



भारतीय प्रबंध संस्थान बेंगलूर
INDIAN INSTITUTE OF MANAGEMENT
BANGALORE

WORKING PAPER NO: 442

Ageing Population in India: Select Economic Issues

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Year of Publication -December 2013

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Abstract

The citizens of India are enjoying a longer life and better living conditions as a result of increased life expectancy, increased standard of living as well as medical advancement. The longevity of life, if not planned well for retirement, could imply a high fiscal burden for the government on account of providing for healthcare of the elderly in the absence of proper insurance and inefficient public healthcare system. Despite the efforts by the Government to introduce new policies, the elderly lack the security needed in old age and live with a low social status with increasing reports of financial deprivation, abandonment and humiliation. Also, the need for developing financial market infrastructure for pension funds cannot be overlooked. The study recommends a number of initiatives that can be undertaken in time for the care of the elderly by the government, so that addressing financial burden can be better planned and addressed. The paper, more importantly, suggests that financial literacy and a variety of financial instruments should be considered by the government to address the issues of ageing population in India.

Keywords: ageing, population ageing, elderly, pension, social security and financial markets

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Ageing Population in India: Select Economic Issues ²

Introduction

One of the most critical factors of demographic trends is ageing and this implies that the share of older individuals living in the country increases over time. In the developed world, the process of ageing had begun much earlier with the change in fertility rate and mortality rate. In contrast, in the developing countries, especially India, though there is a demographic dividend to be expected in the next few decades, the process of ageing has begun and will soon begin to impact the fiscal policy.

Ageing has important economic implications in terms of labor supply, consumption patterns, investment, cross-border capital flows, fiscal balances and private saving. There is a general consensus that ageing reduces output growth, lowers employment and limits economic welfare. The dependency ratio increases, implying that the proportion of elderly in the total population increases as a proportion to the working population. Consequently, this implies that the economy's capacity to sustain the elderly would decline over the period. In countries, where the provision of public pension increases, there a need for private savings and need to privately hoard wealth declines. An important consequence then is that there would be increased fiscal pressure through higher government spending on social security, healthcare and other welfare programs of the Government to benefit the elderly. And, this would be accompanied by lower tax collection consequent to declining proportion of the productive labour force. Therefore, it is necessary that fiscal preparation for a rising pensionary burden, due to longevity, is taken into account by the policy makers in India.

This paper highlights the need of a strong social security system in India in wake of the changing demographics, and shortcomings of the existent schemes as well as the direct and indirect effects of ageing. The remaining paper is organized in seven sections. Section II briefly looks into the historical evolution of the pension system and its origin in different parts of the world including India, along with the theoretical underpinnings of pension system. Section III explores select characteristics of elderly in the country along with their demographics as well as dependency.

² The author wishes to thank Kalpana Tokas and Janardhana Anjanappa for research assistance, and Lavanya Srinivasan for secretarial assistance.

Section IV looks specifically into the status of health of the elderly in India and the types of disabilities they suffer from. Section V lists all the current schemes operational in India to serve the elderly. The economic implications of ageing and social security are briefly described in Section VI. Section VII explores the linkage between social security for elderly and the financial market implications. Policy recommendations to provide a secure safety net for the elderly and help them lead a fulfilling and satisfactory life are provided in Section VIII.

Section II: Pension - Historical and Theoretical Aspects

The system of formal pensions has evolved over centuries to its present form. United Kingdom is considered as a pioneer in the establishment of formal pensions system dating back to 1375. In the early days, in UK, pension was paid from the salary of the successor to an office. It was much later in the 1810, however, when it was provided that pension would be non-contributory and paid directly out of public funds. The Superannuation Act, 1834 extended non-contributory pensions to the entire civil service in the UK. In the US, pension was first recorded in 1862 to compensate disabled war veterans. In Mexico, in early 1820's, it was decided to grant pensions to officials in the executive, judiciary and treasury offices. In New Zealand, pension was introduced in 1856. In India, there is a long history of pensions. In *Sukraniti*, story of pension dates back to 3 BC, when the king is expected to grant half the wages to the worker as a pension who had provided 40 years of service and was not able to perform normal duties on account of old age.

Pension serves various objectives like poverty release, consumption smoothing and insurance in respect of ageing population. A number of theories have been propounded which explain the social, economic and critical reasons for social security programs. The optimal distribution theory basically, is based on the idea that the elderly need assistance in terms of poverty alleviation and pension helps by transferring resources from younger generation to the older generation. A provision for social security measures also induce the elderly to retire and make way for the younger population (Sala-i-Martin, 1996). It is also generally assumed that the elderly are less productive than the younger generation and therefore should retire so that there is continuity in deploying efficient means of production. Social security is also an insurance against old age disability and medical problems in later part of life. Social security also helps in assuring the young that in the old age there would be national savings to take care of any difficulties,

implying that over - accumulation is not necessary in the younger days. In the US, extensive social security system was conceived in the 1930's during the Great Depression as a means to reduce national savings in order to stimulate consumption and thereby increase the level of aggregate demand (Sargent, 1998). Social security serves as an insurance against uncertainty about the longevity of life (Kotlikoff and Spivak, 1981). Finally, social security also indicates a paternalistic government and is an important feature of a welfare state (Diamond, 1977).

