Economic and Financial Aspects of Ageing in India
(A paper presented at International Institute on Ageing, UN, Malta)
P. Madhava Rao

1. Introduction
India is a world within the world. It is occupying an area of about 2,287,263 square Kilometers with over one billion population (census 2001). Nearly all the languages are spoken in this country and all religions find their practitioners here although Hinduism is the dominant religion. Sixteen per cent of the world’s population lives in the country. Some 826 languages and thousands of dialects are spoken. Different regions of the country – river valleys, plains, deserts, vast stretches of coast, snow covered mountains, present different types of lifestyle and culture. While 72 per cent of the population lives in rural areas, there are more than 225 cities with over 100,000 population, and ten cities with over a million people. India has rich deposits of minerals, natural gas, oils, fertile lands, and other flora and fauna. Art and architecture, dances and music, and other histrionic arts of the populations have their origin in the deeper layers of history of India. Modern India has been carved out from thousands of princely states, from various political thoughts and from diversity of socio political habitation. India has been a subject of invasions from foreign invaders from many parts of the globe. India has been the treasure house of goods to be imported by many countries. Indian population with stood great invasions, great famines, floods, tsunamis, earthquakes, droughts, diseases, and grown and aged with over a billion population, the second most populous country in the world. Now different parts of the country are experiencing varying degrees of socio-economic change. Literacy, employment, health and morbidity rates vary from region to region. Urban and rural environments present contrasting pictures with respect to quality of life at any age. Thus India is united in diversity. Indian democracy is respected with active participation of all parties within power or outside power.

With the economic liberalization started during 1990, India is now trying to become economic super power in the near future. However, growing population, poverty, unemployment, natural calamities, disease, cross border terrorism, regional disparities, political instability, and add to all these the population ageing and large number of aged workers in the informal sector are the growing concern for India. The paper seeks to look into demographic aspects of aging, social and economic aspects of aging in India, and requirement of policy initiatives for the care of older persons in India and further seeks to recommend some policy initiatives.

2. Ageing in India
The current problem of the policy makers to extend socio economic security for the poor is the demographic ageing and increased number of aged in the country’s population. The growth of the aged population which is either dependant on the young or unemployed or working for food during the evening yeas of their life is a challenge to the social security systems in the country. As there is no correct definition to the aged, we consider, that the population above the age of sixty as aged. This can be safely taken as the retirement age in the organized employment in the country is between 58 years to 60 years on majority. According to the data available from the decennial census the number of aged has increased from about 19.6 million in 1951 to 75.93 million in 2001 or by 287 percent over 50 years period. Their share of population increased from 5.5 to 6.8 percent.
However in effect, nearly 72 percent of the increase in the number of the aged has to be attributed to population growth, where as the balance 28 percent has been due to the aging of the population.

**Growth of elderly population aged 60 and over, by sex, in India  1901-2001**

<table>
<thead>
<tr>
<th>Year</th>
<th>Population 60+ (in millions)</th>
<th>Persons</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Males</td>
<td>Females</td>
</tr>
<tr>
<td>1901</td>
<td>12.06</td>
<td>5.50</td>
</tr>
<tr>
<td>1911</td>
<td>13.17</td>
<td>6.18</td>
</tr>
<tr>
<td>1921</td>
<td>13.48</td>
<td>6.48</td>
</tr>
<tr>
<td>1931</td>
<td>14.21</td>
<td>6.94</td>
</tr>
<tr>
<td>1941</td>
<td>18.04</td>
<td>8.89</td>
</tr>
<tr>
<td>1951</td>
<td>19.61</td>
<td>9.67</td>
</tr>
<tr>
<td>1961</td>
<td>24.71</td>
<td>12.36</td>
</tr>
<tr>
<td>1971</td>
<td>32.70</td>
<td>16.87</td>
</tr>
<tr>
<td>1981</td>
<td>43.98</td>
<td>22.49</td>
</tr>
<tr>
<td>1991</td>
<td>55.30</td>
<td>28.23</td>
</tr>
<tr>
<td>2001</td>
<td>75.93</td>
<td>38.22</td>
</tr>
</tbody>
</table>


