ECONOMICS OF PENSIONS AND SOCIAL SECURITY IN SOUTH ASIA: SPECIAL FOCUS ON INDIA, SRI LANKA AND BANGLADESH *

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The ageing of population is an obvious as well as more glaring consequence of the process of demographic transition. Being ahead in the process, the developed regions of the world have already experienced its consequences and the developing world is well on its way to face a similar outcome. Though the proportion of elderly (defined in terms of those aged 60 and above in a population) seems to be relatively low in some of the developing countries, they have more elderly persons in absolute numbers because of their large population base. The recent emphasis on studies pertaining to elderly in the developing world is attributed to their increasing numbers and deteriorating living conditions. While their increasing numbers is attributed to demographic transition (low fertility and higher life expectancy), their deteriorating conditions are the result of the fast eroding traditional family system in the wake of rapid modernisation, urbanisation and migration. The projected increase in both the absolute and relative size of the elderly population in many third world countries is a subject of growing concern for social policy makers and pension economists. This is true for countries such as India and Sri Lanka (Treas and Logue, 1986; World Bank, 1994; 2001; Government of India, 1999; 2001; Irudaya Rajan, Mishra and Sarma, 1999; Irudaya Rajan, 2000; 2001; Rodrigo, 2000; Ravi et.al, 1998).

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The population of the world is expected to increase to 9.4 billion by 2050 from its current size of 6.1 billion. During the same fifty years, the percentage of the elderly population - those aged 60 or above - is expected to increase from 9.9 to 20.7. For the first time, the number of elderly is expected to surpass the number of children under 14 years of age by the year 2050. Interestingly among the elderly, it is the oldest old (those aged 80 or above), which will increase most rapidly over time. Their number is projected to reach a level of 320 million in 2050. Among the various regions of the world, the proportion of the elderly in Europe (excluding Eastern Europe) is as high as 20 percent; Southern Europe, it is already the highest in the world, namely 21.5%.Though in Asia as a whole the elderly constitutes only 9% of the population there are significant variations between different regions of Asia, Eastern Asia leading with 11 % as of 2000. Currently while one in ten Chinese is elderly, only one in 12 Indians is elderly. These percentages are expected to reach 26 and 21 for China and India in 2050.

Among the five South Asian countries (Bangladesh, India, Nepal, Pakistan and Sri Lanka), India is expected to have an elderly population of 158 million (12%) as against 4 million (17%) for Sri Lanka in 2025. As of today, India has 75 million elderly persons. Only 13 countries in the world have populations over 75 million as of 2000.

While in the past, traditional social values and religious observances have been quite supportive of the elderly, various factors such as economic changes, disappearance of the joint family system and mobility of people are drastically eroded the support base of the elderly. At the same time, institutional arrangements catering to the needs of these people have been fewer and their coverage limited. The provision of a regular pension is normally limited to civil servants comprising only a small proportion of the elderly.

AIMS AND OBJECTIVES

In this broad context, the present study proposes to identify the modalities of a comprehensive pension and social security scheme for the elderly population in South Asia, from the experience of India, Sri Lanka and Bangladesh. More specifically, the major objectives of the study includes:

- Evaluate the ageing scenario- past, present and future,
- Conduct a sample survey to assess the nature, magnitude and adequacy of various forms of social assistance now available to the elderly,
- Review the existing policies and programs for the elderly,
- Suggestions for a broad-based comprehensive pension, social security and assistance schemes for the elderly.

In addition to making use of census reports and other documents published by national and international organisations, a sample survey is undertaken to generate first hand information regarding problems faced by various groups of the elderly such as pensioners, family pensioners, recipients of social assistance recipients and those who receive no outside support.

DEMOGRAPHIC SETTING

The elderly in world population is expected to register a spectacular increase from 605 million (9.9%) in 2001 to 1.9 billion (20.7 %) in 2050. Among the elderly, the number of the oldest old (80 and above) is expected to grow more rapidly from the present level of 69 million to 320 million in 2050. Until recently, most South Asian populations were marked by high fertility and mortality. In the 1950's, fertility across South Asia was uniformly high and by 2001, Sri Lanka, India and Bangladesh have attained lower fertility rates than their neighbours - Nepal and Pakistan. Sri Lanka has already attained replacement level of fertility and India and Bangladesh are expected to reach that level by 2015-2020 (Table 1).

Table 1: Fertility Profile for Bangladesh, India and Sri Lanka, 1950-2050.

	Total Fertility Rate		
	1950-55	2000-05	2045-50
Bangladesh	6.7	2.9	2.1
India	6.0	2.7	2.1
Sri Lanka	5.7	1.8	1.5

The decrease in mortality is reflected in increasing life expectancy at birth, again with Sri Lanka in the lead. In the 1950's, all South Asian countries had shorter life spans for women than for men (contrary to global mortality norms), for a variety of reasons ranging from discrimination against girl children to high maternal mortality rates (Razavi, 2000). By 2000, female life expectancy at birth has equalled or exceeded that of males in all South Asian countries. By 2050, females are expected to outlive males in all countries of South Asia, and the difference is expected to be as high as five years in Sri Lanka.

Table 2: Expectation of Life at Birth in Bangladesh, India and Sri Lanka, 1950-2050

		1950-55	2000-05	2045-50
Bangladesh	Male	38.3	60.6	73.2
	Female	34.9	60.8	73.6
India	Male	39.4	63.4	73.1
	Female	38.0	64.8	76.9
Sri Lanka	Male	57.6	72.1	77.6
	Female	55.5	77.0	82.5

Thus the ageing process in South Asia will be faster than in other developing countries. Moreover, transition from high to low fertility is expected to narrow the age structure at its base and broaden the same at the top. In addition, improvement in life expectancy at all ages will allow more old people to survive thus intensifying the ageing process. In this context, an examination of the increasing life expectancy indicates that the gain is going to be shared more and more by older people which will make them live still longer (Irudaya Rajan and Mishra, 1995). Table 3 provides evidence to support this observation. As can be seen, in Sri Lanka, males were expected to live 19 years beyond age 60 and 13 years beyond age 70, the corresponding figures for females being 21 and 14 respectively in 2000, followed by India and

Bangladesh. The survival beyond 60 years of age has lot of implications for pension liability and social assistance payments in South Asia.

Table 3: Expectation of Life at ages 60 and 70 for Bangladesh, India and Sri Lanka, 2000.

		e_{60}	e_{70}
Bangladesh	Male	14.8	8.4
	Female	15.3	9.1
India	Male	15.5	10.1
	Female	17.5	11.4
Sri Lanka	Male	19.0	12.5
	Female	21.3	13.7

* Estimates by the authors.

Table 4: Percentage of Elderly in Asia, 1950-2050

	1950	2000	2025	2050
Asia	6.7	8.8	14.9	23.5
Eastern Asia	7.4	11.2	20.5	30.2
South Asia	6.1	7.0	11.5	20.0
South Eastern Asia	5.9	7.2	13.0	22.6
Western Asia	7.1	7.1	11.0	18.0

Source: United Nations. 1999.

Asia accounts for approximately 9 per cent of the elderly population. However, the proportion of the old varies across regions of Asia. In 2000, Eastern Asia led with nearly 11 per cent. South Asia, South East Asia and West Asia have approximately 7 per cent each. In 2050, one in three is expected to be elderly in East Asia, one in five in South Asia and South East Asia and one in six in West Asia (Table 4).

India is expected to have the largest population of elderly persons among the three countries under study. In terms of the rates of growth of elderly population, however, the number of elderly will increase by 7 times in Bangladesh and 4 times in India and Sri Lanka each in the next 50 years. By 2050, while one in five in Bangladesh and India will be an elderly, the ratio would be one in four in Sri Lanka. All the three countries have more elderly females compared to males, ranging an excess of 5 to 10 per 100 females. Feminisation of ageing is also evident in South Asia. (Table 5)

Table 5: Number and Proportion of Elderly Sixty and above in South Asia, 1950-2050

	1950	1975	2000	2025	2050
Absolute numbers (60 plus in ,000)					
Bangladesh	2571	4382	6601	16236	42835
India	20098	38489	77250	168133	323756
Sri Lanka	437	806	1260	4576	6304
% of elderly 60 years and above to total population					
Bangladesh	6.2	5.7	5.1	9.1	20.2
India	5.6	6.2	7.6	12.6	21.2
Sri Lanka	5.4	6.4	8.4	20.2	27.7
Sex Ratio (number of females per 1000 males)					
Bangladesh	890	969	1046	1063	1063
India	1112	956	1086	1081	1094
Sri Lanka	851	821	1034	1175	1184

Source: United Nations, 1999; Census reports of Sri Lanka, 1953, 1971; Demographic Survey report of Sri Lanka, 1994; De Silva W Indralal. Population Projections for Sri Lanka.

In the next 25 years, the growth rate of general population is expected to be around 1 to 1.5 percent; the growth rates of the elderly in different age brackets, however, are likely to be much higher. India's elderly population in the age group 60 and above is likely to grow with 9 percent per year. (Table 6)

Table 6: Growth rate of elderly in different age groups, 1975-2025.

	60 plus		Total	
	1975-00	2000-25	1975-00	2000-25
Bangladesh	2.03	5.84	2.75	1.54
India	4.03	8.89	2.53	1.25
Sri Lanka	4.69	5.11	1.54	1.00

Population pyramids for India, Sri Lanka, Bangladesh for 2000 currently show a pyramidal shape with a broad base, indicative of a young and growing population (Figures 1 to3). India, Sri Lanka and Bangladesh exhibit a somewhat columnar shape by 2025, indicating a population growing older. Sri Lanka in 2050 suggests that the population may begin to decline (Sudha and Irudaya Rajan, 2002). The 21st century is the century of the old! The future age pyramids in South Asian countries will typically replicate the age structure of the developed nations. The ageing process has occurred in developed countries with the affluence in the society whereas the same process is repeated in the developing countries in the present of absolute poverty. Providing adequate social assistance and security for poor elderly in the developing countries will be major challenge in the near future.

We present few indicators to assess the speed of ageing: (a) median age (the age that divides the population into equal halves) and the dependency ratio (the ratio of the population below 14 years of age and above 60 years of age to the population in working ages 15-59 years). The median age for every country in South Asia rises beyond 30 years of age by 2050; will be the highest in Bangladesh (Table 7). The dependency ratio also will rise in all countries; 15 to 49 in Sri Lanka in the next 50 years. Index of ageing is defined as the ratio of persons aged above 60 years to children below 14 years. The ratio is around 7 and 3 in Bangladesh and Sri Lanka in 2001 and it is expected to be 1 in 2050 (for every child, there is one old person).

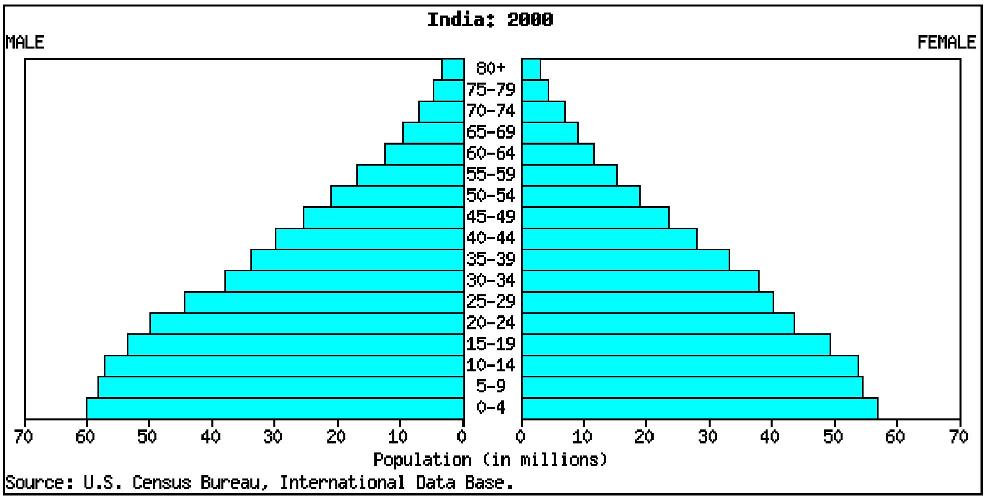
Another index to assess the ageing scenario is the doubling time (double its percentage of elderly persons from 7 to 14 to total population). In most of the developing societies doubling time took more than 100 years. France took 120 years. The same doubling took place in Sweden in 90 years, Australia in 80 years, United States of America in 70 years. In contrast, doubling will take place in Sri Lanka in 20 years.

Table 7: Indicators of Ageing in South Asia

	Median Age		Aged Dependency Ratio		Index of Ageing	
	2000	2050	2000	2050	2000	2050
Bangladesh	20.4	36.9	9	34	6.87	1.01
India	18.5	30.2	13	58	4.37	0.57
Sri Lanka	28.5	44.0	15	49	2.71	0.68

The economic wellbeing of the elderly is intimately linked with their educational background as education enables better adaptability to changing socio-economic conditions. With a low overall literacy level in South Asia, the literacy gap between the younger and the older generations is yet to narrow down.