Section III: Characteristics of Elderly Population in India

The number of elderly in India is rising rapidly. India's elderly population is estimated at 10 crore in 2011, and is projected to reach 20 crore by 2030. The proportion of elderly persons in the total population is expected to increase from 8.3 percent in 2011 to 12.4 percent in 2026.³ In this context, a few important characteristics need to be considered. In 2010, about two-third of the elderly lived in villages and nearly half were of poor socio-economic status (Lela et al, 2009). Half of the elderly are dependents mainly due to widowhood, divorce or separation and a large number of these are females (Rajan, 2001). On the basis of number of surveys undertaken, it can be concluded that there is a high prevalence of risky behavior by the elderly, like use of tobacco and alcohol (Mutharayappa and Bhat, 2008). About 60 per cent of the elderly depend on others for their day-to-day maintenance while less than 20 per cent elderly women and majority of elderly males, were economically independent. Amongst the economically dependent, 85 percent of men and 70 percent of women were supported by their children. Of the economically independent elderly, more than 90 percent supported one or more dependents. Table 1 shows that nearly 40 per cent of elderly with 60 per cent being males were working and the proportion was higher in rural areas as 66 per cent of rural men were working compared to 39 per cent of urban men.

³ In contrast, in Japan, this ratio is about 35 percent and in China about 11 percent in 2011.

Table 1: Percent of elderly population Working

Place of residence	Gender	Population census 2001:	NSSO Survey (2007-08):
Rural	Male	66	66
	Female	25	23
	Person	45	45
Urban	Male	44	39
	Female	09	07
	Person	26	23
Rural+ Urban	Male	60	59
	Female	21	19
	Person	40	39

Source: Population Census (2001) and NSSO (2007-08)

The work force participation of the oldest elderly (80 years and above) also is relatively high with 13 per cent among men and 3 per cent among women. It was reported that a majority of the elderly work due to economic necessity and not by chance or choice. India does not have a population - wide mechanism of providing social security because of which people work as long as possible to support themselves (Mathew and Rajan, 2008). The impact of rising inflation lowers the income that may be allocated to health. Therefore, a large population of the elderly continue to participate in the work force with nearly 95 percent of them self-employed. Also related to this is the issue of employer attitudes towards older workers. So, another reason for high self-employment is that the elderly are discouraged by the employers because of declining health and energy. According to Munnell, Sass and Soto (2006), older workers aged over 55 years in white-collar jobs are considered useful but more costly than younger workers.

There is a close link between work participation, and poverty and illiteracy. Almost 60 per cent of the elderly are heads of the households that they are living in and as expected, the ratio is substantially higher amongst elderly men as compared to elderly women. On economic issues, about 27 per cent of the elderly had an outstanding loan and 13 per cent reported that the loan was taken for meeting the medical expenditure of the elderly (NSSO, 2007-08).

Majority of the elderly in India are reported in bad condition in terms of deprivation, though there is significant disparity across states, gender and sector in case of different aspects of deprivation (Prasad, 2011). In most of the cases in India, women are disadvantaged compared to men, especially in urban areas. In India, number of female workers per 1,000 males is generally very low and therefore dependency is high. Further, women tend to live longer than men and have different medical requirements. That phenomenon also impacts the economic status of the elderly women in the family and she continues to be dependent on the male members in the family.

Section IV: Health Status of the Elderly

The need for health care increases with age as people above 65 years spend on average 1.5 times on healthcare compared to those in the 60-64 age category (Mahal et al, 2002). The largest proportion of expenditure is spent on out-patient treatment as well as purchase of medicines. The expenditure on health care is expected to be high for the elderly because of chronic diseases. The elderly have little recourse to insurance as insurance generally covers in-patient hospital expenditure (Sharawat and Rao, 2011). As is well known, India's inefficient public system of health care has led to unregulated and mostly expensive private sector health care, rendering Indians vulnerable to high health expenditures and poverty (Pal, 2010). Financial protection for health spending is in the form of savings and insurance. But insurance is limited because of its low coverage of conditions and population; generally people end up paying for private out-of-pocket expenditure (Duggal, 2007).