Majority of the people in India do not know their actual age, therefore the statisticians or the demographers adopt a technique of smoothening the age. To illustrate the smoothed data in 1961 and 1971 indicated the number of the aged in India as a whole to be 21.32 and 28.25 millions or about 14 percent less than the reported figure of 24.71 and 32.70 million respectively. In 1981, the reported and the smoothed differed to 3.3 percent. The smoothing for the population for 1991 age distribution has lowered the number of the aged only 1.3 percent and their share in the population from 6.8 to 6.7 percent. The process does not end here; the constant aging process will disturb the mood of the policy makers if we look at the projections of the aged in the population in the years to come. If we assume a closed population unaffected by immigration or emigration, persons in the age group 60 and above over the next 25 years will be survivors of those who are already in the age group of 35 and above. (Visaria and Visaria)

**India projected figures of the population aged 60 and above  1996-2026**

a. Official projections for the 9th plan.

<table>
<thead>
<tr>
<th>Year</th>
<th>Males</th>
<th>Females</th>
<th>Persons</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>32.32</td>
<td>29.99</td>
<td>62.32</td>
</tr>
<tr>
<td></td>
<td>[6.67]</td>
<td>[6.67]</td>
<td>[6.67]</td>
</tr>
<tr>
<td>2001</td>
<td>36.21</td>
<td>34.36</td>
<td>70.57</td>
</tr>
<tr>
<td></td>
<td>[6.91]</td>
<td>[7.03]</td>
<td>[6.97]</td>
</tr>
<tr>
<td>2006</td>
<td>41.83</td>
<td>39.99</td>
<td>81.81</td>
</tr>
<tr>
<td></td>
<td>[7.41]</td>
<td>[7.55]</td>
<td>[7.48]</td>
</tr>
</tbody>
</table>
b. Alternative long-term projections.

<table>
<thead>
<tr>
<th>Year</th>
<th>Aged 60+</th>
<th>Aged 65+</th>
<th>Total 75+</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>31.02</td>
<td>32.81</td>
<td>63.83</td>
</tr>
<tr>
<td>2001</td>
<td>36.42</td>
<td>38.52</td>
<td>74.94</td>
</tr>
<tr>
<td>2006</td>
<td>42.68</td>
<td>45.33</td>
<td>88.01</td>
</tr>
<tr>
<td>2011</td>
<td>50.30</td>
<td>53.41</td>
<td>103.71</td>
</tr>
<tr>
<td>2016</td>
<td>60.20</td>
<td>63.86</td>
<td>124.06</td>
</tr>
<tr>
<td>2021</td>
<td>72.58</td>
<td>76.93</td>
<td>149.52</td>
</tr>
<tr>
<td>2026</td>
<td>87.16</td>
<td>92.20</td>
<td>179.36</td>
</tr>
<tr>
<td>2031</td>
<td>103.35</td>
<td>109.47</td>
<td>212.82</td>
</tr>
</tbody>
</table>

Source: census of India 1991, population projections for India and states, 1996-2016
Registrar general, India, New Delhi, 1996

According to the above population projections number of persons aged 60 and above was expected to rise from 54.5 million in 1991 and 62.3 million in 1996 to 70.6 million in 2001, 81.8 million in 2006, 95.9 million in 2011, and 113.0 million in 2016. In other words, while the total population is projected to increase by 49 percent from 846.2 million in 1991 to 1263.5 million in 2016, the number of the aged is likely to grow by 107 percent over the 25-year period. The share of the aged in the total population will rise to 8.9 pent. Unlike during 1951-1991, the contribution of the changing age structure to the growth in the number of the aged will be a major factor accounting for 55 percent of the projected growth.

The characteristics of the aged as per a survey conducted by the national sample survey (as bulleted below) is relevant for us to understand the problems of the old who require social protection.