Figure 1



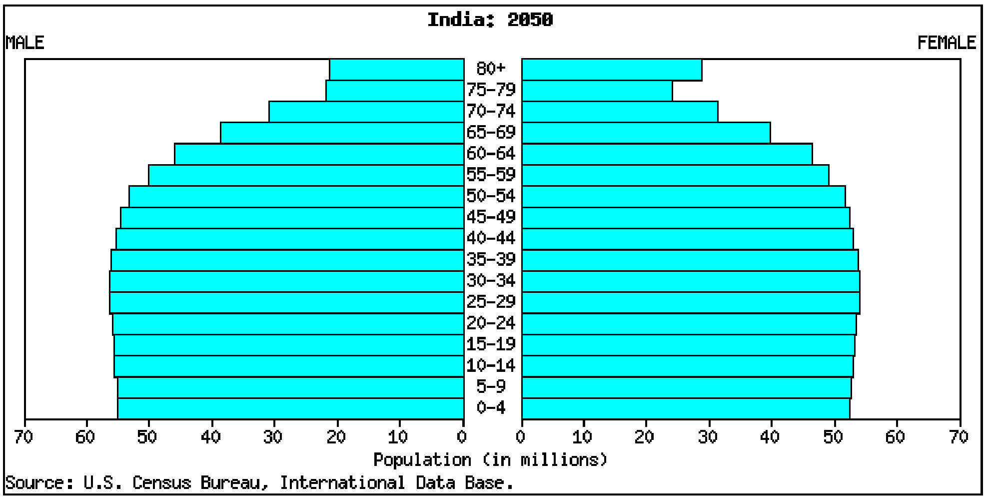
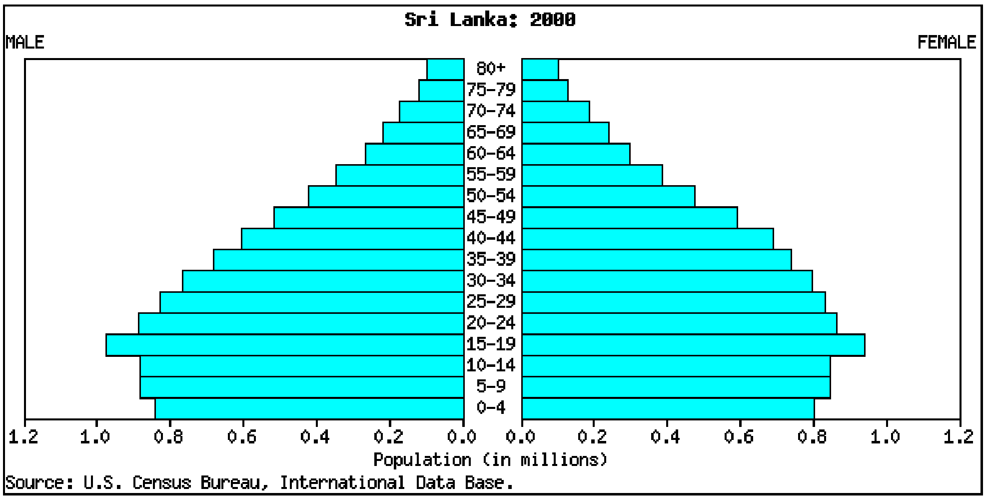
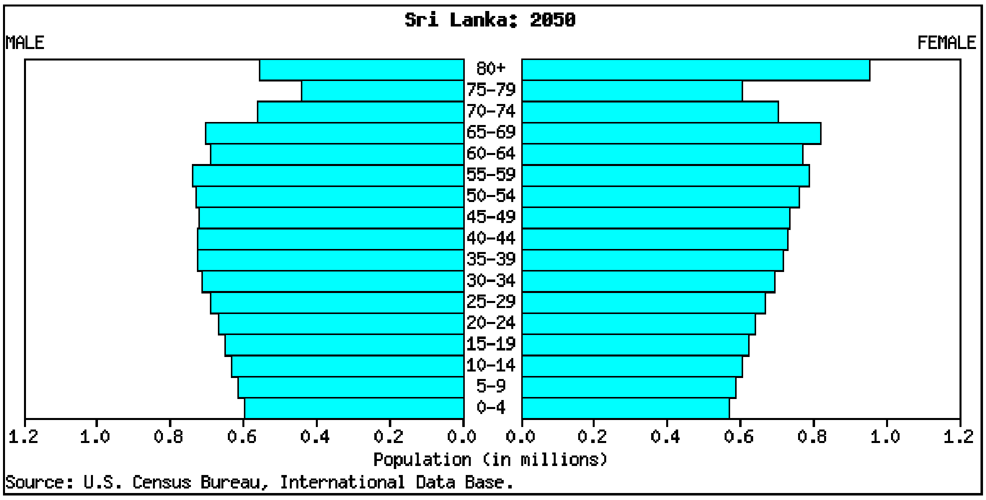


Figure 2





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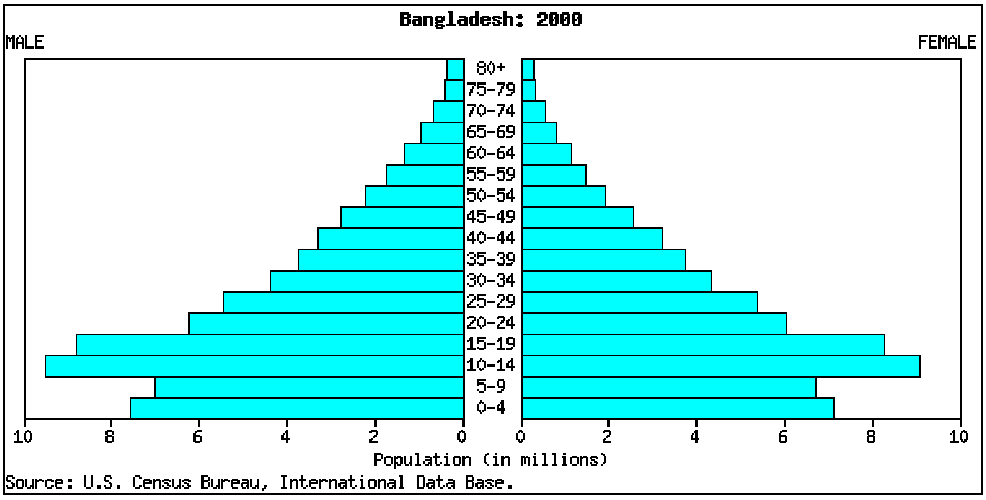
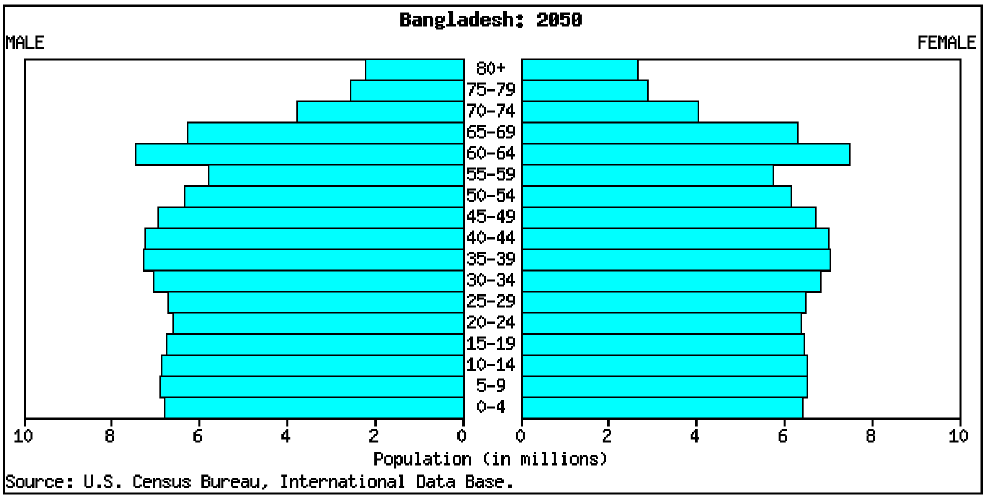




U.S. Census Bureau. International Data Base Population Pyramid Summary; updated 10th May 2000

The rural elderly are more disadvantaged in this aspect. Elderly women, however, are the most illiterate because of the existing gender differentials in literacy levels. Though the current literacy levels among the elderly are pretty low, the future elderly are expected to be more literate and hence more demanding.

Table 8: Literacy Rate among Elderly

	Male	Female
Bangladesh	32.2	7.7
India	40.7	12.7
Sri Lanka	88.5	68.6

Marital status of the elderly assumes an added significance because the married fare better than the single in many respects. It is a matter of common observation that much lower proportion of widowed men compared to women is found in extreme old ages. The reasons cited consist of (1) the longer life span of women compared to men and (2) the general tendency for women to marry older men. Besides, widowers are more likely to remarry than widows. In South Asia, there are more widows compared to widowers. Among the elderly in India, according to the 1991 census, married males accounted for 80.7 percent as against 44.2 among females. On the other hand, 54.0 % of elderly women were widows compared to 15.5% of elderly men (Table 9).

Table 9: Marital Status among those aged 60 and above in South Asia

	Married	Widowed
Bangladesh		
Male, 1991	86.2	13.7
Female, 1991	20.5	79.5
India		
Male, 1991	80.7	15.5
Female, 1991	44.2	54.0
Sri Lanka		
Male, 1994	84.7	10.3
Female, 1994	53.2	43.4

Analysis of labour force participation of the elderly is important for understanding their economic status, given the fact of inadequate social security in South Asia. The predominant rural character of the population coupled with insufficient opportunities for wage/salaried employment compel people to prolong their working lives as long as is physically possible. Generally in South Asia, the elderly continue to work beyond 60 years. For instance, three in five elderly men in India continue to work in old age due to poverty and insufficient income security. According to the latest Indian census, one third of the elderly males continued to work even beyond 80 years of age. The position of elderly workers in agriculture has been on the increase over time; almost 80 percent of the elderly workers in India worked in the agricultural sector. While about 62% of the elderly males worked as cultivators, 70 % of the female elderly worked as agricultural labourers. (Irudaya Rajan, Mishra and Sarma, 1999).

Table 10: Work Participation Rate among Elderly

	Male	Female
Bangladesh	76.9	18.1
India	60.5	16.1
Sri Lanka	53.5	11.3

CONDITIONS OF THE ELDERLY IN SOUTH ASIA: FIELD LEVEL EXPERIENCE.

To supplement the information on economic, social and health status of the elderly obtained from official publications and other secondary sources, a sample survey of elderly was conducted in the three countries of South Asia covering rural and urban areas. Though a sample size of 1000 had been initially decided upon for the survey, only 949 elderly could be interviewed in India, 900 in Sri Lanka and 768 in Bangladesh (See Table 11). Several difficulties were experienced in locating/identifying suitable elderly for the survey in all the three South Asian countries. First, the percentage of elderly in total population varied among countries, for example, 5 per cent in Bangladesh to 10 per cent in Sri Lanka. We also made decision was taken to conduct the survey among various categories of elderly – those who received pensions/social assistance and those who received none. In all, we categorized the elderly into five groups in view of the fact that the focus of the study was old age pensions and social security in South Asia. If there were two pensioners in one household, we choose the female pensioner, as there were few households where the wife was a pensioner.

Table 11: Sample Elderly Classified According to Retirement Benefits in South Asia, 2001

Various Types of Elderly Interviewed	India		Sri Lanka		Bangladesh	
	Mal e	Female	Mal e	Female	Mal e	Female
Pensioners	220	80	164	36	242	32
Recipients of Provident fund (one time payment)	--	--	250	50	31	4
Family pensioners (widow/widower)	22	143	--	100	--	118
Social assistance recipients	69	115	33	67	44	56
Those with no benefits	173	127	98	102	128	113
Total	484	465	545	355	445	323

Source: Field Survey, 2001

The five categories of elderly included in the above table consists of: (a) Pensioners who after serving in government or semi-government or local bodies or private enterprise for a minimum periods and currently receive a regular monthly pension; (b) Recipients of provident fund who after working in government, semi-government or local bodies or private enterprises and having joined the contributory provident fund; received a one-time lump sum payment at the time of retirement; they are not entitled a regular monthly pension as in the case of the first group; (c) Family pensioners: this category consists of the spouses of regular pensioners who receive a family pension on the death of the regular pensioners; (d) Social Assistance: Recipients consists of poor elderly who receive means tested benefits. This is fully funded by the Central Government. They receive 2 to 3 US Dollars every month in South Asia and (e) those who receive none of the above.

We have selected two clusters -one rural and another urban and visited each and every household in the cluster until we completed the required number of the five categories of elderly. Of course, it was relatively easy to identify elderly persons who received no benefits.

While pensioners, family pensioners and recipients of provident fund were found mostly in urban areas, beneficiaries of social assistance programs were more numerous in rural areas. Though we had decided to collect information from an equal number of male and female elderly, it turned out that most of the family pensioners and the recipients of social assistance were females. We had much difficulty in locating regular female pensioners in adequate in numbers. As a result, we were difficult to maintain a strict balance between the various groups. Salient Findings of the survey are presented in the following section (Detailed country reports are available with the respective institute).

Except in Sri Lanka, most of the sample elderly belong to the age groups 60-69 and 70-79 (Table 12) For India, the sample includes an equal number of males and females while in other countries, the proportion of women hovers around 40%. More then half of them were married and almost 40 percent of them were widows mainly because most of the family pensioners and social assistance recipients covered by the sample happened to be females. Most of the pensioners and recipients of provident funds are educated compared to family pensioners and social assistance recipients. Another interesting finding of the survey is that in Bangladesh around 20 percent of the elderly continue to work to earn an income; this percentage was just 5 percent in Sri Lanka. India and Bangladesh provide an identical employment scenario in contrast to Sri Lanka.

The employment scenario is well reflected in the monthly income of the elderly. Around 30 to 40 percent of the elderly earn a monthly income above 100 US Dollars in Bangladesh and in India; the corresponding figure is just 8 per cent in Sri Lanka. Most of the elderly had living children. In Sri Lanka, 80% of the elderly had more than 5 children, followed by 25 percent in India and 40% in Bangladesh. Obviously, since Sri Lanka is ahead in fertility transition among South Asian countries, the elderly who are currently 60 years and above had more children; this situation will change drastically in the future.