The elderly in India suffer from cardio-vascular illnesses, circulatory diseases, cancer, arthritis, hyper tension, osteoporosis, communicable diseases, high blood pressure, kidney problems, vision problems, diabetes, rheumatism and digestive disorders (Kumari, 2001; Jha et al., 2006). Prevalence of heart disease was much higher in urban areas than in rural areas as shown in Table 2. In India, mental health deficits are not acknowledged as health needs. Elderly require home care mainly because of illness - related confinement (Aliyar and Rajan, 2008). The elderly commonly face dementia and depression which manifests itself in unique ways.

Table 2: Chronic Diseases among the Elderly in India

(Number per 1,000 persons)

Type of chronic disease	Rural			Urban		
	Male	Females	persons	Males	Females	Persons
Whooping cough	8	6	7	4	2	3
Ulcer	37	54	44	30	24	27
Problem of Joints	30	40	34	26	45	35
Hypertension	23	53	36	50	59	54
Heart disease	95	59	80	165	162	164
Urinary problem	78	28	57	89	33	63
Diabetes	30	52	40	68	36	53
Cancer	18	36	26	25	25	56

Source: National Sample Survey, 60th Round (2004).

About 6 per cent of elderly in rural areas and 5 per cent in urban areas suffer from one or more disabilities with the most common disability being locomotive disability (Table 3). This mixed disease burden among the elderly places increased burden on the care-providers for the aged in India. A significant number of elderly, especially females, are confined to home (Table 4).

Table 3: Disability amongst Elderly in India

(Number per 1, 00,000 elderly persons)

Category	Type of disability								
	Mental retardation	Mental illness	Blindness	Low vision	Hearing	Speech	Hearing and speech	Locomotor	At least one disability
Rural	11	180	1733	747	1551	190	132	2796	6401
Urban	7	167	1087	459	1385	223	137	2888	5511

Source: NSSO Survey on Disability, 2002

Table 4: Percent distribution of aged persons by state of physical mobility

Age group	Place of residence	Males			Females		
		Mobile	Confined to bed	Confined to home	Mobile	Confined to bed	confined to home
60-64	Rural	95	0.4	2.3	94.4	0.3	3.1
	Urban	95.2	0.8	2.5	94.0	0.5	2.9
64-69	Rural	93.8	0.7	4.4	93.4	6.0	4.4
	Urban	95.1	1.1	2.3	92.5	0.8	5.8
70-74	Rural	90.4	1.6	6.3	85.2	2.0	11.2
	Urban	91.2	1.8	5.9	88.1	2.0	9.6
75-79	Rural	86.9	2.3	9.4	81.8	3.3	13.0

	Urban	88.5	1.8	9.5	79.7	2.8	15.7
80 and above	Rural	72.4	4.9	17.1	63.2	6.9	25.7
	Urban	72.7	6.9	17.0	65.7	6.9	25.4
All aged	Rural	91.2	1.2	5.5	89.1	1.4	7.4
	Urban	91.7	1.7	5.1	88.5	1.7	8.3

Source: National Sample Survey, 60th Round (2004)

A large number of elderly suffer from loss of vision and loco motor disability (Table 5). Memory loss is higher amongst the elderly from rural areas and the widowed, elderly staying in the rural areas exhibit higher proportion of vision, hearing, walking, chewing, and memory problems, probably because of lack of availability of modern medical facilities. Medical needs are generally higher for the elderly who have lost their spouses and of whom a large proportion is female elderly (Rajan and Aliyar, 2008). A number of studies have established that widows are disproportionately vulnerable to disability, illness and poor health utilization due to a number of constraints mainly, financial (Sreerupa, 2006). The stigma of widowhood leads to social ostracism that then impinges on right to shelter, food, property and information (Chen, 1998). In addition to gender and marital status, religion, caste, education, economic independence and sanitation also leave a bearing on elderly health (Alam, 2006).

Table 5: Percentage of elderly by full/partial loco motor disability according to background

Background characteristics	Vision	Hearing	Walking	Chewing	Speaking	Memory	Number of elderly
Age							
60-69	52.7	12.6	15.9	20.1	4.5	22.5	6239
70-79	66.9	28.7	30.1	37.0	9.1	30.4	2601
80+	75.5	46.1	47.8	52.2	15.5	38.2	1012
Gender							
Men	57.3	19.0	20.9	27.0	6.8	25.5	4672
Women	60.6	22.2	25.4	29.3	7.1	27.2	5180
Residence							
Rural	59.3	22.1	24.1	30.9	7.4	29.7	1138
Urban	58.3	16.5	20.9	20.6	5.5	17.0	4714
Marital Status							
Married	56.1	16.7	19.1	25.3	5.7	24.2	5847
Widowed	64.0	27.0	30.4	33.1	8.9	30.3	3768
Others	56.5	21.3	17.9	25.1	5.8	24.2	237
Wealth Index							

