

### **New Economic Policy and Senior Citizens**

The New Economic Policy i.e., liberalization of economy in India during early 90s was initiated under the pressure of international monetary agency to bail out from the severe economic crisis. Under the new structure/ system the government disposed the license of the market and provided larger space to the private sector to operate in some of the areas earlier reserved exclusively for the public sector. The main objective of the new economic policy was to increase the economic growth (GDP) and improve the efficiency of the system.

The liberalization of the economy led to the growth in the economy between 1992-93 and 2009-10, the economy grew at an average rate of 6.81% per annum.<sup>1</sup> As per the Economic Survey 2010-11, which gives a detailed analysis of the economic situation of the country over the past 12 months, the Gross Domestic Product (GDP) of India is estimated to have grown at 8.6 per cent in 2010-11 in real terms.

The rapid socio-economic transformation has affected every aspect of traditional Indian society. Industrialization with resultant urbanization and migration of population has affected institutions like the age old joint family. Technological advancement, impact of mass media and higher degree of mobility has influenced long established life styles, conventional value system customary place of aged and women in the society. Thus, the society is witnessing a gradual but definite withering of the joint family system as a result of which a section of the family, primarily the elder, are exposed to somewhat emotional neglect and a lack of physical support.

This growth has been achieved at the cost of State's capacity as a welfare State. In the present era it is giving way to more minimalist States that perform only the core functions

---

<sup>1</sup> Dr, C. Rangarajan, Economic Growth and Some Concerns, [www.iif.com](http://www.iif.com)

of governance such as maintenance of law.<sup>2</sup> The growth of multinational companies has also led to a reduction in the capacity of Governments to take their own decisions.

### **New Economic Policy and Senior Citizen**

In the era of liberalization we are standing at the shameful crossroads where blind aspiration for modern westernized lives is fast eroding traditional Indian values. Love and respect to elders, which has always been integral to our ethnic culture has been left so far behind that in today's society, more than one-fifth (22%) of the elderly across the country are facing one or the other problems.<sup>3</sup>

The liberalization of economy in India came with baggage of burden for the senior citizen. Initially it was anticipated that it will prove boon for the senior citizen but with the passage of time it was realized that it has proved bane for the senior citizen.

The problem arose due to liberalization has got aggravated with the present economic crisis around the world which has resulted in many youngsters losing lucrative jobs abroad or having been forced to accept lower salaries elsewhere. This has impacted senior citizens because their wards are now relying more on them for sustenance than on limited income.

In the present era the emphasis of the Government is not on to sustain the public sectors but on to get more and more external aid and funding through foreign direct investment (FDI). Almost all sectors have been privatized. The common people are badly affected and in particular the senior citizens are most affected because of limited income and are at the receiving end. It has been assessed that about 92 percent of working Indians do not enjoy any formal old-age income.<sup>4</sup>

---

<sup>2</sup> Proiti Roy, "Economic Reforms in India: Is There a Political Consensus?", Mainstream, New Delhi, Vol. XLVII, No. 37, August 29, 2009.

<sup>3</sup> Minati Singh, "An Age- Old Problem, Times of India, New Delhi, June 16, 2011.

<sup>4</sup> Prakash Bhattacharya, Implications of an Aging Population in India: Challenges and Opportunities, <http://www.silverinnings.com/docs/Ageing%20Indian/Implication%20of%20Ageing%20population%20in%20India.pdf>

Some of the basic structures that got affected with the liberalization were family norms, breakdown of traditional small scale industries in rural India on which lot of people were dependent for their livelihood, education sector, medical facility with the advent of private hospitals and at the same time least attention towards the existing medical infrastructure.

Liberalization of education has led to flourish of number of private institutes with hefty fee structures. Due to exorbitant fee of private school, the senior citizens whose wards are still dependent on them for their education are not able to get quality education because of limited income.