- Only 4 to 5 percent of the aged live alone. Less than 1 percent were inmates of old age homes. About 11 percent of rural aged and 8 percent of the urban aged lived with the spouse only, about 46-47 percent lived with spouse and other relatives. Among others, 33 to 35 percent lived with their children. About 5 percent of the aged lived with “other relations or non-relation”.

- About 30 to 31 percent of the aged males in rural and urban areas reported that they were fully dependent on others. The corresponding figures for females in rural and urban areas were 71 and 76 percent, respectively.

- About 30 to 31 percent of the aged reported that they were not dependent on others. The percentage was much lower for females {11 to 12}.
• Only about 5 to 6 percent of the aged reported that they did not have a surviving son or daughter. Almost 88 percent had two or more living children.

• About 76 percent of the aged, who were economically dependent on others, received support from their children or grand children. About 14 to 15 percent depended on their spouse. Only 6 to 7 percent reported they have depended on others. For about 3 percent of them, no response was recorded.

• About 54 percent of both the rural and the urban aged reported having financial assets, and a majority of them managed as well. About 70 percent of the aged males reported possession of assets, whereas the proportion was much lower among females {39 and 38 percent in rural and urban areas}.

• About 63 percent of the rural aged and 58 percent of the urban aged reported possession of property. A majority of them managed it also.

About 52 percent of the rural aged and 54 percent of the urban aged reported that they suffered from a chronic disease. The most frequently reported ailments were “problem of joints”, cough, and a high or low blood pressure. The problem of cough was reported by 22 percent of the rural aged and 16 percent of the urban aged; the corresponding figures for blood pressure were 11 and 23 percent, in rural and urban areas respectively. These chronic ailments would raise the need of the aged for medical or health-related expenditure. The Ministry of Social Justice and Empowerment further looks at the problem as “The special features of the elderly population in India are :- (a) a majority (80%) of them are in the rural areas, thus making service delivery a challenge, (b) feminization of the elderly population ( 51% of the elderly population would be women by the year 2016) , (c) increase in the number of the older-old ( persons above 80 years) and (d) a large percentage (30%) of the elderly are below poverty line.”(Annual report Ministry of Social Justice and Empowerment)

This situation of the old thus requires the urgent attention of the policy thinkers or the policy makers of social protection. Keeping these problems in view we will further our discussion to understand societal implications on the aging in India, the economic implications and possible recommendations to address socio economic issues covering the elderly.

3. Societal implications on ageing
Traditionally Indian Society has respected and regarded the aged. The younger generations treated the aged as the treasure house of care, knowledge and authority. Family has been felt complete if there is at least one aged person. For performing religious rituals, on the occasions of births, deaths and particularly in marriages the elderly are consulted and their opinion is respected. There are a number of instances where elderly of other families are consulted on such occasions where there are no
elderly in the family. Elderly thus commanded care in traditional Indian society. Care was never demanded. However as it is repeatedly repeated by every scholar, urbanization and industrialization have disturbed the extended family setup for simple economic reasons, there by making state and the community think of elderly care.

3(b) Ageing and the Family

Traditionally family has been the key institution that provided psychological, social and economic support to the individual at different stages of life. Elderly in the family enjoyed undisputed authority and power. They were treated as knowledge banks and resource persons for the younger. Their advice is accepted as law; their words are respected as words of god. However the structure of family has undergone changes differently at different stages of human history in India. Intergenerational relationship and the role of women in the family are changing that affect the care of the aged in the family.

Industrialization and urbanization have brought changes to family structure in India to a great extent. The extended family that existed in the society has changed to a nuclear family. This has affected the position of the elderly in the family as well as the family's capacity to take care of the aged. However, in India the older people are still cared for by the younger relations. As keeping parents in old age homes draws criticism from social networks and community at large, living in old age homes is not popular in India. The strong cultural pressure makes the families to take care of the elderly. Traditionally the aged felt that the money spent on their offspring was an investment that could enjoy the returns when they became old. They derived psychological and economic support from the younger generations.