Lowest	61.5	25.9	26.0	31.2	9.8	38.6	1954
Second	54.8	21.3	23.6	28.0	7.5	26.4	1974
Middle	55.7	20.7	25.1	27.9	6.8	22.9	1938
Fourth	57.2	16.7	19.0	25.5	4.8	21.0	1962
highest	68.3	16.0	20.9	27.2	4.3	17.7	2018
Living arrangement							
Alone	56.3	24.0	25.0	24.7	6.3	21.7	612
Spouse only	50.7	17.1	18.1	22.1	4.0	19.1	1468
Children and others	61.0	21.1	24.2	29.7	7.6	28.3	7770

Source: Report on Status of Elderly in Select States of India, 2011

Social isolation and loneliness are also associated with old age (Rajan, 2004). In India, people still respect the elderly and prefer to take care of them but that is changing in recent years. Conventionally the family takes care of the aged and generally the eldest son is considered responsible. In recent years, with the social and economic transformation of the economy, there is a disintegration of the joint family system and this has resulted in isolation of the elderly, especially in urban India (Dak and Sharma, 1987).

There have been increasing reports of material exploitation, financial deprivation, property grabbing, abandonment, verbal humiliation and emotional and psychological attack, harming mental and physical health of the elderly (Shankar Dass, 2009).

Section V: National Policies for the Elderly

A number of national policies for elderly operate in India. Article 41 of the Indian Constitution provides that the State shall, within the limits of its economic development, make effective provision for securing the right to work, to education and to public assistance in cases of unemployment, old age, sickness and disablement and other similar cases. In addition, the Maintenance and Welfare of Parents and Senior Citizen Act, 2007 was enacted in December 2007 to ensure need-based, maintenance of parents and senior citizens and their welfare.

To ensure that the elderly live longer and lead a secured, dignified and productive life is a major challenge for policy makers in India. To address the issue, an Integrated Program for Older Person (IPOP) is being implemented since 1992 with the sole objective of improving the quality of life of senior citizens by providing basic amenities like shelter, food, medical care and

entertainment opportunities. The National Policy on Older Persons (NPOP) was announced in January 1999 to reaffirm the commitment to ensure well-being of elderly. These policies envisage government support to ensure financial and food security, health-care, shelter and other needs of older persons and availability of services to improve the qualities of their lives. The draft National Policy for Senior Citizens (Chairperson: Mohini Giri) discusses about housing, productive ageing, multigenerational bonding, healthcare and various other schemes but is yet to be finalized and adopted by the government. The Maintenance and Welfare of Parents and Senior citizens Act, 2007, assigns responsibility and obligation on the heirs to provide care and support to the elderly. There also is an inter-ministerial committee on older persons to address ageing issues. Various ministries like the Railways, Rural Development and Finance also offer special concessions to the elderly. In addition, a number of financial schemes initiated by the government are specially focused on the BPL households.

To cater for the rising elderly population, government has also been undertaking pension reforms. Pension Fund Regulatory and Development Authority was established in 2003 and has been making efforts to improve social security in India. Despite such efforts, and introducing New National Pension Scheme that includes *Swavalamban*, and launching extensive financial education program, only about 20 per cent of the elderly population are covered, mainly those who have retired from the organized sector, including government and public sector employees. In India, with the setting up of Insurance and Regulatory Authority in 1999, life insurance companies have increased from one, LIC, to 24 in 2013, with increasing participation from the private sector. Despite this, life insurance penetration is less than 4 per cent in India by many different estimates.

The survey by UNFPA (2011) reveals that the utilization of all schemes for BPL households was abysmally low. Only less than 20 percent of the elderly belonging to BPL are beneficiaries while still a fewer utilize the '*Annapoorna Scheme*' and IGNWPS. It would be alarming to note that substantial wrong targeting of the schemes was apparent with up to 9 per cent of non-BPL card holders benefiting from IGNOAPS and 15 per cent from IGNWPS. Awareness of concessions and benefits in terms of train travel, bus reservation, phone connections, high interest rate on small savings, income tax benefits and privileges under NREGA was also found to be poor.

Section VI: Economic Implications of Pension

Ageing has an impact on economic growth, savings, investment, consumption, labour market, public finance – taxation, pension – intergenerational transfers, health care expenditure and financial markets.

The fiscal impact of raising pensions is basically in terms of medical expenditure for the older population. In the context of India, this burden would be high because of lack of public sector medical services, lack of medical personnel, malnutrition, poor sanitation, and infrastructure to deal with the ageing problem. The private sector has been making some inroads in medical infrastructure but the situation in the rural areas, especially where large population lives on very basic levels of income, government support for ageing would assume substantial additional expenditure. There is a substantial lack of available medical personnel and even lack of educational facilities to prepare such medical personnel: The government would need to provide for such education and this would add to the fiscal cost for the economy. In addition, health-care costs will eventually play an important role in determining longer-term fiscal effects of ageing.