Table 12: Socio-economic and Demographic Characteristics of the Surveyed Elderly in South Asia, 2001 (%)

Individual Characteristics	India	Sri Lanka	Bangladesh
Age, sex and Martial Status			
60-69	56.4	28.4	63.7
70-79	33.2	37.1	27.7
80 plus	10.4	34.4	8.6
Female	49.0	39.4	41.9
Currently Married	51.9	60.6	60.4
Widowed (widow/widower)	45.3	39.4	37.9
Educational Attainment			
Illiterate	19.6	11.2	37.4
Primary level (1-7)	32.8	45.6	13.2
Secondary Level (8-10)	25.8	38.1	8.3
Higher Secondary (11-12)	9.1	4.9	17.1
Graduates and above	12.7	-	24.1
Employment Status			
Regularly Employed	0.8	0.2	1.7
Self Employed	6.6	2.0	12.7
Casual Labourers	6.8	1.4	6.9
Not working	85.8	96.4	77.1
Monthly Income (US Dollars)			
Less than 50	67.1	61.3	56.8
50-100	28.6	7.1	16.1
100 Plus	4.3	0.8	27.1
% of elderly income to total household income	38.3	23.9	38.3
Number of living children			
Nil	4.3	-	1.7
1-2	32.5	6.6	13.1
3-4	37.4	13.9	46.1
5 Plus	25.8	79.6	39.1

Source: Field Survey, 2001. Note: 1 US Dollar is equivalent to 48 Indian rupees; 57 Bangladesh Taka and to Sri Lanka 75 Rupee.

To assess the type of housing and amenities enjoyed by the households of the elderly, we have constructed two indices namely, housing and amenities index and consumer durables index. The housing and amenities index values ranges from 0 to 100. For more than half of the households, the index is above 75%; only a few households have an index below 50.. (Table 13)

Table 13: Housing and Amenities Index of the Elderly Households in South Asia, 2001

Country	Household and Amenities Index of Households		
	< 50	51-75	75-100
India	13.1	33.3	53.6
Sri Lanka	12.1	25.4	62.4
Bangladesh	10.4	31.8	57.8

Source: Field Survey, 2001.
Notes: 1: Housing: Permanent structure = 80, Semi-permanent = 15, Temporary = 5. Amenities: 1 Safe Drinking Water = 100; 2 Latrine Facility = 100; 3 Gas, Electricity or Multiple sources for cooking = 80, Kerosene or Firewood = 20; 4: Source of light (electricity) = 80, others = 20. Household amenities index = all points divided by five. Values range from 0-100.

Similarly, consumer durables index is based on a few major items such as car, telephone, television, motorcycle, radio and bicycle. Interestingly, in India and Sri Lanka, 11-13 per cent of the households had an index of zero value suggesting a relatively low economic status in the society (Table 14). Detailed analysis indicates that regular pensioners and family pensioners live under a better economic and social environment compared to those who do not enjoy any social security. Social security in old age is likely to have serious implications on the maintenance of elderly and their respective families.

Table 14: Consumer Durables Index of the Elderly Households in South Asia, 2001

Country	Consumer durable index of the households				
	Zero	1-25	26-50	51-75	76-100
India	13.1	38.5	24.2	11.6	12.6
Sri Lanka	11.4	57.9	26.8	3.3	6.0
Bangladesh	36.1	35.3	20.7	3.9	4.0

Source: Field Survey, 2001.
Notes: Items considered for the index: Car = 45, Telephone = 30, Television = 10, Motor Cycle = 8, Radio = 5, Bicycle = 2. Total =100.

Households with elderly are expected to be larger with joint families, with grand parents, parents and children, all living together in one roof. In south Asia, households with a single member are found to be very rare: 2 percent in Sri Lanka and 7 Percent in Bangladesh. On the other hand, Households with more than four members account for 70 per cent of the households in South Asia covered by the survey. Treating the elderly as head of the household is another emerging practice in South Asia (Table 15)

Table 15: Household Structure of the Elderly in South Asia, 2001

Household Structure	India	Sri Lanka	Bangladesh
Household Size			
One	5.8	2.3	6.5
2-3	26.9	19.9	24.3
4-5	38.2	40.7	36.7
6 Plus	29.1	37.1	32.4
Head of the household			
Head ship rate (% of elderly reported as head of the household	63.5	--	79.0
Non-elderly (less than 60 years of age) persons in the households			
None	14.4	5.6	8.9
0-2	45.4	42.7	23.0
3-4	32.4	42.6	38.2
5 plus	7.8	9.2	29.9

Source: Field Survey, 2001.

Three-fourths of the surveyed elderly are reported as heads of the household (though many of them are not contributing to the income of the household). Loneliness and insecurity are the major problems of old age in many developing countries. To assess the above phenomenon, we have also looked at the households without non-elderly members (members below 60 years). The results indicate that in about 10 per cent of the households in South Asia, the elderly live alone. More than five non-elderly members were reported in 30% of the households in Bangladesh; the lowest 8 per cent in India. This also indicates that the joint families are on the decline though the decline is very slow.

Living with children is a much-cherished desire of the elderly. In Sri Lanka, 90 per cent of the elderly live with their children; it is 80 percent in both India and Bangladesh (Table 16). The percentage of elderly who live alone is extremely low in Sri Lanka while it is relatively high in Bangladesh. This is also true of the proportion of elderly living with non-relatives. With regards to the marital status of those living alone, the proportion is much higher among widowers than among widows. For people who are below the poverty line and who receive social assistance from the Government, the proportion of those living alone is much high compared to pensioners - direct pensioners or family pensioners. Economic security in old age allows the elderly more independent whereas its absence pushes them back to their children for social, economic and emotional support.

Table 16: Living Arrangements among Elderly in South Asia, 2001

Living Arrangement	India	Sri Lanka	Bangladesh
Current Living Arrangement among Elderly			
Living alone	5.8	2.3	6.5
Living with spouse	4.0	2.6	5.3
Living with/without spouse, married children	44.4	70.7	--
Living with/without spouse and unmarried children	34.7	19.4	--
Living with children	**79.1**	**90.1**	**78.4**
Living with relatives	7.7	5.0	9.8
Living with non-relatives	3.4	0.0	--
Current Living Arrangement among Widows			
Living alone	7.8	4.5	15.1
Living with married children	46.9	68.0	--
Living with unmarried children	29.8	12.1	--
Living with children	**76.7**	**80.1**	**84.2**
Living with relatives	12.2	15.4	0.0
Living with non-relatives	3.3	0.0	5.3
Current Living Arrangement among Widowers			
Living alone	11.8	6.3	10.5
Living with married children	44.1	48.7	--
Living with unmarried children	15.1	13.8	--
Living with children	**59.2**	**62.5**	**82.3**
Living with relatives	17.2	31.2	1.8
Living with non-relatives	11.8	0.0	0.7
Preferred Living Arrangement among elderly			
Living alone/with spouse	23.5	21.3	19.2
Living with son	50.7	65.2	51.3
Living with daughter	21.8		19.2
Living with children	**72.5**	**65.2**	**70.5**
Living with relatives/friends	3.5	2.5	3.3
Living in old age homes	0.5	11.0	6.9

Source: Field Survey, 2001.

We also enquired from the sample elderly about their preferred living arrangements. One-fifth of the elderly in South Asia wants to live with the spouse or alone. Interestingly, half of them would like to live with their sons and one-fifth of them prefer to live with daughters. Also, a sizeable proportion wants to move to homes for the elderly.

Do the elderly interact with their children with whom they do not live? Most of them interact with their children regularly or occasionally using different modes of contact such personal visit, telephone and letter. Almost half of the elderly in Bangladesh used more than one mode of contact to interact with their children (Table 17), while the proportion was much lower – 24 to 28% - in the case of Sri Lanka and India.

Table 17: Family Interaction of Elderly in South Asia, 2001

	India	Sri Lanka	Bangladesh
Frequency of Interaction of parents with children who do not stay with them			
Regularly	15.9	15.0	59.6
Occasionally	77.6	80.0	38.1
Never	3.0	5.0	2.3
No children	3.5	0.0	1.8
Mode of interaction			
Personal visit	32.2	69.0	49.8
Telephone	25.6	7.5	22.2
Letter	14.0	12.6	23.5
More than one mode of contact	28.2	23.8	47.3

Source: Field Survey, 2001.

Life expectancy of the elderly aged 60 and above in South Asia has been on the increase and it hovers around 20 years and presently life expectancy at ages 80 and above is reported be around 7 to 8 years. Do the South Asian elderly live a healthy life in old age? What are the major ailments faced by the elderly? What is the incidence of physical handicaps among them? Who takes care of them when they are sick or bedridden? What is the cost of treatment for each episode of illness? These issues are discussed in the following section.

Half of the elderly in India reported having poor health. These percentages are slightly lower for the other two South Asian countries. Though many of the elderly reported their health status as satisfactory, very high proportion of them currently sick and some of them even currently bedridden. As Sri Lanka's elderly survey consists of 35 percent of the elderly aged 80 and above, three-fourth of them were currently sick and one-third of them were currently bed-ridden. This is also true for other indicators such as sickness during the last 1 month. This is an important issue to be sorted out in South Asian countries, as most of the elderly do not have adequate social security. Coping with health care in old age besides providing for their home care within the family will be a major challenges facing South Asia in the coming years (Table 18).

Table 18: Health Profile of the Elderly in South Asia, 2001

Health Profile	**India**	**Sri Lanka**	**Bangladesh**
Heath Status (self assessment)			
Good	17.8	12.2	9.9
Satisfactory	26.2	57.5	58.6
Poor	55.6	30.3	31.5
Currently sick			
No	49.3	23.9	74.6
Currently bedridden			
Yes	6.4	32.0	2.3
Sickness during last one month			
Yes	69.5	76.0	39.5
Sickness during last one year			
No	15.0	53.0	19.0

Source: Field Survey, 2001.

From the data on health generated from the survey of the elderly, we have developed a disease burden index based on five items (see footnote in Table 19) to assess the economic burden of low-income economies such as South Asia for maintaining the elderly. Disease burden index is found to be above 50 per cent among 80 per cent the elderly in South Asia and the no burden percentages are extremely low. This comes out very clearly for Sri Lanka. Sri Lanka's life expectancy is much higher among elderly persons compared to India and Bangladesh. The disease burden index is inversely related to high life expectancy. (Table 19)

Table 19: Disease Burden Index for the Elderly in South Asia, 2001

Country	Health burden index				
	No burden	1-25	26-50	51-75	76-100
India	7.3	14.4	5.4	18.0	54.9
Sri Lanka	2.6	8.0	8.6	28.6	52.3
Bangladesh	8.5	9.4	12.4	31.6	38.2

Source: Field Survey, 2001.

Note: variables considered for calculating the health burden index: 1 Having chronic ailment = 50, 2 Poor vision = 15, 3 Problem of Hearing = 8 4 Serious illness in last one year = 12, 5 Difficulty in Walking 15. Total =100.

Table 20: Chronic Ailments among the Elderly in South Asia, 2001

	India	**Sri Lanka**	**Bangladesh**
Chronic Ailments (self reporting)			
Yes	79.1	87.0	77.9
Chronic Ailments			
Arthritis/Rheumatism	23.8	7.3	9.8
High Blood Pressure (hypertension)	15.6	8.9	16.3
Diabetes	12.5	5.9	12.8
Asthma	8.5	6.0	6.5
Gastric\Ulcer	7.2	0.4	24.3
Heart problem	6.5	6.0	8.0
Paralysis	1.5	3.0	0.9
Physical disabilities/handicaps	1.7	10.7	0.7
Tuberculosis	1.7	0.5	0.2
Others	4.5	0.7	20.6
More than one ailments	16.5	50.6	38.5
Regular meditation			
Yes	70.4	87.0	61.5

Source: Field Survey, 2001.

The chronic ailments among the elderly in South Asia were around 80 percent and the highest was reported for Sri Lanka. Interestingly, almost 90 per cent of the elderly in Sri Lanka live by regular medicine (Table 20). These percentages are much lower for India and Bangladesh. Almost 15 percent of the elderly in India who require daily medicine for their survival are not provided medicine due to poverty in old age. Detailed analysis indicates that most of the elderly who could not afford to buy their daily medicines belong to the lower socio-economic ladder and without any economic security in old age or belong to the recipients of social assistance programs.

Physical handicaps of the elderly make them liabilities rather than assets. Some handicaps can be overcome with aids but require some financial investment on the part of the elderly or their families. We have analysed the situation of three major handicaps: poor vision, difficulty in hearing and walking and help required for performing daily routines. According to the information provided by the elderly, three-fourths of the elderly suffer from poor vision in Sri Lanka; the corresponding percentages for India is 50. Other handicaps such as difficulty in walking and hearing were reported in fewer instances compared to poor vision.

Table 21: Physical Handicaps among Elderly in South Asia, 2001

	India	**Sri Lanka**	**Bangladesh**
Vision			
Suffer from poor Vision	50.3	76.3	18.0
Using Aids correct poor vision	83.0	49.3	46.0
Walking			
Experience difficulty in walking	5.9	40.7	11.5
Using Aids	41.8	8.0	21.6
Hearing			
Problem in Hearing	0.8	15.1	6.5
Using Aids	25.0	12.0	4.0
Help required for daily functioning			
Always	9.4	33.0	4.9
Sometimes	25.4	30.0	30.9
Never	65.2	37.0	64.2
Elderly reporting no handicaps	21.4	14.4	38.9
Elderly reporting more than one handicap	20.2	36.6	19.4

With regard to poor vision and difficulty in walking, the elderly who experience these handicaps have no hesitation in reporting their inadequacies. However, there may be elderly who do not know that they have hearing handicaps and only others who try to communicate with them come to know of such handicaps. Incidentally, the percentage of persons using aids for correcting these handicaps is extremely low in all countries, in particular in walking and hearing. The cost of arranging cataract operation and providing spectacles at large scale are often met by the Non-Government Organizations (NGO), (for instance, Help Age India in India) in all the three countries whereas the correction for other two handicaps is not popular among the NGOs. In case of the affected elderly, their families are unable to incur the expenses needed for correction of physical handicaps and it would the lives of such elderly persons more miserable. (Table 21)

The proportion of elderly reporting no handicaps varied from 20 percent in India to 40 percent in Bangladesh. Similarly, the percentage of elderly reporting more than one handicap was almost the same for the three countries. It goes without saying that handicapped elderly may not able to attend their daily routine activities such as taking bath, washing the face and hands for taking meals and dressing etc. If an elderly person is bed-ridden or unable to freely move about in the house, he/she needs help throughout the day. The problem of care giving has seldom been addressed properly in the literature on elderly. According to the findings of our field survey, one in 10 elderly in India is in need of help in his/her daily functioning; this ratio is 1 in 3 in Sri Lanka and 1 in 20 in Bangladesh. In any case, 30 percent of elderly need occasional help in all three countries of South Asia. If they happen to live longer, of course, they have to depend on others for their daily functioning.