Privatization of healthcare is taking all forms from divesture (hospitals are being handed over on outright purchase and / or long term leases) to lease contracts (Built operate and Transfer and Built Own Operate Transfer) and by plain default through neglect of public provision.<sup>5</sup>

The increased private control and marketisation of healthcare has not only made access to healthcare for the poor more difficult but has also given the complete absence of any regulation of private healthcare. This has made the life of people with limited income to avail the facility of private hospital because of exorbitant charges. The things are becoming adverse with minimal attention of Governments towards the Government hospitals on the medical services. This has made the life of senior citizens very vulnerable to the cause of health. The best example could be to get treatment in All India Institute of Medical Sciences one has to be in queue from 4 or 5 in morning then only get opportunity to meet the doctors. This is not feasible for the senior citizens.

Privatization of healthcare facility coupled with least attention to public hospital is likely to make the life of senior citizen difficult. As much as 12% of our elderly population suffers from the debilitating Alzheimer's disease which requires expensive medication

---

<sup>5</sup> Ravi Duggal, "Tracing Privatization of Healthcare in India" Express Healthcare Management, 1<sup>st</sup> to 15<sup>th</sup> April, 2004.

and institutional support which is not available due to fast disappearing joint family system. Apart from this, millions of elderly people have to face such chronic diseases as diabetes, chronic bronchitis, asthma, arthirites etc.

According to the National Sample Survey Organisation, as much as 45% of the 70 million plus elderly persons in this country suffer from some chronic diseases or the other and over 5% are physically immobile.<sup>6</sup> It is also found that disability and frailty accompany aging, especially after the seventh decade. Thus 25-27 per cent of Indian elders have visual impairment; 12-14 per cent are hearing deficit; eight per cent are immobile and confined to home or bed, this figure rising to 27 per cent after 80 years, women being more vulnerable. A survey of elder health in Kerala has show that over a third of all elders suffer from chronic diseases and have a medical consultation or admission necessitated by illness in each year.<sup>7</sup>

The problems are likely to aggravate in coming days because of the current demographic profile. The demographic profile depicts that in the years 2000-2050, the overall population of India will grow by 55% whereas population of people in their 60 years and above will increase by 326% and those in the age group of 80+ by 700% -the fastest growing group. 1/8<sup>th</sup> of the World Elderly Population lives in India.

Years	Total Population (millions)	60+ (millions)	80+ (millions)
2000	1008	76	6
2050	1572	324	48

Source: Quoted in National policy on Senior Citizen, 2011, p.3.

The above table shows that the number of senior citizens are likely to increase in coming days. At the same time with the changing lifestyle because of the liberalization of economy the young generation are migrating from not only rural to urban area rather one country to another as well; leading to increase in old age dependency ratio. The old age

<sup>6</sup> Life of Dignity for the Elderly in the Twenty First Century, <http://allindia-nonpensioned-retirees.org/lifeofdignity.html>

<sup>7</sup> Population Ageing: an Area of Darkness, The Hindu, 2 Sept. 2010.

dependency ratio (number of old person 60 + years) to the working age group (15-59 years) has increased from 9.8 percent in 1981 to about 12.6 percent by the year 2001.<sup>8</sup>

The above table is line with the review of India's population census, shows that it is increasing in 1961, the population of the elderly was placed at 24 million; it increased exponentially to 43 million in 1981; 57 million in 1991; and about 77 million in 2001. The proportion of the elderly in the total population also rose from 5.63 per cent in 1961 to 6.58 per cent in 1991 and to 7.5 per cent in 2001. India has thus joined the rank of “Greying nations” with over seven per cent of its population in the 60-plus years segment.<sup>9</sup>

### **Initiatives for Senior Citizen**

#### **National Policy for Older Persons (or Elderly Individuals)**

It aims to encourage individuals to facilitate provisions for self as well as their spouse's old age. It also strives to encourage families to take special care of their elderly family members who are often dependant on the bread-winners in the family. The main purpose of this policy is to make elderly people fully independent citizens.

### **Budget 2011-12**

The government has reduced the age limit of senior citizens from 65 to 60 years. To be eligible for the senior citizen benefits, one has to complete 60 years of age by March 31, 2012. This has created more number of senior citizens. A new category of senior citizen i.e., 80 years and above has been introduced. They will have an exemption for upto Rs. 5 lakh.

