

## **Abhaya Hastham, the Co-contributory Pension Scheme for the poor in the unorganized sector**

In March 2009, the South Asia Agriculture and Rural Development Unit, and the Insurance for the Poor Program in the Financial and Private Sector Development of the World Bank held a seminar, in which Andhra Pradesh (India) government shared its experience on “co-contributory pensions for the poor in the unorganised sector”, which is the world’s largest co-contributory pension scheme for the poor in the unorganized sector.

The State Government of Andhra Pradesh, India has enacted legislation in February 2009, "A.P SHG (Self Help Groups) Women Co-contributory Pension Act 2009". The newly enacted program, called **Abhaya Hastham**, is a Co-Contributory Pension Scheme for women above the age group of 18, and it is targeted towards women belonging to the self-help groups in the state.

The scheme envisages contribution at the rate of 1 rupee per day or Rs360 (US\$7.5) per year by SHG women and government’s co-contribution is capped at Rs360 (or US\$7.5) per member per year, and it expects to enroll more than 6 million SHG Women members by December 2009.

The pension scheme is based on individual accounts. Every member who joins the scheme will be given a personal Pension Pass Book to record details of her contribution and can receive an annual statement with the particulars of her contribution, the co-contribution from the government and income earned. The funds will be managed by regulated fund managers namely the Pension Fund Regulatory Authority and/or Insurance Regulatory and Development Authority.

The Scheme offers three kinds of benefits to its members, namely 1) monthly pension from age 60; 2) death and disability insurance cover including scholarship to the children of the pension-holder, 3) lump sum transfer of accumulated funds to designated beneficiary in the event of death of the pension-holder.

The pension scheme leverages the experience of the Government of Andhra Pradesh with designing and implementing social safety net programs on a large scale as part of its comprehensive poverty reduction strategy. By distributing pensions through social networks, such as self-help groups, that include 10 million poor women members, the social safety net benefits and services are provided in an inclusive and transparent manner.

### ***Find out more:***

- [Background of Abhaya Hastham scheme](#)

The Govt. of Andhra Pradesh have undertaken comprehensive eradication of poverty, in rural and urban areas through the Indira Kranthi Patham, a Programme for empowerment of women, through formation, development and strengthening of women SHGs and their federations, covering 1 Crore 25 Lakh women in rural and

urban areas. During the last 3 years, Government is also implementing National Rural Employment Guarantee Scheme to secure guaranteed wage employment to the rural poor. As a result of these measures, a large number of women and their families in rural and urban areas are enjoying stable livelihoods, increased incomes and better quality of life. While economic growth at household level is an important precondition for expanding the scope of Social Security, no less important is the need for adopting special social security policies. The Government regards social security as one of the important factors in improving quality of life and elimination of poverty. The need for income security in their old age, when their ability to earn from their physical labour would have reduced considerably has been voiced by SHG members in various meetings they had with the Chief Minister of Andhra Pradesh in the month of December 2008. Responding to the demand from the SHG women, the Chief Minister of Andhra Pradesh has conceptualized.

- [More details of Abhaya Hastham scheme](#)

The monthly pension amount payable to the women depends on the number of years of contribution she makes till she crosses 60 years of age. In order to secure reasonable level of monthly pension, Govt. have decided to ensure that every women shall receive Rs.500/- or above pension every month, on crossing 60 years of age till her death.

A women joining Abhaya Hastham at the age of 18 will be able to draw Rs.2,200/- per month pension on crossing 60 years of age.

This amount is likely to be much higher, should the level of monthly contribution / co-contribution is stepped up after every 5 or 10 years.

The other benefits are (a) death and disability insurance cover in respect of women in the age group of 15 to 59. In the event of her natural death, Rs.30,000/- is paid to the nominee. In the event of her accidental death, Rs.75,000/- is paid to her nominee. In the event of permanent disability Rs.75,000/- is paid to her. In case of partial disability Rs.37,500/- is paid to her. (b) The member's children studying 9th, 10th, 11th & 12th classes will receive a scholarship of Rs.1,200/ per annum (c) in the event of the death of the subscriber, the available contribution of the subscriber and Government's co-contribution along with accrued earnings on such contributions will be transferred to the nominee of the subscriber.

- [About the speakers of the seminar](#)

**K. Raju**, Principal Secretary, Rural Development, Government of Andhra Pradesh. Mr. K Raju is the Principal Secretary to Government, Department of Rural Development, Andhra Pradesh, India and the prime architect of the Pension Scheme. A recipient of the Stockholm Challenge Award for e-governance applications in Rural Development, Mr. Raju is of Indian Administrative Service (IAS) cadre. Mr. Raju has pioneered several innovative poverty alleviation approaches and made significant contributions to poverty reduction strategies in Andhra Pradesh for over two decades. As the National Project Coordinator for the UNDP-assisted South Asia Poverty Alleviation Program (SAPAP), he demonstrated how poverty reduction approaches could be made sustainable through social mobilization of the

poor. As Chief Executive Officer for the Society for Elimination of Rural Poverty, he scaled up SAPAP's strategy of social mobilization and community empowerment for poverty reduction to the entire State, through a World Bank supported poverty reduction program. He is a leading practitioner of e-governance approaches for social safety nets in the country.

**Robert Holzmnn**, Sector Director, Social Protection Team, Human Development Network, World Bank.

**Parmesh Shah**, Lead Rural Development Specialist, South Asia Sustainable Development Department, World Bank.

**Vijay Kalavakonda** , Senior Insurance Specialist, Insurance for the Poor Program, Financial and Private Sector Development Vice Presidency, World Bank.