In the recent times individualism, independence, and achieved position in the family are becoming part of family culture in India. The aged would now prefer to live independently as long as possible and the children do not feel guilt of being away from the parents. Nevertheless there is no total societal acceptance to deserting parents by their children. Living arrangements for the elderly are influenced by several factors such as gender, health status, disability, socio economic status, societal tradition and cultural heritage.

3(c) Women and Ageing

Women take care of every one in the family. Aged in the family get a special attention from the women, particularly the daughters in law. The son is responsible for the aged parents, so is his wife a caregiver. Today, women are more educated and would like to work outside the home. This working role sometimes brings in conflict with the caregiving role, especially if there is a very old parent to take care of. Many women have to forgo their jobs to take care of the aged. This dilemma is going to increase in the future, as the family structure becomes more and more vertical in shape. Problems become multiple when there is an elderly person in the home requiring constant care.

In India still a majority of the population living in villages involved in agriculture.
Most of the women work in the agriculture field, which are closer to their homes. Women are thus providing care to the aged, even if they are working. However, due to urbanization, industrialization and rural poverty, many are migrating to cities in search of job. Normally, the weak and frail are left in the village leading to destitution of the aged in India. In cities the, the women often have to work irrespective of their age to supplement the family income. In such situation, the care of the aged in the city is becoming a problem. It puts additional burden and strain on the women as caregivers.

Life expectancy of women is longer than men. The implications of longer life of women are manifold. Larger proportion of older women is likely to become widows. In the case of men, many remarry but widow remarriage has no societal acceptance fully in India. For women, widowhood signifies loss of role in relation to the spouse. With the emergence of the vertical family structure in India large number of widows were living alone depending on their children or other relations. Since women live longer, they are likely to suffer from more chronic illnesses and disabilities. In India, widowhood can push the aged woman into oblivion. She is excluded from all the social functions in the family and financially also her dependency increases on her sons. They constitute the poorest among the elderly. Widowhood involves loss of roles for the women to a great extent. However, with the modernization, widows are gaining their place in the society, especially in the cities.

4 (a) Care-services for older persons in India

Indian Government and traditional Indian society, both have the systems of aged care India. Nevertheless, the traditional aged care is more dominant and respected where as the institutional care for the aged is looked down upon on an individual as his irresponsibility to take care of his parents. The ‘VanaprsthAshrama’ or disengagement has been described as one of the four stages of human life in Indian scriptures. This stage in a man's life requires him to give up his authority over family and property, and devote his time to self-realization. Such cultural traditions played an important part in the life of elderly Indians. Indian social norms not only call for the proper care of the elderly by the family and the kinship group, but also define their status with regard to most family matters. Therefore, old age has never been seen as a social problem in India in the days gone by. India has a tradition of philanthropic and voluntary activities for mitigating the sufferings of disadvantaged and marginalized groups. The aged, the poor, frail, disabled and homeless over the centuries have been taken care of by various initiatives, though not adequate, supported by voluntarism in combination with state provisions. However the voluntary sector was the first to recognize and respond to the needs of aged in India.

In contemporary Indian society, however, the position and status of the elderly, their care, and protection that they traditionally enjoyed have been ignored by several factors. Urbanization, migration, the break-up of the extended family system, growing individualism, change in the role of women from being full-time carers, and increased dependency of the elderly may be a few. The changes in terms of education, aspirations and values, and availability of resources have contributed a lot to this decline. Consequently, the family is unable to meet the financial, social, psychological, medical, recreational and welfare needs of the aged, thereby creating need to look for other support sources.
The rural urban aged care arrangements and practices sometimes appear totally opposite to each other. More than 80% of those aged over 60 live in rural areas. The rural elderly are older than the urban elderly, but have little access to tertiary care services. In the rural areas 6% of the women are elderly, in the urban areas 5.1%. While 78.2% of the elderly men are currently married, thus having the support of the spouse, 64.3% of elderly women were widowed, and most of them are dependent. A large workforce exists in the rural informal sector: 70% of rural elderly men work, as against only 48% of urban elderly men. In rural India care of the aged has been the responsibility of the family. In majority of cases elderly in the family have been accepted as way of life but not as burden unlike urban India, where nuclear families are becoming too individualistic. The institutionalized old age income support schemes are totally absent in rural India where as urban employed class to some extent enjoy this. The health care services also differ significantly in rural and urban areas, with emphasis on primary health care in the rural areas, and tertiary care in the urban areas. Aged still resort to traditional methods of costless home treatments for palliative actions.