Who looks after the elderly when they fall ill or are confined to bed? What is their preferred treatment? What are the sources of financing? What is the cost? Some data in this regard are presented in Table 22. According to the findings of the sample survey, 90 per cent of the elderly were taken care of by their spouses or children during their illness. An important gender dimension exists in this regard. In general, because there are more widows than widowers in any population, most of the elderly men receive care and affection from their spouses in old age in contrast to elderly women. Further since men have relatively more economic security compared to women, elderly women, especially widows, have to fend for themselves or have to be supported by their children.

Table 22: Care and Treatment of Elderly in South Asia, 2001

	India	**Sri Lanka**	**Bangladesh**
Identification of the Care giver of elderly sick			
Spouse	34.1	24.7	36.1
Children	58.8	54.2	53.3
Others including paid persons	7.1	21.1	10.6
Care giver when the elderly are bedridden			
Spouse	31.6	24.8	36.5
Children	61.1	67.2	54.8
Others including paid person	7.3	8.0	8.8
Type of treatment provided			
Allopathic	89.1	70.8	87.6
Homeopathy	3.2	0.3	7.5
Ayurvedic	7.7	28.9	2.5
Cost of Treatment Per Episode (in US Dollars)			
Less than 20 Dollars	85.0	94.7	42.3
20 Dollars and above	15.0	6.3	57.7
Sources of financing of medical treatment			
Own Resources	43.3	37.5	45.4
Children	47.4	29.3	39.3
Relatives	4.5	6.3	10.4
Free treatment	2.2	12.5	3.1
Others	2.6	14.4	1.8

Source: Field Survey, 2001

Around 80% of the elderly received allopathic treatment. Each episode of illness cost around 20 Dollars among 95% of elderly in Sri Lanka and the percentages were 85 for India 58 for Bangladesh. Health sector reforms involving higher cost of medical care will have serious implications for maintaining the health of senior citizens in all countries under review. Our study shows that own sources constitute a major source of financing of medical treatment of the elderly, followed by support from children. Thus the elderly in South Asia have to work not only to meet their daily needs but also to maintain their health. Pensioners and family pensioners, however, are in a better position in this respect. Health insurance for the elderly and the introduction of private pension plans in the insurance sector will have a major role in the health care of the elderly.

Data was also collected on lifetime habits and nutritional aspects among the elderly in our sample survey. One in 10 elderly in Sri Lanka and India are smokers compared to two in 10 in Bangladesh (Table 23). Drinking is widespread among Indian elderly compared to their Sri Lankan counterparts. Chewing among elderly is very common in Sri Lanka (28%) and the proportion is only 13 percent in India. Snuffing is currently not popular among the elderly in South Asia.

Table 23: Life Time Habits of Elderly in South Asia, 2001

Life time habits	India	Sri Lanka	Bangladesh
Smoking			
Regularly/Occasionally	10.3	10.2	21.3
Drinking			
Regularly/Occasionally	6.8	2.3	…..
Chewing			
Regularly/Occasionally	12.5	27.7	…..
Snuffing			
Regularly/Occasionally	4.3	….	1.3

Source: Field Survey, 2001.

As per our field survey, around 60 percent of the elderly were recommended to take special diet and not even 25 percent were taking special meals at home. The differences were high for countries like Sri Lanka and Bangladesh. For instance, in Sri Lanka, 71 percent of the elderly were recommended special diet by the doctors and only 15 percent could avail the diet at home. In India, about 60 percent of the elderly do get special diet. Around 70% elderly in Bangladesh and 32% in India would like to include special diet, as per our survey (Table 24). Very costly and no one at home have been cited as the reasons for not availing required special diet.

Care of the elderly by children and relatives is of major concern, especially in respect of elderly who are in very poor health. No study has been conducted so far to assess the socio-economic characteristics of caregivers and their problems in South Asia. We have interviewed few caregivers, most of them were in either prime working ages (30-49) and the rest of them were in the 50 plus age group. Almost all the caregivers were females (for instance, India 97 per cent). Again, most of them were married which implies that they had a family of their own to look after, in addition to the elderly who were taken care of them. Almost one-fifth of them had children below 5 years implying considerable physical strain for the caregivers (Table 25).

Table 24: Food and Nutrition among Elderly in South Asia, 2001

	India	Sri Lanka	Bangladesh
Special diet recommended by doctors			
Yes	60.4	71.0	56.9
Special diet is actually provided at home			
Yes	57.9	15.7	27.2
Like to include special food in the diet			
Yes	32.4	-	70.4
Reasons for not having recommended special diet			
Too costly	94.3	85.2	94.9
Not easily available	3.0	1.6	2.5
No one to buy or prepare at home	2.6	13.2	1.3

Source: Field Survey, 2001.

Table 25: Socio-economic and Demographic Characteristics of Caregivers in South Asia

Caregiver's Characteristics	India	Sri Lanka	Bangladesh
Number interviewed	**151**	**836**	**27**
Age			
Less than 30	16.6	16.4	Nil
30-49	42.4	38.0	63.0
50 Plus	41.0	45.6	37.0
Sex			
Female	97.4	80.6	96.3
Marital Status			
Married	89.4	72.6	85.2
Unmarried/divorced/separated	10.6	27.4	14.8
Number of living children			
Children under five	22.0	15.3	18.5
Relationship with the elderly			
Spouse	23.8	36.3	29.6
Children	41.0	40.3	55.5
Grand Children	11.3	3.0	-
Siblings (brother/sister)	3.3	10.7	-
Other relatives	17.9	9.0	3.7
Paid service	2.7	0.7	11.1
Duration by the care gives for the services of the elderly (in months)			
Less than 20	25.7	10.2	7.4
21-60	47.1	24.1	59.3
61-100	17.6	27.2	18.5
100 plus	9.6	38.4	14.8

Source: Field Survey, 2001.

The caregivers consist of mostly of spouses, children and grand children. Of course, to a limited extent, there have been also paid caregivers. Among them, children occupied the premier position, followed by spouses and grand children. As most of the elderly live with their children, the care of the elderly is implicit in the living arrangements. In Bangladesh 11 percent of the elderly were looked after by paid caregivers, followed by 2.7% for India.

As regards the length of time during which the caregiver has been rendering service, most of the caregivers are doing the job for the job for more than five years. In Sri Lanka, 38 per cent of the caregivers have been in their job (unpaid) for the last 100 months. To better understand the burden of the caregivers, we have developed a caretaker burden index for the three countries under review (for details, see Table 26). In India, 21 percent of caregivers reported no burden. The caretaker's burden index is between 50-75 for 26 percent of the caregivers in Sri Lanka and 14 percent of them had an index above 75. As Sri Lanka is ahead of the rest of the countries in the speed of aging, it is reflected in the caretaker's burden index (Table 26).

Table 26: Caretaker's Burden Index in South Asia, 2001

Country	Caretaker Burden index				
	No burden	1-25	26-50	51-75	76-100
India	21.9	47.0	28.5	2.6	-
Sri Lanka	11.3	12.0	36.6	26.6	13.6
Bangladesh	1.1	37.0	33.3	18.5	-

Source: Field Survey, 2001.

Notes: Index is calculated by using the following seven variables: 1 Financial, 2 Physical Demand, 3. Health 4. Psychological/emotional 5.Time constraint 6 Freedom 7 Conflict with the spouse. If the above problems serious/very serious = 10, No serious = 5 and no problem = 0. The index is calculated by summing all values and divided by 7 and multiplied by 100.

Around one-fifth of the elderly continue to work in old age in South Asia and its percentage was 20 percent in Bangladesh, 15 percent in India and around 4 percent in Sri

Lanka. Of the surveyed working elderly, around 70% earn less the 50 US Dollars. In Bangladesh and India, very few elderly earn more than 100 Dollars per month. (Table 27) If we consider the income of the elderly from all sources (work plus pensions and social assistance), 90 per cent of the elderly reported income is around 50 Dollars in Sri Lanka, about 60 per cent both in India and Bangladesh. Pensions and social security improve their income levels in old age. As stated earlier, one-fourth of the family income is directly derived from the income of the elderly from all sources.

Table 27: Employment and Income Status among elderly in South Asia, 2001

	India	**Sri Lanka**	**Bangladesh**
Income from current employment of the elderly (in US Dollars)			
Less than 50	67.1	63.0	68.8
50-100	28.6	37.0	18.0
100 plus	4.3	--	13.2
Income from all sources among elderly (in US Dollars)			
Less than 50	56.8	88.6	56.8
50-100	37.8	10.3	16.1
100 plus	5.4	1.1	27.2

Source: Field Survey, 2001.

To assess the elderly role in performing domestic chores, we have derived the work intensity index among the elderly in South Asia (for details, see Table 28. Around 90 per cent of elderly participate in various activities (unpaid work) in Bangladesh and Sri Lanka; this percentage was 80 in India. Thus the elderly contribute not only a portion of the money (through current gainful employment or pension) required for the maintenance of the household but also make contributions in kind by attending various household chores.

Table 28: Work Intensity Index of the Elderly in South Asia, 2001

Country	Work Intensity				
	Zero Intensity	1-25	26-50	51-75	76-100
India	21.9	38.8	33.0	4.6	1.4
Sri Lanka	11.3	12.0	36.6	26.6	13.6
Bangladesh	13.2	18.0	52.3	11.6	4.9

Source: Field Survey, 2001.

Notes: Work considered for calculating the Index: 1 Child care 2 Cooking 3. Cleaning 4. Shopping 5. Taking grand children to schools. If the work is regular = 20, not regular = 10 and no work = 0.

From our field survey, we found that about 40 percent of economic security was provided by children in Sri Lanka; these percentages were much lower in India and Bangladesh (Table 29). The bulk of the elderly depend on two sources of support namely, current gainful employment and pension earned from past major employment. This is one of the reasons that elderly in developing economies continue to work.

Table 29: Sources of Economic Support of the Elderly in South Asia, 2001

	India	**Sri Lanka**	**Bangladesh**
Current gainful employment	10.7	5.7	13.9
Pension (past gainful employment)	49.0	34.0	35.4
Support from children	27.6	39.3	16.3
Others	12.7	-	34.4

Source: Field Survey, 2001.

In South Asia, the elderly are involved in decision making on major purchases and household events. For instance, 70 percent of the elderly in Bangladesh were consulted in major purchases and household events. In Sri Lanka, this percentage was as low as 20. (Table 30).

Table 30: Decision Making Power of the Elderly in South Asia, 2001

	India	**Sri Lanka**	**Bangladesh**
Decision making on major purchases			
Regularly	57.7	26.3	65.8
Occasionally	19.2	16.8	26.0
Never	23.1	56.9	8.2
Decision making on major household events			
Regularly	57.7	19.8	70.7
Occasionally	19.2	27.9	22.4
Never	23.1	63.3	6.9

Source: Field Survey, 2001.

ECONOMIC SETTING

As a prelude to assess the policies and programs for the elderly in three south Asian countries, we provide the economic conditions of the three countries in nutshell. Its economic base is important for suggesting the comprehensive pension and social security programs for elderly and its economic viability and sustainability.

Table 31: Key Economic Indicators for South Asia

Indicators	India	Sri Lanka	Bangladesh
Population (in Millions), 2001	1016	19	130
Average annual population growth rate (%), 2000-01	1.8	1.3	1.6
Gross National Income (in Billion Dollars), 2001	471.2	16.6	49.9
Gross National Income Per Capita (in Dollars), 2001	460	870	380
Gross Domestic Product (in Billion Dollars), 2001	479.4	16.4	47.9
Gross Domestic Product growth rate, 2000-01	6.2	4.5	5.8
Gross Domestic Product, Per Capita Growth rate, 2000-01	4.5	3.1	4.0
Sectoral Share of Services in GDP, 2000	48.9	52.1	51.0
Balance of Payments on Current account (in Million $)	-5972	-601	-442
Balance of Payments on Current account (% of GDP)	-1.2	-3.8	-1.5
Government expenditure (% of GDP)	15.5	26.6	15.0
Government Revenue (% of GDP)	15.8	16.7	8.9
Tax Revenue (% of GDP)	9.1	14.9	..
Overall Deficit of Government Budget (% of GDP)	-5.1	-9.8	-6.1
Gross Domestic Savings (% of GDP), 2001	22.8	18.9	21.8
Gross Domestic Investment (% of GDP), 2001	23.8	27.0	23.3
International poverty line, population below $1 day	44.2	6.6	29.1
Gini coefficient	37.8	34.4	33.6
Share of income (lowest 10 %)	3.5	3.5	3.9
Share of income (highest 10 %)	33.5	28.0	28.6
Household final consumption Expenditure (% of GDP)	68	71	78
Government final consumption expenditure (% of GDP)	10	9	4
Gross Capital Formation (% of GDP)	25	27	23
Foreign direct investment (Millions of dollars)	2169	177	179
External debt Total (in Millions of dollars)	94393	9472	17534
External debt as percentage to GNI	16	46	23
Debt and interest payments (% of GDP)	49.7	89.2	..
Wages and salaries (% of total government expenditure)	12.0	21.0	..
Military expenditure (% of government expenditure)	14.3	21.2	10.7
Unemployment (% of labour force)	--	10.6	2.6
Annual rate of Inflation, 2001	--	6.5	8.0
Percentage of urban population, 2001	28	24	23
Pension contributors (% of labour force), 2001	10.6	28.8	3.5
Pension contributors (% of working ages) 2001	7.9	20.8	2.6

Sources: World Bank. 2002. World Development Report 2002. Oxford University Press; Asian Development Bank. 2001. Asian Development Outlook 2001. Oxford University Press; World Bank. 2001. World Development Indicators. International Bank for Reconstruction and Development, Washington.

