Addressing the issues faced by Old Age Population - II

Click here for part-I of the issue

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What is the issue?

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- India has a serious problem of growing elderly population.
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- India lacks in policy measures to address the problems of elderly.
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What is the status of dependent population in India?

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- According recent estimates 45 per cent of elderly males and 75 per cent of elderly females are currently fully dependent on others.
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- India's ageing population is expected to grow at more than double the rate of the general population.
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- By 2050, India will have 21.16 per cent of the population above the age of 60 as compared to 60.34 per cent aged between 15 and 59 years.
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What are the problems with Indian pension industry?

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- India spends only 1.45 per cent of its GDP on social protection, among the lowest in Asia, far lower than China, Sri Lanka, Thailand, and even Nepal.

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- India has an immature pension industry and a mere 7.4 per cent of the total Indian population is covered under any form of pension plans, which is alarming.
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- Almost 85 per cent of Indian labour is still deployed in the informal sector, mostly as daily wage workers.
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- It is extremely difficult to cover informal sector employees under a national pension scheme.
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- People are also reluctant towards investing any part of their income over a large period of time.
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How a micro-pension can address this concerns?

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- Micro-pension is a personal retirement savings plan, in which People save a small part of their income individually during their working life that is invested collectively to generate periodical returns.
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- When people retire their accumulated capital is paid out in monthly amounts.
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- Such a scheme would balance between economic viability and generation of adequate returns for the participants
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- Government for its part can offer a degree of financial flexibility to the low-income communities for low or no minimum contribution requirements in order to encourage membership to such micro pension schemes.
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- In order to facilitate frequent deposits by the low- income groups, convenient door-to-door deposit collection can be organised by the government.
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Source: Business Line

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Quick fact

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What are the existing schemes for old age population?

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- **Pradhan Mantri Vaya Vandana Yojana –**PMVVY is a Pension Scheme for the senior citizens aged 60 years and above.
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- Scheme provides an assured return of 8% p.a. payable monthly for 10 years which is payable at the end of each period,as per the frequency chosen by the pensioner at the time of purchase.
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- The scheme is exempted from Service Tax/ GST.
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- Loan upto 75% of Purchase Price shall be allowed after 3 policy years to meet the liquidity needs.
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- Loan interest shall be recovered from the pension instalments and loan to be recovered from claim proceeds.
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- There shall be no exclusion on count of suicide and full Purchase Price shall be payable
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- **New Pension Scheme (NPS)** - It was aimed for giving people a route to avail a pension after they are retired or as a senior citizen.
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- Government employees already enjoy pension, and this new scheme was introduced to enable the people from unorganised sectors to enjoy the benefits of pension.
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- A contribution of a certain amount is made every month during the years when an individual is actively working.
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- The money can then be withdrawn at a minimum age of 60 years.
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- The NPS is slowly gaining popularity and expects huge enrolment from the informal labour segment.
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- This scheme is not to be confused with National Pension System (NPS).
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- **Rashtriya Vayoshri Yojana -** It is a scheme for providing Physical Aids and Assisted-living Devices for Senior citizens belonging to BPL category.
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- The devices will help the Senior Citizens to overcome their age related physical impairment and to lead a dignified and productive life with minimal

dependence on care givers or other members of the family.

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- This is a Central Sector Scheme, fully funded by the Central Government, The expenditure for implementation of the scheme will be met from the "Senior Citizens' Welfare Fund".

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