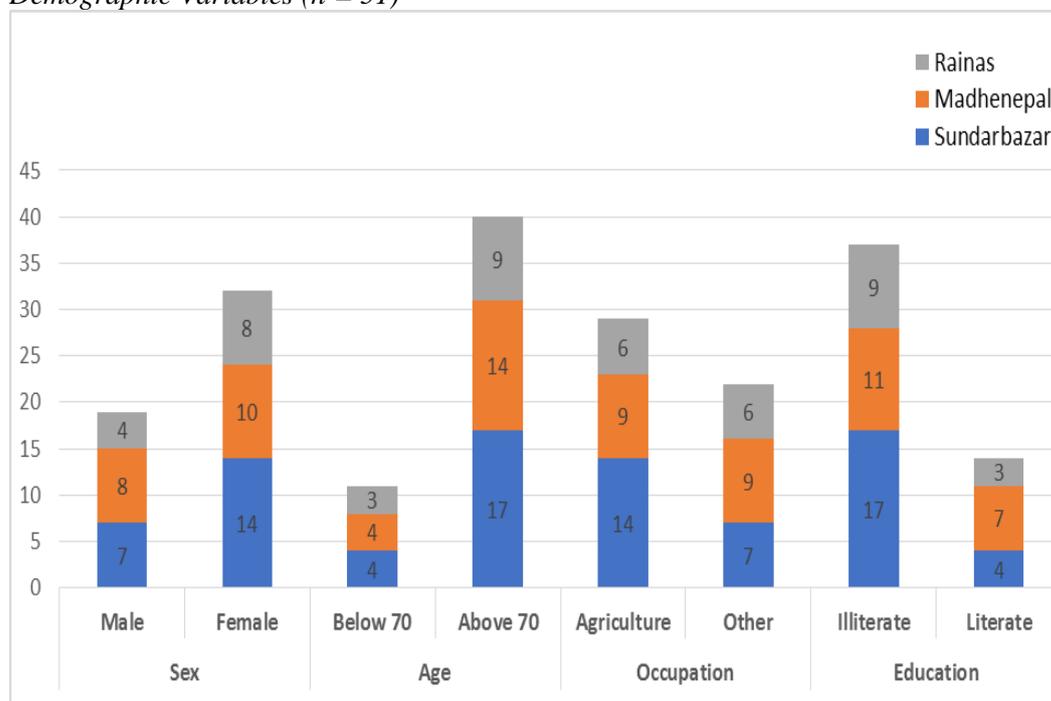
## RESULTS

### Background Characteristics of Participants

All 51 older people were involved in data collection procedure and no one was disagreed for this survey. So, the response rate was 100% and the sample size was 51. All of them were Hindus, living in the urban area (municipalities), and Kumal community (ethnic group). The mean age of the respondents was 73.18 years with standard deviation of 6.026. So, the confidence interval at 5% level of significance was 71.53 and 74.83. The respondents' maximum and minimum age were 86 years and 60 years respectively. Among them 52.9% were widowed or singly lived, 76.5% lived in joint family, 62.7% were female, 72.5% were illiterate, 56.9% had agriculture as their previous occupation, 12% had monthly income less than Rs 5000/- and 84.3% used the allowance for meeting their basic needs. Some demographic variables are presented in Figure 1.

**Figure 1**

*Demographic Variables (n = 51)*



Source: Field Survey, 2020

### Response about the Allowance

Regarding the process of getting allowance and positive change arriving in their life, no one was strongly agreed, but 74.5% and 21.6% were agreed respectively in first and second aspects. All the respondents were strongly agreed to increase the amount of allowance. The result is summarized in the following table.

**Table 1**

*Responses with Old Age Allowance Procedures (n = 51)*

Questions Related to Satisfaction	1	2	3	4	5
Are you satisfied with the process of getting allowance? (%)	-	21.6	3.9	74.5	-
Has the allowance brought any positive changes in your life? (%)	5.9	66.7	5.9	21.6	-
Do you agree to increase the allowance? (%)	-	-	-	-	100

Source: Field Survey, 2020

### Satisfaction

The mean score of the summative scale was  $\geq 3$  which indicates positive satisfaction towards the allowance. The overall satisfaction was found to be 58.6% indicating that more than half of the elderly were satisfied with the allowance. The level of satisfaction is classified in four different aspects i.e. social, self-respect, economic, health, and basic needs. They were satisfied in social aspect and self-respect aspect (mean  $> 3$ ), but dissatisfied in other aspects (average of satisfaction  $< 3$ ). The study found that the satisfaction with the allowance among the age between 70-75 years was higher (81.0%) than the age groups below 70 years and above 75 years. Elderly men were more satisfied (78.1%) than the elderly women.