Notes: GNI: Gross National income is the broadest measure of national income. It measures total value added from domestic and foreign sources claimed by the residents; GNI per capita is the GNI divided by the mid-year population; GDP is gross value added at purchasers' prices, by all resident producers in the economy plus any taxes and minus any subsidies not included in the value of the products; GDP average annual growth rate is calculated from constant price GDP data in local currency; GDP per capita growth is based on GDP measured in constant prices; Growth in GDP is considered a broad measure of the growth of an economy; International Poverty Line: Population below $ 1 a day is measured as purchasing power parity of percentage of population living on less than $1.08 a day at 1993 international prices (equivalent to $ 1 in 1985 prices adjusted for purchasing power parity); Gini index measures the extent to which the distribution of income (or in some cases consumption expenditure) among individuals or households within an economy deviates from a perfectly equal distribution. Thus a Gini index of zero represents the perfect equality, while an index of 100 implies perfect inequality; Percentage share of income or consumption is the share that accrues to subgroups of population indicated by deciles; Household final consumption expenditure is the market value of all goods and services, including durable products, purchased by households; Government final consumption expenditure includes all government current expenditures for purchase of goods and services (including compensation of employees). It also includes most expenditures on national defence and security, but excludes government military expenditures that are part of government capital formation***;*** Gross capital formation consists of outlays on additions to the fixed assets of the economy plus net changes in the level of inventories; Foreign direct investment is net inflows of investment to acquire a lasting management interest in an enterprise operating in an economy other than that of the investor; Total external debt is debt owed to non-residents repayable in foreign currency, goods or services. It is the sum of public, publicly guaranteed, and private non-guaranteed long term debt, use of IMF credit, and short term debt; Present value of debt is the sum of short term external debt plus the discounted sum of total debt service payments due on public, publicly guaranteed, and long term external debt over the life of existing loans.

The most important feature, which binds these three countries of South Asia, is that they are adjacent countries and that all of them were once under British rule. There is much in common between them, socially, culturally and economically apart from being identified as developing economies. All of them are thickly populated though in terms of size of population, India leads the rest. While India's population was 1016 million in 2001, Sri Lanka had a population of only 19 million and Bangladesh of 130 million in the same reference year.

Although these countries cannot be portrayed as fast growing economies of Asia, their record of growth in recent years has been fairly impressive. In 2001, India's GDP growth rate was as high as 6.2% while Bangladesh and Sri Lanka registered rates of growth of 5.8% and 4.5% respectively. However, the growth rate of per capita GDP was only 4.5%, 3.1% and 4.0% respectively for India, Sri Lanka and Bangladesh. Interestingly, territory sector in Sri Lanka is noted for its largest contribution to GDP (52.1%) compared to India (48.9%) and Bangladesh (51.0%). All the three countries are characterised by a deficit in the balance of payments on current account. While Sri Lanka's deficit as percentage of GDP was 3.8%, it was only 1.2 for India. Sri Lanka has been experiencing not only a high rate of external deficit, but also a higher internal deficit (budget) compared to India and Bangladesh. The overall budgetary deficit formed 9.8% of GDP in 2001 while that of India was only 5.1 and of Bangladesh 6.1% (Table 31).

In terms of poverty levels, it has been noted that 44.2% of the population of India had an income below one dollar a day while it was only 6.6% in Sri Lanka and 29.1% in Bangladesh. Further, the degree of inequality in the distribution of income, which exists in the three economies, is roughly equal; it is slightly higher in India (37.8%), the corresponding coefficients for Sri Lanka and Bangladesh were 34.4 and 33.6 respectively. Similarly, the income share of the lowest decile was 3.5%in India and Sri Lanka as against 3.9 in Bangladesh. At the other end of the scale, which the consumption of the highest decile showed close similarity in Sri Lanka (28.0%) and Bangladesh (28.6%), it formed a much higher proportion in India (33.5%).

Though the external debt of India is absolute terms was 10 times as high as that of Sri Lanka and 5.4 times as high as hat of Bangladesh, in relative terms, i.e, as percentage of GNP, it was the lowest in India (16%) in contrast to 46% in Sri Lanka and 23% in Bangladesh. May be the internal strife in Sri Lanka has led to the ballooning of the external debt. A related point is the large military expenditure in Sri Lanka and India which reduces the availability of resources for productive and welfare expenditure.

Among the three countries of South Asia, the pension system appears to be more developed in Sri Lanka where 28.8 percent of the labour force and 20.8 percent of the working age population constitutes the pension contributors. The corresponding percentages are far lower in the two other countries and the pension system is least developed in Bangladesh.

PENSION AND SOCIAL SECURITY PROGRAMS IN SOUTH ASIA

In recent years, the concern for social security has been greatly influencing policies of the developed as well as the developing countries. The International Labour Organization has defined social security as `the protection which society provides for its members, through a series of public measures, against economic and social distress otherwise would be caused by the stoppage or substantial reduction of earnings resulting from sickness, maternity, employment injury, unemployment, invalidity, old age and death' (International Labour Organization, 1942). Sir William Beveridge, father of the British Social Security System, has defined it as, `security of an income to take the place of earnings when they are interrupted by unemployment, sickness, or accident; to provide for retirement benefit, to provide against loss of support by the death of either person and to meet exceptional expenditure such as those connected with birth, death and marriage' (Beveridge, 1943). According to Piree Laroque, former President of the National Social Security Fund in France, social security, though sometime assimilated into social insurance, is a basically new development. It represents a guarantee by the whole community to all its members of the maintenance of their standard of living or at least tolerant living conditions by means of a redistribution of income based on national solidarity' (Laroque, 1969). Leal de Araujo has viewed social security systems as supplementary machineries or economic agents for redistribution of income' (Leal de Araujo, 1972). Social security schemes may be of four different types in terms of benefits they provided (Table 32).

Table 32: Basic Features of Major Social Security Schemes

Type of Scheme	Source of funding	Coverage	Entitlement criteria
Social Assistance	Public revenues	Persons in designated categories who have low incomes	Means test
Social Insurance	Contribution from employee, employer	Members of insurance scheme	Contribution record
Employer liability	Employer	Employed in designated categories	Employment criteria
Social allowances	Public revenues	Persons in designated categories	Domicile

Source: ILO, 1979; United States, 1982; Midgley, 1984

Table 33: Social Security in South Asia

	Groups To Which Applicable		
Contingency	**Public Employees**	**Private sector**	**The general poor or the unorganized sector**
Medical Care	Free treatment in public hospitals, reimbursement of drugs to a certain amount	Free treatment in public hospitals, reimbursement of cost of drugs to a certain amount	Treatment in public hospitals. Free supply of drugs to some extent
Sickness Benefit	Medical leave on full pay	Sickness leave on full pay (vary from sector to sector	Nil
Maternity Benefit	Maternity leave on full pay	Maternity benefits under existing act	Financial assistance to poor women (example, India)
Unemployment Benefit	Retrenchment benefits under Renewal Fund for employees of public sector enterprises	Retrenchment benefits under existing Act in the respective country in South Asia	Public employment generation schemes, self employment schemes
Employment Injury Benefit	Ex-gratia relief	Benefits under existing Act in the respective country in South Asia	Assistance from welfare funds (example, welfare funds in India)
Invalidity Benefit	Ex-gratia relief	Benefits under existing Act in the respective country in South Asia	Pensions for physically handicapped (example, India)
Old-age benefit	Pension and gratuity or contributory provident fund and gratuity	Contributory Provident Fund and Gratuity	Old-age pensions for destitute, poor and widows (example, Bangladesh)
Survivor benefit	Subsidised group insurance in the event of death while in service; family pensions in the event of death after retirement	Deposit-linked insurance, Contributory Provident Fund and Gratuity,	Subsidized life insurance and accident insurance to the survivors (for example, India)

Source: Guhan, 1994; Van Ginneken, 1998

We also summarize in Table 33, the various social security measures available in South Asia for public (government) employees, private sector workers, and the poor in general in contingencies such as medical care, sickness benefit, maternity benefit, unemployment benefit, employment injury, invalidity benefit, old-age benefit and survivor benefit.

We shall discuss against the above background the pension, social security and assistance program for the organized and unorganized sectors in three countries of South Asia namely India, Sri Lanka and Bangladesh. (more details on pensions and social security, see Irudaya Rajan, Mishra and Sarma, 1999; Irudaya Rajan, 2000; Irudaya Rajan, 2001a; 2002b) **POLICIES AND PROGRAMS FOR THE ELDERLY**

Various policies and programs for elderly exist in the three countries as a final outcome of a series of legislations and milestones. We summarize them below in Table 34.

Table 34: Milestones in the Pension, Social Security and Social Assistance Programs in South Asia

	Name of the program	India	Sri Lanka	Bangladesh
1	Public Service Pension (civil pension)	Yes	Yes	Yes
2	Public Provident Fund	Yes	Yes	Yes
3	Employees Provident Fund	Yes	Yes	Yes
4	Family Pension (death of the pensioner)	Yes	Yes	Yes
5	Private pension plans	Yes	Yes	Yes
6	Social Assistance for the poor elderly (means-tested public assistance program)	Yes	Yes	Yes
7	Social Security Scheme	No	Yes	No
8	State-run old age homes	Yes	Yes	Yes
9	Privately- run old age homes	Yes	Yes	Yes
10	Group insurance schemes	Yes	Yes	Yes
11	Welfare fund boards	Yes	No	No
12	Protection of Rights of Elders	Yes	Yes	No
13	Travel Concessions	Yes	No	No
14	Pension reform	Yes	Yes	No
15	National Policy on Aging	Yes	Yes	No

A. THE PUBLIC (CIVIL) SERVICE PENSION SCHEME

Current Scenario

All the central and state (provincial) government employees in India, Sri Lanka and Bangladesh are eligible for the full range of government's pensionary benefits including a non-contributory, indexed and defined benefit pension scheme. Three main components of retirement benefits provided to government employee consists of:

(a) A lump-sum Gratuity: This gratuity is based on the duration of service rendered by an employee and the last salary drawn; it is paid as a lump-sum amount on retirement or death. In India, the ceiling is Rs.3.5 Lakhs (approximately US $ 7300).

(b) Outstanding balances in the General provident fund to which employees contribute while in service. This is a defined contribution (DC) scheme. Each government employee is required to contribute a minimum percentage of the basic bay (6% in Indian case) to the General Provident Fund (GPF) with no matching contributions from the government. All employees are entitled to their accumulated in their GPF account and it shall carry a rate of interest fixed from time to time (In India, the current rate of interest is 9.5% per annum). The current rate of interest in Bangladesh is 12.5 % and the mandatory contribution is 10% of the basic salary.

(c) An Un-funded Defined Benefit (DB) pension, which is paid from current revenues of the government. This is the most important retirement benefit. The maximum replacement Rate (the ratio of income from retirement benefits to pre-retirement income, after mandatory deductions) is 50% of the average salary during the last ten months of service. In the case of Sri Lanka, it is around 80-90%. There is also a maximum limit (varying from country to country) to the absolute amount of the pension. According to the present policy of the Government, the monthly pensions are indexed to inflation (not in Sri Lanka) as well as revision based on the salary structure of serving employees. Due to the substantial revision of the pay scales (India, for example), pension expenditures have shot up thus creating a higher fiscal burden on the Government. With the death of the pensioner, the spouse of the retiree receives a family pension. In Bangladesh, a pensioner is entitled for 80% of the basic salary, if he completed 25 years in service. Of this 80%, 40% has to be commuted compulsorily and remaining 40% will be used for the monthly pension.

Table 35: Defined Benefit (DB) Pensioners, Pension Liabilities in South Asia, 2000-01

		India	Sri Lanka	Bangladesh
1	Number of civil pensioners (including family pensioners)	582775	N.A	N.A
2	Postal Pensioners	172022	N.A	N.A
3	Railways	1060000	N.A	N.A
4	Defence	1939507	N.A	N.A
5	Telecom	100000	N.A	N.A
6	**Government Pensioners**	**3854304**	**371722**	**262000**
7	State or Regional Government Pensioners	3672858	N.A	N.A
8	**Total civil pensioners**	**7527162**	**371722**	**262000**
9	Pension expenditure (in crores in US $)	440	27	26
10	Average pension per person	4566	4566	4774
11	Pension expenditure as a % of GDP	1.00	1.6	5.8
12	Pension expenditure as a % of expenditure of the government	6.6	4.5	N.A
13	% coverage among the elderly 60 and above	9.7	20.0	1.6

In all, pensions are paid to 8 million retirees or their spouses in the event of the pensioner's death through state and central governments including the postal workers, defence personnel, railways and telecommunications in India. In Bangladesh, the number of government pensioners is just 2.6 lakhs as against 3.7 lakhs in Sri Lanka. Approximately, one in ten Indian and one in 5 Sri Lankan elderly receive a regular pension in old age. The situation is pathetic in Bangladesh. Though Bangladesh spends 6% of its GDP on pension expenditure, the percentage of recipients among the elderly is just 2. India spends the lowest among the three countries in terms of ratio of pension expenditure to GDP (just 1%). Surprisingly, on an average elderly pensioner in all three countries received almost the same amount of money in their currency. However, while India allocates as much as US $ 440 crores from its budget for pension disbursements only US $ 26 crores is budgeted in Sri Lanka and Bangladesh (Table 35).