### **Training & Human Resource Development for Home Care**

The Ministry of Social Justice & Empowerment has launched the Project “NICE” (National Initiative on Care for Elderly) through National Institute of Social Defense (NISD) an autonomous body of the Ministry of Social Justice & Empowerment in 2000.

---

<sup>8</sup> United Nations Economic and Social Commission for Asia and the Pacific, ESID/SPAG/CS3, 25 July, 2007, Country Statement India.

<sup>9</sup> Population Ageing: an Area of Darkness, The Hindu, 2 Sept. 2010.

The NISD organizes one year P.G.Diploma Course and Six Month Certificate Courses under Project NICE to meet the demand for care givers. In addition, Short Terms Course varying from 5 days to one Month is also organized for skill upgradation of Service Providers working in Old age Homes, etc.

### **Construction of old age Home and Multi Service Centres for Senior Citizens**

It is the Scheme of Assistance to Panchayati Raj Institutions, voluntary organizations and Self Help Groups for the construction of old age Home and Multi Service Centres for Senior Citizens. This Scheme provides a onetime construction grant.

**Central Government Health Scheme (CGHS):** It provides pensioners or retired employees of central government various healthcare facilities for availing treatment and obtaining medicines for chronic ailments up to three months at a stretch.

### **The National Mental Health Program**

It focuses on the needs of elderly individuals who are affected with Alzheimer's disease Dementia, Parkinson's disease, Depression, Psycho-somatic disorder and Psycho-Geriatric ailments.

### **The National Housing Bank**

The National Housing Bank has introduced a 'reverse mortgage' scheme under which a senior citizen owning a house in India can avail of a steady monthly stream of income against mortgage of the house. The senior citizen remains the legal owner and occupies the house throughout his or her lifetime, without repayment of the loan.

### **Housing Scheme for senior citizens by the State of Maharashtra**

The State of Maharashtra government is considering a housing scheme for senior citizens, to be executed by the Maharashtra Housing and Area Development Authority (MHADA) in Mumbai and neighbouring satellite towns. The scheme is likely to form part of the proposed comprehensive policy for welfare of senior citizens. "Given the security concerns of senior citizens, such housing complexes will help the local police to

keep a tab on the security". Eight states in the country have formulated such a policy. The proposed policy will make it mandatory upon all old age homes to register with the government.

In addition to above initiative taken by the State of Maharashtra in respect of housing there is need to make our housing policy elder friendly like preference of ground floor or first floor for senior citizen and lift service in case of multi-floors building.

### **Travel Benefits for Senior Citizens**

The Indian Railways provides a flat 30 per cent rebate on fares in all classes of coaches of all trains. This includes Sleeper Class, First Class, Air Conditioned (AC) Chair and First Class AC in all trains including Shatabdi and Rajdhani Expresses. The minimum age defined for senior citizens for this particular rebate is 60 years. The government has also created special booking counters for senior citizens to prevent extreme discomfort and health problems caused by standing in long queues. Apart from this, special coaches have been introduced for senior citizens who use a wheel chair.

### **The Integrated Programme for Older Persons**

It is a scheme that provides financial assistance up to 90 per cent of the project costs to non-governmental organizations or NGOs involved in their care. This money is used to establish and maintain old age homes, day care centres, and mobile medicare units as well as to provide non-institutional services to elderly individuals.