4(b) State and voluntary support to the aged
The responsibility of the State for its senior citizens is enshrined India’s Constitution. It includes pension schemes, but these are applicable largely to the organized workforce. It is estimated that 67% of the country’s elderly men and 16% of its elderly women are economically active. Of the non-working elderly, only 23% of the men are retired pensioners; 71% of the men and 52% of the women are dependent on others.

In addition the constitutional provisions, the processes of social change – modernization, urbanization and technological change leading to urban migration, employment of women outside the home, nuclear families have made voluntary and philanthropic groups come forward to help the aged.

A voluntary agency in the care of the elderly in 1982 listed 379 agencies in the care of the aged; the number of new ones established each decade showing an increase especially after India attained Independence. About 86% of the listed agencies are institutions providing services like day care, recreation, counseling, geriatric care and financial assistance. A decade later in 1992, the Handbook of Information published by the Association of Senior Citizens listed 665 organizations in India working in the field of welfare of the aged. The list included old age homes, day care centers, pensioners’ associations, institutions providing medical help, institutes devoted to research, and associations of senior citizens. Most of these voluntary agencies provide care in the form of old age homes, either as free or on a ‘pay and stay’ basis. Many of these are set up under religious considerations. Old age homes in India are used by the aged to spend their last days either as a last resort when the family support system breaks down, or for family and social compulsions.

The 8th and 9th plan have recognised and emphasized the role of voluntary agencies in the care of the aged. The National Policy on Older Persons (1999) talks of promoting and assisting voluntary organizations for providing non-institutional services, construction and maintenance of old age homes, organizing services such as day care, multi-service citizen’s centers, reach out services, supply of disability related aids and appliances, short term stay services and friendly home visits by social workers.
The government of India endeavours include:

- Uniform age of 60+ for extending facilities/benefits to senior citizens;
- The National Council for Older Persons has been re-constituted in 2005. Presently, it has 37 members.
- Financial security to the elderly population by (1) proposing tax benefits and higher interest rates for senior citizens (2) promotion of long-term savings in both rural and urban areas (3) increased coverage under of old age pension schemes for the destitute elderly (4) Employees Pension scheme 1995 for industrial workers covered under Employees Provident Funds Act 1952 and (5) prompt settlement of pension, provident fund, gratuity, and other retirement benefits;
- Health care and nutritional needs of the elderly populations by 1. Strengthening of primary health care system to enable it to meet the health care needs of older persons; 2. Training and orientation to medical and Para medical personnel in health café of the elderly. 3. Promotion of the concept of the healthy ageing. 4. Assistance to societies for production and distribution of material on Geriatric care. 5. Provision of separate queues and reservation of beds for elderly patients.
- Food security and shelter by 1. Coverage under the antyodaya scheme to be increases with emphasis on provisions for the benefits of the older persons especially the destitute and marginalized sections 2. Earmarking ten percent of houses/ house sites for allotment to older persons. 3. Barrier free environment for the disabled and elderly persons etc.
- Meeting the education, training and information needs of older persons. Developing Human Resources in Geriatric care
- Identification of most vulnerable among the older persons and working for their welfare.
- Realizing the crucial role by the media in highlighting the situation of older persons and emphasizing their continued role in society.
- Protection of life and property of the elderly population.