Pension Liability vs Pension Reform.

Among the three countries under study, India is the first to recognize the huge payouts of pensions from the current budget as a major constraint and to think of ways to reform the pension system. The Ministry of Social Justice and Empowerment constituted an expert committee as early as 1998 for devising a pension system in India under the chairmanship of Dr Surendra Deve. This committee, popularly known as OASIS, Old Age Social and Income Security Project (OASIS) submitted its final report in 2000 (Ministry of Social Justice and Empowerment, 2000). World Bank, a major player in the pension reform throughout the world, produced a document on India titled `The Challenge of Old Age Income Security' in 2001 (World Bank, 2001). Finally, Ministry of Finance, Government of India, has constituted a working group to assess the pension liabilities of the government. The report titled, `An assessment of Government of India's pensionary liability', was submitted in June 2001 (Government of India, 2001). The major recommendations of these initiatives are presented below:

Government of India (2001) in its report says, `the working group recommends a transition to a funded system of pension payments for new employees as well as the provision of appropriate incentives for encouraging existing employees to move to a partial defined contribution system' from the existing `non-contributory, indexed and defined pension scheme'. Over a period of 10 years, the pension expenditure of the Government of India has increased approximately six times; from US $ 68 crores in 1990-91 to US $ 405 crores in 1999-2000; the implementation of the recommendations of the fifth pay commission has greatly contributed to this enormous growth. The central government's expenditure on pensions has increased from US $ 237 crores in 1997-98 to US $ 440 crores in 2000-2001 - an increase of 86 percent over the three years. It is unfortunate that though the Government of India spent around US $ 440 crores in 2000-2001, the data required to estimate its future pension liability is not available. Neither the Central nor the State governments have any data on the profile of pensioners and their likely pension payments. However, the Ministry of Finance working committee estimated the pension liability of the Government of India for the next 10 years using the following assumptions namely; (a) The basic pension of the retiree would not change. It simply rules out any future salary revision (This is simply unrealistic); (b) annual rate of inflation at 6% and (c) in the absence of any reliable data, an attrition rate of 5% per annum amongst retirees and 10% per annum for the family pensioners. It is assumed that the pension liability of the Central government would continue for 30 years after retirement (20 years on account of superannuation pension and 10 years on account of family pension). According to the projections available, the government of India's pension liability will increase from the US $ 440 crores to US $ 623 crores in 2010-11 (Government of India, 2001). The project OASIS also has estimated a similar pension liability and has recommended the establishment of an Indian Pensions Authority (see details, Asher, 2002)

According to a World Bank study, roughly 5.7 to 6.9 percent of Gross Domestic product of India will be spent on civil pensions by 2020 (World Bank, 2001). On the basis of the findings of the World Bank and Ministry of Finance, the Government of India has recommended that younger employees be shifted to a fully funded and contributory pension scheme. The Government of India announced in February 2001 that all new recruits who enter federal service after October 2001 have to join a new Defined

Contribution (DC) scheme. As of today, however, the new defined contribution scheme has not taken off.

In Sri Lanka, only one study exists on the subject of civil service pensions. (Ravi et.al, 1998) Using the available data (which is incomplete), the authors have attempted to project the pension liability for the next 40 years. The ratio of pension expenditure to GDP is likely to increase from its current 1.7 percent 4.3 percent by 2041. The system dependency ratio (pensioners to labourers) is likely to increase from 3.20 to 7.26 percent by 2041. This is also true for ratio of pensioners to total population. The report suggests various policy changes at the Government level to reduce pension liability. For instance, the study cautions that doing nothing to reform pensions will lead to fiscal un-sustainability. By 2020, the pension liabilities of Sri Lanka would be of a similar magnitude to their military expenditure requiring high taxes to sustain the system.

Civil pension issue is already burning problem both in Sri Lanka and India. Bangladesh is lagging behind even in documenting the issue. In passing, we may make a brief reference to the Kerala situation as this tiny state presents an interesting contrast with rest of the country in many respects, especially on the demographic transition (more details, see Zachariah and Irudaya Rajan, 1997; Irudaya Rajan et.al, 1999).Approximately, there are 350,000 state government pensioners in Kerala and the budget for 2001-02 is around US $ 34 crores (more than the combined pension expenditure of Sri Lanka and Bangladesh). Also, there are central government pensioners including military, post and telegraph and railways retirees who now reside in Kerala. Their numbers are largely unknown. On a rough reckoning, there are 400,000 service pensioners (state and central) in Kerala. The continuous increase in the pension expenditure is a matter of grave concern for planners and policy makers in Kerala (George, 1999; Irudaya Rajan and Mishra, 1997; Irudaya Rajan and Zachariah, 1998; Irudaya Rajan, 1999). For instance, the share of expenditure on general services (which includes pension and other benefits) in total revenue expenditure has increased from 37.48 in 1998-99 to 39.45 per cent in 1999-2000. This increase was largely due to the rise in the share of pensions. This increase is much higher compared to other states, which can be traced to the higher life expectancy of Kerala. Also, Kerala is the only state in India where the retirement age for the state government employees kept at 55 years for the last 55 years. In 1999-2000, the ratio of pension expenditure to total revenue expenditure (13.74 percent) was only second to interest payments (15.37 percent). Between 1998-1999 and 1999-2000, the pension expenditure increased sharply from 1.91 to 2.15 percent of Gross State Domestic Product (State Planning Board, 2001).

In India, Bangladesh and Sri Lanka, if the pensioner dies, the surviving spouse (if any) will automatically receive a family pension but it is not true for Sri Lanka until they join the contributory pension scheme, as pointed out below.

The Widows'/Widowers' and Orphans' Pension Scheme (W&OP) of Sri Lanka: The Widows and Orphans Pensions Fund Ordinance No 1 of 1898, in its early stages, provided for a pension to widows & orphans of pensionable public servants. This was later extended to widowers as well by Act No 24 of 1983. This was to enable the increasing number of females entering public service to provide for their husbands. Unlike the pension scheme, the W & OP is a contributory one; it is mandatory that pensionable public servants contribute 4% of their salaries. The widow/widower receive the spouses' pension until his/her death. Disabled children are covered for life. According the figures available, 640,140 employees were contributing to this scheme at the end of 1997 in Sri Lanka.

As indicated earlier, government and semi-government employees in South Asia have regular income during retirement and this is not true for private and unorganised sectors (for more details, see Table 36).

Table 36: Provision of Retirement Benefits in different sectors in South Asia

Government & Semi-government	Private	Unorganized
Both Government and Semi-government organizations provide similar retirement benefits to the employees. Following are the benefits admissible for retirees depend on the entitlements provided by respective governments: 1. Pension 2. Medical Allowance 3. Gratuities 4. Commutation of a portion of Pensions 5. Leave Encashment Facility 6. Compassionate Gratuity 7. General Provident Fund 8. Group Insurance	Private organizations do not follow any single rule in providing retirement benefits to their employees. Some organizations do not provide any benefit and some provide a few. These are as follows: 1.Contributory/Non-contributory Provident Fund 2.Gratuity 3.Lumpsum money 4.Group Insurance.	In India, we have different Welfare fund boards at the state and central levels. However, few welfare fund boards in Kerala have some retirement benefits for their members such as gratuity and pension. In Sri Lanka, in 1987, farmer's pension and social security scheme was introduced and a fishermen's scheme was introduced in 1990. Government of Bangladesh in its fifth five year plan introduced the `old age allowance program' to help the poor elderly in 1997. The National Old Age Pension scheme in India was introduced on 15th August 1995. This is meant for the poor elderly; the entire funds are provided by the central government.

Another important program for the welfare of the elderly in South Asia consists of provident funds. We now turn to a discussion of provident funds.

B PROVIDENET FUNDS IN SOUTH ASIA

The provision of the provident fund (PF) is most common among government, semi-government, leading established private sector organizations and some workers in the unorganised sector. Under the program, each employee contributes a certain percentage of his/her basis pay to the PF. Such contribution ranges from 5 to 12 per cent of the basic pay and at times, even higher. In general, the contributions by employees are matched with contributions of the employer and earn an interest at stipulated rates. The basic goal of the PF is to enable employees to accumulate a lump sum at the time of their retirement. The facility of non-contributory PF is also available to employees who receive regular monthly pension after retirement. The contributory scheme is compulsory for the employees who have no retirement benefits. While still in service, employees can utilise a certain percentage of their accumulated balances in the PF as loan for specified purposes as stated in the PF act from time to time (for details, see Table 37).

Table 37: Provident Funds in South Asia

	Various types of provident funds	India	Sri Lanka	Bangladesh
1	Employees Provident Fund Scheme	Yes	Yes	Yes
2	Employees Trust Fund	No	Yes	No
3	Public Provident Fund	Yes	Yes	Yes
4	Government Provident Fund	Yes	Yes	Yes
5	Employee’s Pension Scheme	Yes	No	No
6	Special Provident Funds	Yes	No	No
7	Approved Private Provident Funds	No	Yes	No

Government provident fund exists only in India and it is applicable to all state and central government employees. There is no contribution (non-contributory) either by the state or central government because employees receive regular pension after their retirement. However, it is mandatory for all central and state government employees to join the scheme and contribute 8% of basic salary. Their contributions will carry an annual interest as decided by the Government from time to time. The current interest rate is 9.5 per cent per annum. They can also withdraw a prescribed portion of their outstanding balance in their individual accounts for specific purposes such as construction of house, etc. Approximately, 12.25 million employees contribute to the Government provident fund in India. This fund is fully managed by the respective governments.

Employees' provident fund scheme is most common in South Asia and it is implemented mostly in semi-government, private and some unorganised sector establishments. This is a contributory scheme (both by employers and employees) open to those employees who are not eligible for regular monthly pension.

In Sri Lanka, there is a Public Service Provident Fund (PSPF) operated for government servants such as temporary and contractual employees and employees of statutory boards. For PSPF, the government contributes 12% of the basic salary whereas employees' contribute 8% of their basic salary every month. The fund is managed by the Board and headed by the Director of Pensions. At the end of 1997, 166,419 members enrolled in the scheme and investments of the fund amounted to over US $ 40 million.

In India, during the pre-independence days there used to be several private sector organizations, which established provident funds for their employees. The assets of these provident funds amounted to US $ 21 million and equalled about 3 per cent of all assets held by the financial institutions in India (Goldsmith, 1977). Employees' Provident Fund Organization (EPFO) in India is one of the largest provident fund organisations in the world in terms of membership and the volume of financial transactions. It functions under the Ministry of Labour, Government of India. As of 31st March 1999, EPFO had 23.1 million contributing members employed in 3.18 lakh establishments/factories falling under 177 Scheduled Industries/Classes of Establishments. The total accumulated fund as of 31st March 1999 amounted to US $ 1714 crores (Employees' Provident Fund Organization, 2000). Another 2 million additional workers are covered under the Coal Mines, Assam Tea Plantations, Jammu and Kashmir and Seaman's Provident Funds (World Bank, 2001). The EPFO operates three social security schemes. They are: (i) Employees' Provident Fund

Scheme, 1952; (ii) Employees' Pension Scheme 1995 which replaced the erstwhile Employees' Family Pension Scheme, 1971, with a monthly pension since 16th November 1995 and (iii) Employees' Deposit Linked Insurance Scheme, 1976, for insurance cover to a member in the unfortunate event of his/her death. The EPFO has 17 regional offices, 74 sub-regional offices, 10 service centres and 157 inspectorate offices with 19024 employees.

The Employees' Provident Funds and Miscellaneous Act, 1952 extended to the whole of India except the state of Jammu and Kashmir. This act is applicable to any business establishment, which employs 20 or more persons and is engaged in any one or more of the industries specified in Schedule 1 of the Act. The total membership is around 23.1 millions. The current rate of contribution in most cases is 10 per cent of the basic pay and in some cases; it is slightly higher at 12 per cent. During 1998-99 alone, US $ 162 crores were collected as contributions to the provident fund. In its initial stage (1952-53), the rate of interest offered to members on the contributions was only 3 percent; it was raised to 6 percent during 1972-73, 9 percent during 1982-83 and 12 percent during 1999-2000. However, the current rate of interest is just 9.5 percent.

This scheme provides for financial assistance by allowing partial withdrawals to members in situations like illness, invalidation and to provide funds to discharge their social responsibilities such as marriage of sister/brother/daughter/son or higher education of children or construction of dwelling house. This is the major weakness of the scheme. The average balance members maintain is only US $ 520 at the time of leaving the PF. At this account, PF fails in one of its important goal of accumulating pension savings at retirement (Government of India, 1999).

Employees' Deposit Linked Insurance Scheme, 1976, came into existence from 1st August 1976. All the employees who are members of the provident fund are required to become members of this scheme. While the employee-members are not required to contribute to the insurance fund, the employers are required to pay contribution to the fund at the rate of 0.5 percent of pay. On the death of an employee (member of the scheme), while in service, the persons entitled to receive the provident fund accumulation plus an additional amount not exceeding US $ 520, if his/her PF account balance is less than US $ 520. However, if the member has more than US $ 520 in the PF account, the member will be paid US $ 520 plus 25% of the average balance in excess of US $ 520, subject to the ceiling of US $ 730.

Employees' Pension Scheme (EPS) came into effect from 16th November 1995. This is a mixed defined contribution (dc) - defined benefits (db) scheme. This is conceived as a defined benefit social insurance scheme formulated on the basis of actuarial principles for ensuring long-term financial protection of members. No additional contribution is payable for the pension benefits. The new pension scheme, like the old Employees' Family Pension Scheme, 1971, derives its funds by partial diversion from the provident fund contribution, the rate being 8.33% in lieu of 2.33 against the old ceased family pension scheme. The central government continues to contribute 1.16 percent. All the assets and liabilities of the erstwhile pension fund (family pension scheme) were transferred to the new pension fund (employee's pension scheme). The benefits and entitlements to the members under the old scheme remain protected and are continued under the new employees' pension scheme. The retirement/superannuation pension under the new scheme will be payable on fulfilling the following two conditions namely (i) minimum 10 years of eligible service; (ii) attaining the age of 58 years (on ceasing employment earlier than 58 years, pension may be availed of by a member at his option before attaining the age of 58 years but not below 50 years).