**Table 2**

*Satisfaction level according to Old Age Allowance Scale construct (n = 51)*

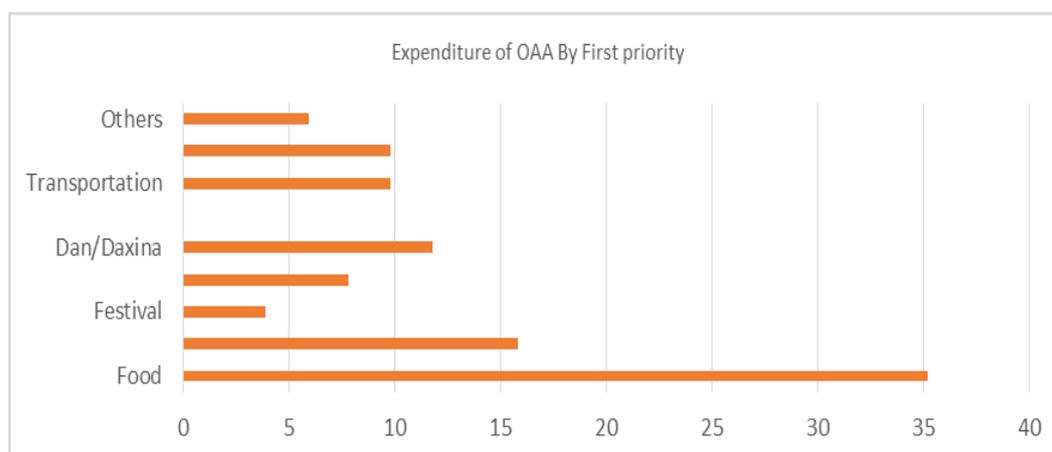
Construct	Satisfied (%)	Mean $\pm$ SD	Average combined (Mean $\pm$ SD)
<b>1. Social aspect</b>			
Allowance helps to increase the number of friends.	98.0	4.28 $\pm$ 0.49	3.58 $\pm$ 0.36
Allowance helps to increase involvement in social works.	23.3	2.51 $\pm$ 0.86	
Allowance helps to increase the relationship with friends.	96.0	3.94 $\pm$ 0.55	
<b>2. Economic aspect</b>			
Allowance helps to decrease dependency to others	90.16	4.12 $\pm$ 0.79	2.59 $\pm$ 0.46
Allowance helps to maintain the daily expenditure	26.0	2.53 $\pm$ 0.88	
Allowance helps for future saving.	0.0	1.14 $\pm$ 0.49	

Source: Survey report 2020

### Utilization

Figure 2 provides the information on utilization of allowance among elderly people. Among 51 elderly people (respondents), 84.3% utilized the Allowance for their personal needs. Most of them (98%) utilized in food (with 35.2% respondents had first priority) and only 2% of respondents used in entertainment. This clearly indicates that majority of elderly spend allowance in food.

**Figure 2**  
Utilizations of Old Age Allowance (n =51)



Source: Field Survey, 2020

## DISCUSSION

Among all respondents, only 58.6% were satisfied with the allowance. This finding is just smaller to the study conducted by the National Planning Commission (2012), which had reported that 66.0% of older people were satisfied and 9.0% were highly satisfied with the allowance they received. The increase in the allowance from 1000 rupees (8.9 USD) in 2012 to 3000 rupees (26.7 USD) in 2019 might have contributed to an increased level of satisfaction with the allowance but expectation of the older people is about Rs.5000 (International Labour Office, 1942). Similarly, respondents whose previous occupation was agriculture were more satisfied (86.0%) than respondents with other occupations. The respondents whose monthly income was less than Rs.5000 were more satisfied with 80.6 %.

This study found that 84.3% respondents utilized the allowance for their personal needs. Out of 51 respondents, 98% respondents utilized in food and only 2% of respondents in entertainment. This finding satisfies the result that approximately 80 percent beneficiaries of the old-age allowance and a high proportion of them responded that the immediate changes they experienced include fulfilment of basic needs such as food, clothes, and medicine. Increased self-reliance has enhanced the senior citizens' psychological confidence for survival and increased their overall happiness (Help Age International, 2011).

In the test statistics ( $\chi^2 - test$ ) of this study, it is found that satisfaction with the allowance is not associated with age, sex, family status, and other variables which is consistent with some previous work, but positive association occurred between satisfaction with the allowance and the people whose major source of income was only the allowance ( $p < 0.05$ ). Among three municipalities, the positive association occurred between satisfaction and age ( $p < 0.05$ ), between satisfaction and occupation ( $p < 0.05$ ) only in Sunder Bazar Municipality. The sound relationship with family plays a crucial role for the older people to be more satisfied. It is important for an older person to get love and affection from his/her family and friends, which in turn minimizes social isolation. However, this is different to the findings of the National Planning Commission of Nepal, which found no association between satisfaction and good family (National Planning Commission, 2012).

### **LIMITATION**

This study is limited to a small area of Nepal, in a particular ethnic group and has small sample size, so it is not known whether the findings of the study represent the general population of elderly people in Nepal. However, the response rate was 100.0% and the sample was randomly selected, so systematic bias should not be an issue.

### **CONCLUSION**

The findings of this study clearly revealed that having good family relations was positively associated with satisfaction with the allowance received by the elderly people. Dissatisfaction with the allowance was related most strongly to the expectation of a higher allowance and distribution process. There are so many policies to uplift the status of senior citizens, but lacking part of the implementation with proper strategies is the major challenge at grass root level. The majority of the allowance was utilized by respondents for their own fundamental needs like food, medicine, clothing, religious activities, and smoking in some cases, too. The privilege of allowance is an essential factor for older people's life. It is expected that more emphasis will be given by the government in the allowance for elderly people for the better improvement of their life.

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