The pension system is important for any country especially, the regulators of the financial markets as pensions have implications for savings and investment. The major issues that will confront public policy makers are essentially distributional in character as to who should finance the old age pension. Should it come from the tax payers or should it be financed by the individual elderly. The second important issue is how to provide old age pension as well as insurance and medical cover to the elderly. In India, these considerations are still at a very initial stage and hardly debated.

The demographic dividend that the country enjoys would diminish by 2050. India's population structure by then would mirror that of the major industrial countries as of now. The fiscal impact of ageing is substantial and therefore, in India, measures should be initiated in time to address the problem. A significant proportion of individuals in the country, maybe, due to financial illiteracy or economic reasons lack the foresight to save for their retirement years. Therefore, the impact of ageing in terms of financial planning would directly fall on the Government.

Section VII: Financial Markets and Pension

There are several dimensions of the pension system for the country. There is a social dimension in terms of inter-generational equity. Pensions have an implication for growth and stability, especially with regard to contractual savings. There is also a fiscal dimension in terms of impact of payment of pensions to government employees, payment to poor as part of social safety net, and contingent liabilities that may arise due to nature of regulatory prescriptions pertaining to provident funds and pensions.

The Pension to GDP ratio has increased for the Central Government from 0.5 per cent (average of 2004-08) to 0.6 per cent in 2012-13. The amount for all states for the same time-period has increased from 1.1 per cent to 1.7 per cent (State wise distribution in Annex). Of India's 45 crore workforce, less than 14 per cent is covered by some formal pension or social security. However, the civil servants, estimated at 3 crore have a generous pension plan according to Kim and Bhardwaj (2011).

The functioning, regulation and supervision of financial markets is also important to enable appropriate safety and return for savings meant for payment of pensions in future. The regulatory dimension in terms of prescriptions governing operation of pension funds as well as overall financial sector in general is important. The pension funds in the private sector should also take into account regulation and supervision for the accounting standards.

There is a need to develop financial market infrastructure for pension funds in both public and private sector. Along with pension funds there is need to enhance number of instruments available for enhancing contractual savings. Contractual savings are considered more stable and therefore useful for growth and stability of the financial sector in the country.

In the survey conducted by UNFPA (2011), it was found that almost three quarters of all elderly were fully or partially dependent on others to meet their economic needs. Over half of the elderly who receive personal income contributed towards the household budget with the majority of it being consumed in daily expenditure. Nearly three quarters of elderly men and half of elderly women report having some type of personal income. A substantial portion of elderly receive income from agriculture/farm or from salary and wages.

As longevity increases, India could benefit from the experience of developed countries that have already undergone demographic transitions, and especially undertaken insurance and pension sector reforms. In this context, it appears likely that the issuance of long-term bonds (such as the 50-year bonds recently issued by France and the United Kingdom) and index-linked bonds (such as the 10-year inflation-linked bonds issued by the UK, Germany and Japan) should be considered, as well as public support for the development of annuity markets. Pension funds, depending on the benefits they offer, generally prefer to invest in long term bonds. The ageing of the population can shift investor emphasis from the accumulation of assets to the preservation, and sometimes even decumulation of wealth. This could also affect asset prices, for which financial market participants need to be prepared. These effects are generally significant. Illustratively, if an individual lives three years longer than expected, the already large costs of ageing could increase by another 50 percent of 2010 GDP for advanced and 25 percent for emerging economies (IMF, 2012).

The implications of population ageing for social security systems are serious and need to be addressed urgently. Population ageing affects many economic variables, including labour supply, cross-border capital flows and private saving. Martins et al (2005) show that in countries where there is a provision of public pensions, in those countries private saving declines. The situation is particularly grim for systems that rely on intergenerational transfers from the young to the old. As Poterba (2004) observes, 'When a population ages because the existing old live longer, it is challenged to transfer resources to individuals who did not expect to outlive their savings, but did so because of mortality improvements. When a decline in birth rates is the predominant source of population ageing, there is more time to prepare for the older population'.⁴

Section VIII: Conclusion and few issues for consideration

Elderly population is expected to rise from about 8 per cent of the total population in 2011 to about 20 per cent by 2050. Population ageing is already taking place, though gradually, in India. Learning from the experiences of the developed world, it should be possible for India to develop

⁴ Page 4 , Poterba (2004)

funded health and pension schemes before the full consequences of population ageing make themselves apparent on the fiscal. The role of partnerships between the public and private sectors, in areas such as health, education and caring for the elderly, also needs to be carefully explored. In the case of health, measures should be taken to minimize the fiscal impact of relatively expensive modern medical techniques through telemedicine. In education, private sector involvement could provide significant benefits. Timely action in a phased manner is required as evidence shows that in some developed and many developing countries, scope for increased public expenditure on health and education seems limited, with public finances already overstretched.