Table 38: Pension Beneficiaries of Employee's Pension Scheme, India, 1997-98.

Category	Number
Member Pension	222554
Early Pension (50-57 years)	110592
Superannuation pension (58 years)	111597
Disablement pension	365
Widow/Widower Pension	79086
Death in harness	73497
Death while in service	5589
Nominee pension	193
Orphan Pension	1197
Children pension	86851
Ceased widow/children pensioners of Employee's family pension scheme	173893
Total beneficiaries	**563774**

Source: Annual report of the Employment Provident Fund Organisation, New Delhi

The EPS has a maximum replacement rate of 50 percent. The benefits are not inflation or wage indexed as in the case of civil pensioners. However, the contributions and returns of investments of the EPS are likely to be inadequate to meet the defined benefit obligations of the government in future. For instance, Patel (1997) provides evidence that would seem to indicate that the EPS is under-funded and is likely to become another major liability for the government in the long run. Thus there is a strong case for reforming the whole EPS scheme mainly in area of investment policies, performance and its administration. As of 1998-99, the pension benefits were extended to 563,774 persons. Detailed break-up is presented in Table 38.

In Sri Lanka, the Employees Provident Fund (EPF) for private sector employees was introduced by the EPF Act No of 1958. It is the largest in terms of its assets and membership. In the beginning, an employee covered by the fund was required to contribute 4% and the employer 6%. The current rates are 8% and 12% respectively. The act covers all employees in the private sector including temporary and daily wage workers irrespective of the size of the establishment. The EPF is a contributory scheme with no provision for annuities. It provides for lump sum payment on retirement – 55 years for males and 50 years for females. Nevertheless, a female employee who ceases to work on getting married is entitled to receive the sum credited to the account. The EPF funds are invested in treasury bills and government loans. According to the annual report of the Central Bank of Sri Lanka, 73% EPF monies were in government rupee loans and the balance in treasury bonds. At the end of 2000, contributing employees numbered over 1.8 million and the contributing employers came to nearly 44000. The total annual contribution to the fund amounted to US $ 226 million and the total cumulative fund was to the tune of US $ 2.97 billion approximately.

The Employees Trust Fund (ETF) in Sri Lanka was established by the Employees' Trust Fund Act No 46 of 1980. The membership of the fund is linked to the membership of the Employee' provident fund. Under the scheme, an employer is required to pay to the fund 3% of the total earning of an employee while the employee is not required to make any contribution. The balance lying to the credit of an employee is made available to him at the time of retirement. Among other benefits available to the members are life insurance cover and a scholarship scheme for education of children in certain categories who excel in their studies. As in the case of the EPF, the ETF too makes its investments mainly in government paper. According to provisional figures for 2000, the ETF had a total membership of 1.8 million and total outstanding balance was US $ 373 million.

In Bangladesh, private formal sector and leading non-government organisations maintain different types of facilities for their employees. Some of them are entitled to both provident funds and gratuity, and some only one of the two and some have no program.

Approved Provident funds (APR) are not common in South Asia. However, in Sri Lanka, APR funds are managed by establishments for their own employees and confined to the employees of such establishments. The APRs are found in certain banks and large business establishments in the private sector. The mandatory minimum rates of contributions namely, 8 percent by the employee and 12 percent by the employer are applicable to these funds also. Some of the establishments operate their own provident funds in Sri Lanka. Some examples are: Walker Sons Limited, Ceylon Theatres Limited, the National Savings Bank, Hales Limited and the Associated Newspaper of Ceylon Limited.

C PUBLIC ASSISTANCE OR SOCIAL ASSISTANCE FOR INDIGENT ELDERLY

(a) Residential Care (Old age homes)

Elderly who retire from employment in the unorganized sector as well as those aged - who have had no work or homes of their own - are in need of financial help and/or accommodation. They need day care centers or old age homes. It was for the benefit of such people that the Indian Government started a scheme of grants-in-aid to voluntary organizations in 1983-84 for providing day care and other services, and for construction of homes for the aged. (review of old ages homes in India and their inmates, see Irudaya Rajan, 2001c; 2002b; Table 39).

Table 39: Old Age Homes in India, 1998

States/ Union territories	Number	Per cent
Andhra Pradesh	78	10.71
Karnataka	66	9.07
Kerala	124	17.03
Tamil Nadu	121	16.62
South India	389	53.4
Rest of India	339	46.6
All India	728	100.00

Source: Helpage India, 1998. Directory of Old Age Homes in India.

In 1998, India had 728 old age homes catering to the needs of the poor, destitutes, widows, the sick and the handicapped. One in 7 old age homes are meant for elderly who can afford to pay for their boarding and lodging. According to Help Age India, one-third of them receive financial and material support from it (Help Age India, 1998). Two-thirds of them are managed by various Christian organizations. Interestingly, the highest number (124) of old age homes is found in Kerala, followed by Tamil Nadu (121) and Andhra Pradesh (78). More than half (53.4 per cent) of the old age homes are located in South India (Kerala, Tamil Nadu, Andhra Pradesh and Karnataka).

Residential care for the elderly is provided by Elders Homes' run by the government of Sri Lanka since 1951 -the first such home was established in Koggala in the Southern Province. Since then the number of State- run homes has increased and are supplemented by others managed by the religious organizations. Currently there are three homes for elders, run by the state. These are situated at Anuradhapura in the North Central Province, Mirigama in the Western Province and Kaithady in the North-Eastern Province. As of 31st December 2000, the home at Anuradhapura had 290 inmates, the one at Mirigama 197 and the home at Kaithady 150. These homes accommodate both male and female elderly who are over 60 years of age and are destitute. These homes are supervised by the respective Provincial Ministries through Provincial Directors of Social Services.

Although the expenditure on the maintenance of old age homes is borne by the state, the public too make contributions, mainly of food, clothing, bedding and medicine. The other facilities available to the inmates are health-care, supply of reading material and facilities for religions observances and pilgrimages. According to the director of social services, the total expenditure allotted for the three homes amount to US $ 174 thousands in 2000-2001.

Moreover, there was total of 89 elders' homes run by non-government organisations in various parts of the country as at end of year 2000. This number comprised 11 homes for males, 12 for females and 66 for both sexes. The total number of inmates was 3,687.

Under the annual development plan, Government of Bangladesh has recently started constructing six old age homes for the poor elderly, one each in six administrative divisions of the country. Out of six, only one has so far been completed and made functional. Construction of the other five homes is almost over. These oldage homes are officially called Shanti Nivas (Home of Peace) Complex. To create an environment of love and peace, these oldage homes are constructed in the compound of childrens' complex in each division. In these oldage homes, food, accomodation and medical treatment are offered free of cost to the inmates. Each of the Shanti Nivas has accomodation for 100 inmates; 60 females and 40 males. They are selected thorough a local level survey by the social welfare board in every district. One Shanti Nivas made functional is already full and no place is left vacant. According to the social welfare department officials, the present provision of old age homes is insufficient.

On a more personal level, the initiative taken by an industrialist, Mr K A Z Mukul, to serve the poor elderly has been noteworthy. He established an old age home in the near by district of Dhaka city (about 50 km away) with accomodation for 500 elderly. It is situated on a 22-acre plot of land. Out of the 22 acres 5 acres are meant for residential purpose and the remaining land is devoted to pisci-culture, poultry raising and other commercial ventures which would fetch an income for the old home so that it can be run on a self-sustaining basis. All expenses of the inmates such as food, clothing and medical care are provided by the oldage home. At present, the number of inmates is only 52.

(b) Public Assistance in Old Age

Social assistance for the poor by way of a cash payment was first introduced under the Poor Law Relief Ordinance of 1939 and has since continued in Sri Lanka. At present this programme is handled by the Provincial Department of Social Services.Currently, Public Assistance payments are made to households having a monthly income of less than US $ 4 and have heads whom are disabled, old or widowed. The rate of payment is determined by the size of each household; one single person receive US $ 1.25 per month and 4 or more persons receive a maximum of US $ 4 per month. The total number of recipients of Public Assistance during the year 2000 was 425,477 and the amount paid was US $ 8 lakhs. On an average, a poor household receives US $ 1.5 per month.

The Government of Bangladesh in its Fifth Five Year Plan introduced an `old age allowance program' to help the poor elderly in 1997. Appoximately, US $ 1 crore has been allocated for the scheme every year. Initially this grant was given from the block allocation and now this is allocated from the revenue budget of the Government. Under this scheme, 10 of the poorest and oldest persons (5 males and females) from each ward of a union throughout the country were sanctioned a monthly allowance of US $ 2 each. At present, a total of 403,110 elderly persons of 40311 wards of 4479 unions are receiving the oldage allowances in Bangladesh. (Begum, Islam and Mahmood, 2002). This is an innovative program started for the first time in Bangladesh to help the elderly who are living below the poverty line. The Ministry of Social Welfare has been given the responsibility to implement the old age allowance program. This Ministry implements this program through the Department of Social Services. In all, a total 4479 union (lowest administrative unit) are included in these divisions. Each union consists of 9 wards and each ward has 10 beneficiaries. An elaborate system of committees and sub-committees extending from the national to the Thana/Upazilla, Union and Ward levels has been responsible for identifying eligible persons under the program.

The selection of beneficiaries for this program is done according to some well-defined and mean-tested criteria: age, economic conditions and health status. Those who are aged, sick or disabled, have no land and have an annual income of less than US $ 50 are treated as belonging to the destitute class and receive priority (Ministry of Social Welfare, 1999). Evaluation studies have sown that the program has been successful among the rural elderly and covers only a fraction of the deserving cases (Mazundar and Begum, 2001).

Government of Bangladesh has recently introduced another social assistance program for widows and destitute women. Although the criteria for selecting candidates for benefit under this program is marital status, yet the widowed women, mostly being elderly, reap the benefit from this program. This program too has a country-wide coverage. Under it, 5 widows from each ward of the union parishad receive financial assistance of US $ 2 each per month.

Until 1995, there was no social assistance program managed by the Government of India for its poor citizens though many state (provincial) governments run social assistance programs for the old and the vulnerable sections of the society. The announcement, on 15th August 1995, of a National Social Assistance Scheme (NSAS) was a significant step towards the fulfilment of the Directive Principles in Article 42 of the Indian Constitution.

The National Social Assistance Scheme has three components: National Old Age Pension Scheme (NOAPS), National Family Benefit Scheme (NFBS) and National Maternal

Benefit Scheme (NMBS). Among the three schemes, NOAPS is meant for the poor elderly. This is a centrally sponsored programme with 100 per cent central assistance to the States and Union Territories in accordance with the norms, guidelines and conditions laid down by the Central Government with its Ministry of Rural Development as a nodal agency. The following criteria shall strictly apply in the implementation of the NOAPS: (a) Age of the applicant (male or female) shall be 65 years or higher. (b) The applicant must be a destitute in the sense of having little or no regular means of subsistence from his/her own sources of income or through financial support from family members or other sources. In order to determine destitution, the criteria, if any, currently in force in the state/union territory may be followed. (c) The amount of old age pension will be US $ 1.5 per month for purposes of claiming central assistance.

During the year 1995-96, the numerical ceiling was 5.4 million elderly (i.e. 50% of the population below the poverty line in the age group 65 years and above) and the allocated amount was US $ 1 crores for all-India. Later in 1998-99, both numerical ceiling and the allocated amount were raised. The current numerical ceiling is 6.9 millions and the allocated amount is US $ 1.3 crores. Over the past five years, the scheme has become better known; the achievement (both in terms of number of beneficiaries and the amount claimed) has reached above 90%. (See Table 40). Interestingly, for the last two years, the Department of Rural Development have compiled the statistics on the beneficiaries by caste, sex etc. It has been shown that the percentage of beneficiaries among schedule castes, tribes, women and handicapped has shown an increase during this period. This clearly indicates that the National Old Age Pension Scheme has benefited the weaker sections of the society more than others. The record is impressive among all the vulnerable groups. For instance, the proportion of beneficiaries among women has increased from 30 to 37 per cent between 1998-99 to 1999-2000. (see Table 41 for details)

Table 40: Quantitative Assessment of National Old Age Pension Scheme in India

Year	Numerical Ceiling (No)	Achievement (No)	Percentage achievement	Allocation (in Rs)	Claimed (in Rs)	% claimed
1995-96	5335000	2937677	55.06	29706.60	21614.62	73.50
1996-97	5335600	4760097	89.21	50737.08	37381.65	73.68
1997-98	5335600	5093704	95.47	46396.79	38629.05	83.26
1998-99	6881000	6214000	90.31	45685.23	42080.99	92.11
1999-00	6881000	6311014	91.72	47623.58	44797.13	94.07

Source: Calculated by the author from the unpublished data of Ministry of Rural Development, New Delhi.