The other steps taken by the government include:

**Inter-Ministerial Committee:** The Ministry of Social Justice and Empowerment (SJ&E) has also set up Inter-Ministerial Committee (IMC) headed by Secretary (SJ & E) for ensuring speedy implementation of the decisions taken in the meeting of the National Council for Older Persons and also to review the progress of plan of action 2004-2005 as well as annual plan of action 2003-2004 for implementation by the concerned Ministries/Departments as in many cases, the activities have to be initiated by the other Ministries/Departments and, therefore, a combined effort by all the Ministries/Departments is required to implement the National Policy on Older Persons. Several meetings of the Inter Ministerial Committee were held. The last Inter-Ministerial Committee meeting was held to analyze the progress made so far as per Annual Plan of Action.
The Plan of Action 2000-2005: The Plan of Action 2000-2005 to operationalise the National Policy for Older Persons has been prepared and finalized by the Ministry. The initiatives as per the Plan of Action 2000-2005 are to be implemented by various Ministries/Departments concerned. For this, the Ministry has also set up an Inter-Ministerial Committee for ensuring speedy implementation of the decisions taken in the meetings of the NCOP and also to review the progress of Plan of Action 2000-2005 for implementation by the concerned Ministries/Departments. An Annual Plan of Action 2004-05 for implementation by the concerned Ministries/Departments has also been prepared and finalized by the Ministry in this regard.

The Inter-Ministerial Committee comprises of twenty two Ministries/Departments and representatives of State Governments and UT Administrations. The Inter-Ministerial Committee is responsible for the implementation of the action points as described. The last Inter-Ministerial Committee meeting was held on the 23rd December, 2002 to review the progress of the Plan of Action and to discuss the proposed Plan of Action 2003-04. The need for a committed budgetary allocation for each Ministry in case of fund-based programmes and a shift in policy/procedures in non-monetary areas of intervention were highlighted in the meeting.

State Governments are also being alerted to the importance of drawing up a State policy for older persons and a plan of action with clear budgetary commitments.

Integrated Programme for Older Persons: This programme is being continued into the 10th Plan period. Under this scheme financial assistance up to 90% of the project cost is provided to NGOs for establishing and maintaining old age homes, day care centers, mobile Medicare units and to provide non-institutional services to older persons. The scheme has been made flexible so as to meet the diverse needs of older persons including reinforcement and strengthening of the family, awareness generation on issues pertaining to older persons, popularisation of the concept of life long preparation for old age, facilitating productive ageing, etc. The budget allocation during 2003-2004 was Rs.17.80 crores which was revised and the revised estimate was Rs. 15.80 crore, against which the expenditure was Rs.16.50 crores. As regards the implementation of the Scheme of Integrated Programme for Older Persons, financial assistance has been given for 323 Old Age Homes, 281 Day Care Centres and 42 Mobile Medicare Units in different parts of the country during the year 2003-04.

Scheme of Assistance to Panchayati Raj Institutions/Voluntary Organisations/Self Help Groups for Construction of old age homes/multi service centres for older persons: This program provides for one time construction grant for old age homes/multi service centers. The registered societies, public trust, Charitable Companies or registered Self-help Groups of Older Persons in addition to Panchayati Raj Institutions are eligible to get the assistance under this scheme. The budget allocation during 2005-2006 was Rs.198.0 Million which was revised and the revised estimate was Rs. 140.0 Million, against which the expenditure was Rs.140.0 Million. The budget allocation for the year 2006-07 is kept at Rs.28) Million

5. Adequacy of arrangements of aged care and challenges:
As we have seen sending the age to the old-age homes or to the elderly care centers has so far not gained the societal acceptance uniformly both in urban and rural India. Neither the urban young fully ready to send their elderly to the old age home unless there were other compulsions. The immediate requirement is making society and community understand the need and importance of supervised aged care and creation of a good company for the aged where they can share their view and new to the members of the care centers- to their peer group. This makes the aged psychologically strong. Social security programs for the aged both in formal and informal employment will have to be redesigned and strengthened.

Multinational companies, policies of assertive action are preferring and supporting women taking up employment. But, it has implications on the care-giving function of the women. Indian working women living with the extended family, has tremendous pressure on her to play the dual role of work and care giving. There is an urgent need of an alternative in the informal support system to take care of the aged, while the woman is working. There may be community based voluntary support available for the aged. If such alternatives in the informal support system are not developed and encouraged, the urban families in India may have to look for viable formal support system to take care of the aged. This may lead to an extra burden on the exchequer of the state or to emotional disturbances in the families.