Government Efforts

The government needs to consider a focused policy for the elderly in terms of their relevance, contribution to society, medical requirements and shelter homes, given the changing family structure towards nuclearisation. In view of the changing times and social norms, the policy should consider the difference in social norms prevalent in villages, small towns and metropolitan areas. As the government has instituted national employment guarantee scheme for the young population, it would be helpful for the morale and self-esteem of the elderly, if a scheme ensuring a minimum financial payment of a stipulated amount is provided to every elderly in the country. This scheme will also alter the saving patterns of the middle-aged population, which is generally hoarding wealth on the pretext of worrying and preparing about the uncertainties, medical and otherwise, in old age. Efforts on this front would instill confidence and self-esteem in elderly along with imparting a sense of social security as well as economic relevance. This will help the elderly to live their last few years, fulfilled and with a sense of satisfaction. This effort will enhance general welfare of our society, benefits outweighing costs. Already, some measures to strengthen pension reforms have been undertaken but there is need to initiate extensive efforts to meet the challenges ahead for the elderly and for the fiscal situation that would emerge by 2050.

In view of the technological development taking place in the country and to encourage banking activities, pensionary benefits should be directly credited under the direct benefit's transfer

scheme to the pensioner. At present the pension is distributed through the post offices and manual distribution resulting in leakages.

In keeping with the global trend, life expectancy of India has been rising over the years and was around 66 years in 2010 but retirement age varies in different sectors, ranging from 52 years to 65 years. And if longevity is increasing, should mandatory retirement age be as low as 52 years in some segments of the government?

The financial and regulatory issues are of special significance for India in the context of population ageing. It is important that savers can choose from a range of institutions and instruments that suit their preferences for risk and return. To facilitate further development of financial markets, a number of regulatory reforms undertaken in recent years should foster greater confidence in equity markets and encourage further development of the corporate bond market in order to provide a deep and broadly based market for fixed-income instruments necessary for pension and insurance funds. However, long term bonds would be required for the pension and insurance funds.

As, awareness and access to health insurance schemes were almost negligible according to the survey conducted by UNFPA in 2011, there is need for financial literacy on this aspect across the country. Awareness in utilization of government assisted health insurance through the *Rashtirya Swasthya Bima Yojana* was also limited. Therefore, in addition to concerted efforts to spread financial literacy, evaluation and impact studies need to be undertaken to estimate the benefits of such schemes for the elderly.

Old-age day care centers and homes

There is abundant anecdotal evidence to substantiate that at the places of pilgrimages, a large number of elderly are abandoned by their families especially after major festivals. The age of '*shravana-putras*', sadly is over for the elderly in India. The government could organize old age and shelter homes, probably in public-private partnership especially at places of pilgrimages. In older days, temples and other places of worship were actively involved in care of the elderly. In India, given the established infrastructure of temples, the government could consider public-

private partnership with the temples to provide day care as well as long term shelter to the elderly. The role of local authorities would be useful in this context.

Engaging the Elderly

A number of studies have established that elderly when employed meaningfully and kept busy, tend to live healthier and longer. Interestingly, in many foreign countries, there are interesting employment opportunities for the elderly in different occupations where elderly can volunteer to offer services, free of cost. Illustratively, elderly, volunteer to become tourist guides in the Kennedy Center for Arts in Washington DC. This keeps the elderly busy, entertained as well as providing them with the feeling of social relevance. In India, there was a tradition that elderly would spend time on social and religious purposes. These norms have been changing with modern life style. Cross country experience shows that a dually beneficial programme could be providing for the elderly to interact with the young in schools and share with them their life-long experiences. This would benefit both - the young as well as the aged as elderly would be pre-occupied while it would aid learning for the young.

Entertainment

Broadcasting TV channels specially designed for the elderly - with programmes related to their interest would also help them in staying occupied, entertained as well as learn relevant things. Certain day care centers with library, recreational and food facilities could also be beneficial in taking care of the elderly during the day when the family members are out for work. The government and NGOs could consider mobile libraries for the elderly. As in foreign countries books designed for the elderly have larger fonts, such age sensitive literature is lacking in India. Similarly, there would be a need for developing entertaining magazines that cater to the needs and readership for the elderly in India.

Medical and Other Facilities

A 24-hour help-line service, for medical or any type of aid, could be organized to enhance welfare of the elderly. There is also need to incentivize medical specialists and nursing staff to cater to the ailments of the elderly. The elderly, on attaining 60 years of age, could also be offered a medical insurance coverage through policies by various insurance companies,

preferably for the family, given that low-premium bare basic medical insurance is available in India. Such schemes could be funded through the budget or under the public-private partnerships.