### **Senior Citizen Savings Scheme**

In the year 2004, the five-year Senior Citizen Saving Scheme (SCSS), was launched. The rate of interest offered is 9%. This return is paid to the investor every quarter. The other benefit is a tax benefit. This scheme has one major negative aspect. It lacks liquidity. In this scheme investors cannot withdraw, when they wish to. In old age, people might need

sudden influx of cash for medical or other needs, but they cannot withdraw before maturity of the scheme. Moreover, in this scheme transfer facility is not available.<sup>10</sup>

### **Way Forward**

If the number of senior citizens is increasing, the avenues for them should also expand. The interest rate for senior citizen scheme is not on par with the bank rates and remains unlinked to inflation. The holder cannot even break it and deposit it in the bank. Currently, the fixed deposit rates offers by ICICI and SBI for 1000 days range from 9.50 to 10.00% for senior citizens. “Since the interest on it is also taxable, they should have increased the rates comfortable levels so that senior citizens would not face any hardship with limited incomes. It is not sufficient to meet the daily expenses including the increasing medical expenses. The additional benefit of only 0.5% to 7.5% is not enough. Recently during the All India Senior Citizens’ Confederation (AISCCON) senior citizens urged banks to pay 2 percent more interest on deposits instead of 0.5 percent to 1 percent being currently paid by different banks and also sought more liberal insurance schemes for them.”<sup>11</sup>

At present Government has conceded number of concessions to senior citizen in transport and travel sector but seeing the number of senior citizens but these are not adequate. According to Census 2001, senior citizens were 7.44% of the total population which was equal to 75,622,321 senior citizens and by 2030 this figure is likely to reach nearly 20 crores.<sup>12</sup> State Transport Corporations should provide 50 percent concessions in road transport buses and atleast four seats should be reserved for senior citizens.<sup>13</sup>

Due to erosion in values and culture senior citizens are look as a burden which should be otherwise i.e., one should learn from how they works hard throughout their lives and contributed to development. They should be given ample opportunity to put in use their skill as long as they can. This practice has been started but is very limited like many

---

<sup>10</sup> Benefits of Senior Citizen Savings Scheme, July 8, 2010, <http://fixeddeposit.blogspot.com/2010/07/benefits-of-senior-citizen-savings.html>

<sup>11</sup> Senior Citizens want Banks to Raise Interest Rates on Deposits, The Hindu, November 21, 2011.

<sup>12</sup> “Population Ageing-The Scenario”, International Longevity Centre-India, <http://ilcindia.org/>

<sup>13</sup> Senior Citizens want Banks to Raise Interest Rates on Deposits, The Hindu, November 21, 2011.



organizations and universities entertain this skilled manpower up to the age of 65 to 70 years.<sup>14</sup>

There are number of schemes for Insurance coverage but most provide life insurance coverage upto only 75 years of age and many private insurance companies have 55 years as the last entry age. This is quite contrary to other initiative where Government is providing more benefits to people of above 80 years. Taking this into account there is a need to increase the year of coverage under the life insurance policy and one should not be asked for hefty premium.

In respect of medical care there is need for radical change by maintaining the social contract paradigm and by preventing the healthcare becoming fully an economic commodity. Under the system there is need to ensure that senior citizens get the priority in healthcare facility.

It is true that Government has introduced a category of senior citizens above 80 years of age and has allowed the exemption limit from tax to Rs 5 lakh. It is a good move. However, 80 years looks too high considering our life expectancy is so low. Instead, the government should have capped it at 70 or 75 years so that many of them could enjoy its benefits. The exemption upto Rs 5 lakh is high as there will be very few senior citizens earning that much.

Though Government has initiated number of measures to address the issues of senior citizen but due to low awareness the benefits are not optimally utilized. According to sample survey conducted in major studies it has been found awareness about laws, policies and programmes against abuse is low among senior citizens from lower socio-economic strata, while one third (33%) of them are aware of existing laws and programmes against elder abuse. Among them who were aware only 18% were aware of the Maintenance and Welfare of Parents and Senior Citizen's Act; 11% were of the

---

<sup>14</sup> Health Insurance for Senior Citizens in India – General Guidelines,  
<http://www.medindia.net/patients/insurance/health-insurance-for-senior-citizens.htm>

National Policy on Old Persons etc.<sup>15</sup> There is a need to raise awareness among the senior citizens about the various policies and programmes of the Government by using IEC materials.

Finally the need of the hour is to encourage active, healthy, participatory and qualitative ageing.

---

<sup>15</sup> Minati Singh, "An Age- Old Problem, Times of India, New Delhi, June 16, 2011.