Another dimension of aged women is, they are more in number in the aged population in comparison with their male counterparts, but old age social security and benefits are fewer for women. This is mainly due to non availability of old age income security programs for the workers in the large informal sector and coverage gap in the formal sector. (P. Madhava Rao, Social Security for the Unorganised in India) That is why there are poorer and needy among the female aged widows than among the male aged. They also suffer from more chronic diseases more intensely and also from disabilities. The situation has heavy financial implications for the health and social service sectors. Therefore, it will be a challenge for the welfare state to find a viable social security system for women that will meet their health and other old age needs.

6. Economic Implications of Ageing In India
Living longer is welcomed by every one and everywhere in the world. Thanks to the standards of health care, health awareness education and nutritious food available to the population who can afford it. However this demographic transition has many implications on the economy of the country in terms of development and welfare. We will try to discuss these here.

Indian economic development looks at youth and their involvement in the development process. May be this is because young are more informed and expected to participate actively and productively for longer years. Therefore the programs of support and of economic products appear to have been directed to the youth and the adult not for the aged. As the country is ageing, this will affect the economy, because the economic needs of the society will be different in an ageing society. Further, the strength of any economy is it's productive Human Resources in younger age brackets. Thus every aging nation suffers from over dependency and lesser participation of younger Human Resources in productive processes. Industries suffer from short supply of productive
labour. It is felt that the retired ageing populations start using the nations resources for social security needs, which is estimated to be a big burden on the exchequer of the state. Thus, the impact of ageing on Indian economy is multi-faceted, which includes production, consumption, labor force and social expenditure on retirement. However short supply of labour has not yet been sees as a big problem due to vast un unutilized human resources of the country and still acceptable fertility rates.

Coming to the issue of productivity, the older workers are considered to be less productive than their younger counterparts. Researchers believe that absenteeism is more among the older workers due to medical reasons and therefore their productivity tends to decline. With technology advancing faster in every production process, the ageing of the labor force will speed up the obsolescence of human capital. Although retraining of the older workers is suggested to overcome this problem, it is very difficult to motivate older workforce to unlearn and relearn and retrain new techniques and skills. Employers too, prefer to induct youth and fresher from the universities and management institutions at a cheaper cost than re training their older and shortly retiring workers.

The other economic dimension of the ageing of population, although it is not immediately visible in India is, as the ageing work force is retiring; there will be fewer younger workers to replace them. This will create high demand for labour leading to increasing wages. It will reach a situation that the cost of labour will make the production not viable. The developed world has already witnessed this and is looking for options to over come this problem. Japan has long ago adopted technology driven automated production process to overcome this problem. Other options examined are the business process out sourcing- that is shifting of the production units to developing countries, where young and cheap workers are available- like India. Another option would be to practice a liberal immigration policy to bring in young and trained human resource into the country. This option has social and cultural implications. However New Zealand, Australia and Canada have these options open now.

The challenges for the policy makers would be to work on a new design of economic development to meet the changing needs of society in the light of demographic transition. Another challenge would be to harness and utilize the right mix of human capital to sustain economic development.

In case of social security and health care for the elderly in India, unfortunately most of the Indian aged do not have an institutionalized old-age income and survivor benefit programs. The available programs are defined benefit old age pension for the civil and defense service personnel and for the workers in the private and public sectors. These systems have serious implications of ageing as they have been repeatedly criticized as not actuarially valued neither actuarially valued Employees Pension Scheme 1995 of Ministry of labour has been criticized as under funded. The current programs mainly address the workers in the organised sector and the workers in the civil and defense services of the country. There is no retirement in the unorganised sector therefore there are no social security programs for the aged informal sector workers in India. However it is observed in the demographic transition may have implications on Indian economy, though slowly, Indian social security systems require restructuring and expansion. Demographic transition coupled with poor coverage by existing provisions suggests that India is moving towards a situation of gigantic number of destitute elderly. Faced with
such huge numbers, a social safety net for retired workers or a poverty alleviation program, which aims to pay even a modest subsidy, would require a staggering expenditure - much beyond the capacity of the current levels of Government income.