The government could also consider arrangements where elderly, can have access to cooked meals from nearby restaurants or a local tandoor/eatery. This is especially required for the elderly who are bed-ridden or confined to home and are not capable of availing the benefits of pensions or collecting dry rations from public distribution system. One such scheme is successfully being operated in Tamil Nadu (Annex 3).⁵ Interestingly, National Policy for Senior Citizens, 2011 does not consider food security for the elderly. The financing of this scheme, like the mid-day meal scheme for school going children could be funded by the government or under public-private partnerships. The expenditure incurred by the private sector could be covered under the corporate social responsibility expenditure as per Corporate Social Responsibility Act.⁶

In view of the large cases of locomotive disability amongst the elderly, government could consider incentivizing the families that care for the elderly at home by providing – (a) tax incentives, and (b) partial financing of nursing services.⁷

⁵ The operation of this scheme was brought to my notice by S. J. S. Swamidoss.

⁶ This point was suggested by S.J.S Swamidoss.

⁷ The Maintenance and Welfare of Parents and Senior Citizens Act 2007, does not incentivize caring for the elderly and parents.

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Annexure 1 Cross Country Experience

Italy

- Life expectancy of women is higher than that of men (Women : 84.20 years and Men : 78.50 years) and hence later retirement age for women is encouraged.
- Access of old age workers to labour market is encouraged by providing participating private firms with economic and other incentives to higher the elderly.
- Working upon a national strategy to make available an age-friendly environment at work.
- Follow an ‘Active ageing policy’ by providing training to all labor market participants in the latest technology and skills, so that they can work for a longer period in their life without facing the problem of outdated skills.
- Encouraging innovative and informal training consistent with the needs of employed and unemployed elderly through “study clubs”, which also allows them to interact socially.
- Promoting inter-generational transfer of knowledge between senior workers and younger colleagues.
- The voluntary activities run by the aged are provided with tools and instruments for their services and insure them against accidents and third party liability by the local authorities.
- Municipalities giving for free, the management of green public areas for gardening and horticulture to groups of elderly people.
- “Universities for the third age” is one of the popular life-long learning opportunity for the elderly to attend classes about subjects dealing with general culture. These universities are now called “Popular Universities” and the courses are open for everybody. There are held cooking classes where the students and elderly people have nutrition classes together and prepare food. Also, there are memory workshops where the old people can talk about their past and tell about things they used for games, studies and daily life.
- Time Banks are Non-monetary exchange systems and prove to be an effective tool as they allow for exchange of services and knowledge in a non monetary based system through which a community’s social and economic needs could be met.

Hong Kong

- The NGOs provide a 24-hour emergency alarm system so that the elderly people in any form of danger could speak to an operator and seek assistance.
- The Social Security Allowance Scheme provides a monthly allowance to Hong Kong residents aged 65 or above, or who are severely disabled. The Comprehensive Social Security Allowance Scheme can also be availed by the elderly to meet their basic needs.

A comprehensive review of the adequacy of monthly allowances payable under these schemes ensures the meeting of basic requirements of the elderly.

- A senior citizen card is issued to the elderly who acts as a recognized proof of age across the country as well as provides concessions, discounts and priority services to its holders .
- A District Elderly Community Centre provides community support services to the elderly at district level to enable the elderly to remain in community and lead a healthy, respectful and dignified life. The services provided include community education, health education, recreational activity as well as meals and laundry services. This model is replicated at the local level in the form of Neighborhood Elderly Centers providing the same services. Also, there are Social centers which allow the elderly to make a better use of their time, build social networks and engage in recreational activities.
- Integrated Home Care Services provide support services with trained and experienced staff. The services include personal care, nursing care, transportation and escort services, home modification, and meal and laundry services.
- The elderly who lack self-care ability as well as family care could go to the Day Care Units. These are the Care and Attention Homes for the elderly providing them with accommodation, a meal, regular visits by medical practitioners etc.
- Providing tax incentives to families taking care of elderly members.
- Promoting Positive ageing in the community through provision of transport subsidy for the needy elders to encourage them to participate in the activities of the community.
- Drawing up specific measures to address the technical difficulties faced by the elders in using information technology including making the operation of ATMs more user friendly

China

- The government has set up pension systems that are run by the private sector. Individual members can choose from among different private-sector investment funds.
- The pension systems are defined contribution or partly defined contribution. The structure of the pension system combines a defined benefit pillar with a defined contribution account pillar.
- In 2000, a dedicated reserve fund, the National Social Security Fund was established to help cover future pension liabilities arising from demographic trends.

Thailand

- Thailand's Tax - financed social pension, initially targeted for the poor and later extended to those who are not receiving another form of government pension, establishes universal pension coverage for all over 60 years of age.
- This scheme is more successful in reducing poverty rate among elderly .The World Bank estimates that the social pension contributed to 72 percent of poverty reduction.

Japan

- The Law stipulates provision of public assistance to the people in need is a responsibility of the state and the state guarantees to all citizens a minimum level of healthy and cultural life.
- Japan introduced Long-Term Care Insurance in April 2000 to share the burden of caring for the elderly among all the members of the society. It provides for two types of services - preventive services and nursing care services. The preventive services include home-visit care, rehabilitation service, and short term stay at a care facility.
- The nursing care services include in-home services like home-visit nursing care and sanatorium type facilities for the elderly requiring care. This scheme was aimed at reducing the demand for hospitalization of elderly.

Annexure 2
State-wise expenditure on Pension as percent to GDP

(In Percent)

State	2010-11	2011-12	2012-13
Non Special			
Andhra Pradesh	1.6	1.6	1.5
Bihar	2.9	3.2	3.8
Chhattisgarh	1.5	1.4	1.3
Goa	1.1	1.1	0.9
Gujarat	1.1	1.0	0.9
Haryana	1.2	1.1	0.9
Jharkhand	1.7	1.7	1.6
Karnataka	1.1	1.3	1.3
Kerala	2.1	2.4	3.1
Madhya Pradesh	1.4	1.6	1.7
Maharashtra	0.8	0.8	0.8
Odisha	2.1	2.0	2.2
Punjab	2.4	1.9	1.6
Rajasthan	1.6	1.6	1.7
Tamil Nadu	2.3	2.1	2.0
Uttar Pradesh	2.2	2.2	2.6
West Bengal	1.7	1.5	1.5
Special			
Arunachal Pradesh	2.7	2.6	2.5
Assam	2.3	2.1	2.0
Himachal Pradesh	3.8	3.7	4.1
Jammu and Kashmir	4.1	4.5	4.3
Manipur	4.2	6.0	6.0
Meghalaya	2.1	1.5	1.2
Mizoram	4.1	3.9	3.4
Nagaland	3.0	4.8	5.1
Sikkim	2.8	2.6	3.4
Tripura	3.8	3.5	3.4
Uttarakhand	1.5	1.6	1.5

Source: State Finances: A Study of Budgets of 2012-13, RBI.

Annexure 3

Pilot Mid-Day Meals Project for Elderly Destitute In Villages of Tamil Nadu⁸

Mid-Day Meal Project for Elderly Destitute in Tamil Nadu villages, to uplift the poor in hunger towards sustained economic welfare. The Project aims at providing lunch every day throughout the year to all elderly destitute (above 60 years of age) who are starving without food in villages in whole of Tamil Nadu State. This is a unique Project and first of its kind in India.

Objective

To serve one meal a day throughout the year to all elderly destitute in totally 1415 villages in Kancheepuram district who are persistently in starvation throughout the year.

Approach

- Serving food to the elderly starving destitute in their own place, and avoiding the huge infrastructure and other costs involved in the common model of Home for the Aged.
- The eligible beneficiaries are selected through a stringent survey of the villages and identification process.

Method of Implementation

- Arrangements are made to recruit a volunteer in each village to cook and serve lunch every day to elderly destitute.
- Funds required are raised through sponsors/donors. Specific elders are assigned to each donor.
- The selected volunteer in each village is provided money on monthly basis for buying food articles, cooking food and serving to selected elderly beneficiaries.
- Proper administrative set up has been put in place for supervision and providing monthly accounts/feedback to donors.
- The Scheme is implemented on the principles of accountability and transparency to the donors for the Scheme.
- Inspection arrangements are in place to oversee whether the scheme functions efficiently.
- Proper Reports about the running of the Project are given to all the donors.

Benefits

- The beneficiary becomes a healthier, happy and confident person because of assured daily meal – it restores self-esteem in the elderly person.

⁸ Originally conceptualized by S.J.S. Swamidoss, former Director, Research Department, Reserve Bank of India. Implemented for last 4 years by a NGO and a private limited company in Kancheepuram and Thiruvallur districts in Tamil Nadu.

- Because daily food is assured and provided throughout the year, the beneficiary inherits the great feeling of food security. It is pre-eminent food security project in the country.

Present Status of the Project

- The project is implemented in 30 villages in Kancheepuram district in Tamil Nadu.
- At present (in December 2013), 300 elderly very poor persons are served noon meal (lunch) every day.

Cost

- Rs 400 a month for providing lunch to one elderly poor on all days in a month.
- While inaugurating the project in a village, for purchase of plates, utensils, etc. for preparation of food and serving lunch in a village, Rs. 5000 (one time investment expenditure per village/centre).

Administration Cost

About Rs.40 per month per elderly person who is fed the noon-meal is utilized for administration expenses (such as conveyance, postage, stationery, honorarium given to volunteers who cook the food and serve).

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