Traditionally we have seen that family, social networks, membership institutions have developed support systems for the destitute elderly in addition to markets and the state. The current situation have grater implications on the community rather than the family as we have seen the disintegration of extended family.

The Indian situation does not make us to worry immediately about shrinking working population, but definitely has a requirement of looking at social protection policy and review it thoroughly to meet any challenge without losing the ground.

7. Recommendations:
In India the ageing process was influenced by the socio-economic development of the society. Better standard of living, freedom from infectious diseases, and better nutrition, social protection programs, be it for a limited number of working class- all contributed to the ageing process of the society. But now we are entering into a new century, where the process is going to be reversed. The ageing of society is going to affect the course of socio-economic development. On one hand it is a welcome trend that human beings are living longer in our country on the other hand the situation poses a potential danger if not addressed immediately- we may have millions of destitute down the line. A serious welfare policy shift is required to address the situation. Some of the recommendations may be:

a) Encouraging the family members in the first place to take care of their aged parents and incentive scheme wherever feasible and possible,
b) Including geriatric sociology in the curriculum of the schools so as to sensitize the younger generations to the problems of the aged so that they may keep the family tradition in tact
c) Value education, advocacy on the rights of the aged has got to be given priority in all the programmes
d) Immediate strengthening of primary health centers and motivating the doctors to work in the primary health centers in rural India;
e) Retraining rural un-qualified doctors, who have been accepted by the rural socio economic system, in geriatric care and assigning them with the responsibility of elderly care;
f) Designing and developing occupation based social security programs for the workers in the Unorganised sector with individual contribution and along with employer contribution where ever there is an identifiable employer;
g) A rights based approach than an institutionalization of aged care should be thought of for mainstreaming the aged
h) Establishing district wise old age homes with community support; ( As a lost resort for family care and mainstreaming is strongly recommended)
i) Raising the retirement age in public service to 65 so that the knowledge and skills of the aged can be fully utilized at the same time lessening the burden on pension systems to pay for longer unproductive years
j) Designing annuity linked defined contributing pension systems so as to lessen the burden on the defined benefit systems;

k) Encouraging micro medical insurance and occupation specific and gender specific micro medical insurance systems;

l) Giving training on retirement planning to the workers who are expected to retire within two years, covering socio-psychological and economic aspects of retired life.

If policies are re drafted taking all these into consideration and restructure the revenue system with progressive taxation and incentives to old age care programs, India can avert the old age crisis. Otherwise the traditionally respected aged in India would be on roads and the India culture meets its natural death.
BIBLIOGRAPHY


Central Statistical Organization, National Accounts Statistics, New Delhi, 2001


Jaya Prakash, Indira 1999 “ Ageing in India” for WHO


Madhava Rao P, 2002 (Draft) “ Social Security- Poor Laws to Pension Reforms”

Madhava Rao P. 2002 “Social Security for the Unorganised in India, an Approach Paper, NATRSS

Madhava Rao P. 2003, Social Security for the Persons with Disabilities in India

Madhava Rao P. 2004, Pension Reforms in India, the Insecurity Dimensions, SSAI


16


Palacios, Robert, 1990, “Averting Old Age Crisis” World Bank

Patel, B.P. 1992 “Social Security for Unorganised Sectors” Gandhi Labour Institute, Gujarat


Parikh, K. S. 1994. *Who Gets How Much From PDS - How Effectively Does It Reach the Poor* (Sarvekshana), 17(3)


Rastogi, R.K., 1994 “*Administration of Social Security*” in Social Security in Developing Countries, (Social Security Association of India, Friedrich Ebert Stiftung, New Delhi)


United Nations Population Fund( UNFPA), Reports, Journals and other documents
World Bank. 1986. Poverty and Hunger: Issues and Options for Food Security in Developing Countries, World Bank, Washington, D.C.,
   Well-being of Unorganised Workers: the case of Central Welfare Organisation

vikalpa 985.