Table 41: Status of Beneficiaries of National Old Age Pension Scheme in India

Percentage of beneficiaries	1998-99	1999-2000
Scheduled Castes	28.33	31.42
Scheduled Tribes	10.66	14.21
Other Castes	61.02	54.38
Women	30.21	36.71
Physically Handicapped	0.93	1.59

Source: Unpublished data of Ministry of Rural Development, Government of India, New Delhi

Almost all state governments and union territories in India have their own schemes of old age pensions. The eligibility criterion varies with each scheme, but generally, the destitute, the poor and the infirm aged 60 and above are provided pensions at rates ranging from US $ 1.5 to US $ 6.5 per month (for more details, see Irudaya Rajan, 1999b). Among the States and Union territories, Uttar Pradesh was the first in India to introduce an old age pension scheme for the elderly as early as 1957. Under this scheme, the beneficiaries receive a monthly pension more than or equal to US $ 4 in 6 states and between US $ 3-4 in 4 states. However, 11 states and union territories provide a pension below US $ 3 (the lowest pension is US $ 1.5). Out of the 32 states and union territories under review, the stipulated age for eligibility is 65 and beyond in 20 states and union territories. Some states have different age limits for males and females. In Punjab, the age limit is 65 for males and 60 for females. In Jammu and Kashmir, it is 55 years whereas in Sikkim, it is as high as 74 years for males. According to our estimates, the total expenditure incurred for this purpose amounted to US $ 10 crores and the number of beneficiaries was around 10 million elderly aged 60 and above. The proportion of the elderly who received old age pension in recent years was about 14 per cent.

C Assistance in Kind

No program exists for Elderly in South Asia under this category except India. On March 19, 1999, the Government of India announced an altogether novel social assistance scheme, namely `Annapurna' for the elderly destitutes who have none to take care of them. Under this scheme, an elderly destitute will be provided with 10 kilograms of rice or wheat per month free of cost through the existing public distribution system. This scheme aims at covering those destitutes who are otherwise eligible for old age pension under the National Old Age Pension Scheme. The government has allotted a sum of US $ 2 crores for the first year of its implementation and it is expected that it will benefit around 6.6 lakhs elderly. Again, this scheme is implemented by the Ministry of Rural Development with the assistance of the Ministry of Food and Civil Supplies.

D Social Security schemes for Unorganised/Informal Sector in South Asia

As we have already seen, some working population are covered by pension plans (monthly pension after retirement) and some by various types of provident funds (lump sum at the time of retirement) and some received minimal social assistance (mostly from the revenue budget) in old age through mean-tested program. However, the vast majority of the elderly especially those in the unorganised/informal sectors are not covered neither by any of the schemes outlined above nor do they have adequate savings to sustain them in their oldage. Though there exists in South Asia various schemes provide social security in old age through collective care arrangements, little is known about this. We provide two case studies (one from Sri Lanka and another from the State of Kerala in India).

CASE 1: *Sri Lanka: The Pension and Social Security Benefit Scheme for Self-Employed Persons*

Currently, Sri Lanka has been managing three important schemes for informal sector employees so that they can have regular income in old age. They are:

(a) The Farmer's Pension and Social Security Scheme (1987)

(b) The Fishermen's Pension and Social Security Benefit Scheme (1990)

(c) Pension and Social Security Benefit Scheme for the Self-Employed (1996)

The Pension and Social Security Benefit Scheme for Self-Employed Persons was set up by the Social Security Board Act, 17, of 1996. It is a voluntary and contributory scheme. The objectives of the scheme as given in the Act are as follows:

- To provide social security to self-employed persons during their old age and on disability.
- To provide relief to the dependents of self-employed persons, upon death.
- To encourage self-employed persons to continue in their respective occupations and to develop their capabilities and skills.
- To encourage youth to be self-employed and to develop their capabilities and skills.
- To improve the living standards of self-employed persons generally.

Any self-employed person in the age group of 18 to 59 years in selected occupations are entitled to contribute to the scheme. The occupations are listed as follows: production excluding primary produce of agriculture, fisheries and livestock (already a scheme exists for farmers and fishermen); forestry and hunting; mining and quarrying; manufacturing ; storage and packing; building and construction; electricity, gas and water; transport; repair and maintenance; trade and commerce; insurance and banking; real estate and business services; communication; community, social and personal services; occupation in any other sector excluding those covered by Farmers' or Fishermen's Pension and Social Security Benefit Scheme Acts. A person joining the scheme can opt to make contributions on the basis of any one of the three methods of payment specified in the three Schedules - A, C or D - provided for in the Regulations made under the Act. The Schedules differ in respect of the size of each instalment to be paid by contributors and the pension entitlement upon reaching 60 years of age. For instance under Schedule A, a contributor joining the scheme at 18 years of age has to make quarterly payments of Rs. 50 each and at retirement will receive a pension of Rs. 2,500 per month. If he contributes under Schedule C, he has to pay Rs. 100 per month and his pension entitlement at retirement will be Rs. 5,000 per month. Under Schedule D, the contribution is Rs. 155 per month and the pension entitlement is Rs. 8,000. Under all the three Schedules, the contributors can also make the total contribution in one lump-sum, in which case they are entitled to a considerable discount. Provision has also been made under Schedules C and D for payment of the total contribution in 4 instalments within 12 months of joining the scheme for which they receive a discount. The main benefits under the scheme are as follows:

(i) A monthly pension upon reaching 60 years of age up to the end of the month in which the contributor dies.

(ii) In the event of permanent total disablement before reaching 60 years of age, a lump sum gratuity up to Rs. 50,000 and leave the scheme or a periodical allowance from the date of disablement.

(iii) In the event of permanent partial disablement before reaching 60 years of age, a lump-sum gratuity up to Rs. 25,000 and leave the scheme or a periodical allowance from the date of disablement

(iv) In the event of death, a gratuity up to Rs.25,000

(v) In the case of death of a contributor after receiving a pension but before reaching 80 years of age, the spouse will receive the pension until the 80^{th} year of age of the pensioner if the spouse is not a contributor to any scheme or not receiving or entitled to any pension. If the spouse is a contributor to any scheme or is receiving or entitled to any pension, the spouse will receive the balance of net contribution made by the contributor together with interest.

The number of members enrolled in the scheme was around 51,284 and None of them had reached the stage of retirement on 31.12.2000 and, therefore, no payments had been made as pensions. However, the scheme paid Rs. 346, 593 as gratuiteis for 45 daths and Rs. 40,060 for 3 disablemet cases.

CASE 2: ***Kerala Fishermen's Welfare Fund Board (KFWFB)***

The state of Kerala, is a maritime Indian state situated along India's southwest coast bordering the Arabian Sea. Its coastline running to about 600 kms forms 10% of India's coastline. The fishermen population of Kerala is estimated at 189200, one-fifth of traditional fishermen in India. Initially, the Fisheries Department was the sole agency entrusted with the implementation of social security for fishermen. Later, new agencies such as the Kerala Fishermen's Welfare Corporation, Kerala State Co-operative Federation for Fisheries Development (generally known as Matsyafed) and the Kerala Fishermen's Welfare Fund Board (commonly known as Matsyaboard) have also been established for supplementing the existing social security system.

Kerala Fishermen's Welfare Fund Act was passed in 1985; KFWFB came into existence in 1986 and was mandated as a nodal agency for implementing welfare measures for fishermen. Every `fisherman' registered under the Welfare Fund Act becomes a member and is entitled to all the benefits from the various social security schemes initiated by the

Board. A `fisherman' is defined as any person engaged in fishing operations for his livelihood. There were 172,000 members registered with the Board, covering 90% of the fishermen (. (For more details on the financing and the funds, see Tables 43 and 44).

Table 43: Rate of Contributions by the Different Stakeholders in the Fishery Sector

1 State Government: Rupees 30 million for the pension scheme and Rupees 17 million towards insurance premium per year.
2 Fishermen: Rupees 50 per year
3 Dealers: one per cent of the sales turn over
4 Exporters: one per cent of the sales turn over.
5 Prawn/fish farmers: two per cent of sales turnover
6 Boat owners:
- < 15 GRT (Gross Registered Tonnage): Rupees 100 per month for nine months
- 15-25 GRT: Rupees 200 per month for nine months
- 24-35 GRT: Rupees 400 per month for nine months
- > 35 GRT: Rupees 1000 per month for nine months

7 Catamaram owners:
- Non-motorized: Rupee 1 per month for 9 months
- Motorized: Rupees 2 per month for 9 months

8 Other Craft owners
- < 9 mts, non-motorized: Rupees 3 per month for nine months
- < 9 mts, motorized: Rupees 5 per month for nine months
- > 9 mts, non-motorized: Rupees 5 per month for nine months
- > 9 mts, motorized: Rupees 7 per month for nine months

9 Chinese- and stake-net owners: Rupee 1 per month for nine months.

The corpus of funds of Matsyaboard is created through contributions from several parties. Basically, it is conceived as a sort of tripartite corpus in which the government, fish-workers and those who buy the fish (in lieu of employers) are the contributors.

Table 44: Funds Contributed by Different Parties to the Welfare Fund until 1997-98

Contributors	Amount (Rs in million
Government	262.00
Fishermen	54.80
Exporters	21.00
Other merchants	3.72
Owners of traditional crafts	5.65
Mechanized Boat owners	12.75
Owners of fishing Gears	1.72
Prawn farm owners	1.12
Fines	4.95

The various schemes of the Fishermen's Welfare Board cover practically most of the social security benefits prescribed by the ILO convention 102. These contingencies include maternity, old age, sickness, etc., and are of much relevance to the fisher folk. For instance, since the commencement of Group Insurance Scheme, compensation was distributed till 1998 in the case of 1096 deaths.

Table 45: Social Security Schemes of Matsyafed

Schemes	Year of starting	No of Beneficiaries till 1998	Total Disbursement
Promotional Measure			
1. Cash Award for Best students	1990/ 91	65	.08
2. Scholarship for best students	1990/ 91	2811	1.39
3. Family Planning Scheme	1990/ 91	2791	1.39
4. Sanitation Scheme	1996/97	1753	2.18
Total			5.04
Protective Measures			
1.a) Death Insurance	1986/87	1096	24.42
1.b) Disability Insurance	1986/87	106	1.17
2. Non-Accident Death Compensation	1986/87	455	6.78
3. Financial Assistance for Daughter's Wedding	1986/87	7559	7.51
4. Financial Assistance for Funeral Expenses of dependants	1986/87	5678	1.66
5. Old Age Pension	1987/88	27000	226.88
6. Financial Assistance for Temporary Disability	1987/88	7946	2.88
7. Financial Assistance to Dependants on death	1990/91	1609	2.90
8. Financial Assistance for Fatal diseases	1990/91	319	1.92
9.Chairman's (Miscellaneous) Relief Fund	1990/91	310	0.25
10.Financial Assistance for Eye Ailments	1995/96		0.43
11.Special Assistance for Matsyaboard	1987/88	301	1.99
12. Maternity Assistance	1996/97	25	0.01
Total			278.78
Grand Total			283.82

Old age pension is the most popular scheme of the Fishermen's Welfare Board, attracting large numbers of beneficiaries. Under this scheme, a fisherman who has completed 60 years can apply for old age (monthly) pension provided (i) he had undertaken fishing activity for livelihood for a period of not less than ten years; (ii) he had lived in a fishing village in Kerala for at least a year; (iii) his personal annual income did not exceed Rs.5000. The pension was originally fixed at Rupees 75; it was revised to Rs 85 in 1992 and to Rs 100 in 1997. In 1998, the number of pensioners had reached 27,000. If we assume that the percentage of elderly among the fisher folk is around 15 (state average is only 11), all elderly among the fisher folk must be now receiving a pension. The board had spent Rs 283.82 million till 1998 on social security - both promotional and protective - measures and the amount disbursed under old age pension alone was around Rs 226.86 million. (for more details, see Table 45) This is equal to 80% of the amount spent on the protective social security measures (for details, see Kurien and Paul, 2000)

E Private Pension Plans

In south Asian countries, private pension plans for workers in unorganised sectors who have no regular income, are generally not common. However, India is an exception to this. Currently, the Insurance Regulatory Development Authority (IRDA) has allowed several companies to enter the insurance field; they have already come up in a big way with the offer of many insurance and pension products. Needless to say, it will take sometime to assess the impact of their initiatives on the security and well being of different sections of Indian population, especially the elderly. In this section, we briefly document private pension plans implemented by the Life Insurance Corporation of India and Unit Trust of India.

Life Insurance Corporation of India (LIC) offers wide range of insurance plans. These plans cater to different class of people and to their diverse needs. LIC has 7 zones, 100 divisions, 2048 branches and 56.51 lakhs of agents to promote the insurance business. The number of various insurance policies in force as of 31st March 2000 is 917 lakhs and the number of lives covered under the group insurance plans reached 242 lakhs. The total assets of the LIC as of 31st March 2000 was US $ 3696 crores. On an average, LIC settles over 26249 claims amounting to US $ 1 crore for every working day. Of course, they manage a wide range of schemes such as whole life schemes, endowment schemes, term assurance plan, money-back plans, exclusive money-back plan for ladies, joint life plan, plans for children's needs, investment plans and pension plans. We briefly discuss only the pension plans offered by the LIC.

Pension Plans

These plans provide for either immediate or deferred pension for life. The pension payments are made till the death of annuitant (unless the policy provides for a guaranteed period). Currently, the LIC runs three such pension plans namely:

(a) Jeevan Suraksha (JS); (b) New Jeevan Akshay (NJA) and (c) New Jeevan Dhara (NJD).

Jeevan Suraksha is a scheme meant for the self employed, professional and other the salaried employees. The catchy advertisement says, `be at 60 what you are at 30'. JS also offers return of purchase price and endowment facility. It is available in three types to suit the individual needs:

1 Pension with life cover: It has two option at the time of start of pension; (a) option to commute 25% of the notional cash option including terminal bonus, if any, free of tax and (b) pension as per the option selected; on the balance notional amount, if commutation is exercised, otherwise, full pension. If the purchaser dies before the end of deferment period, the spouse will be eligible for a life pension with a guarantee period of 15 years.

2 Pension without life cover: It has two options; (a) option to commute 25% of the notional cash option and terminal bonus, if any (b) pension as per the option selected; on the balance notional amount, if commutation is exercised, otherwise, full pension.

C Pension with endowment type: It also has two options; (a) option to commute 25% of the basic sum assured together with guaranteed and loyalty addition, if any, free of tax and (b) pension as per the option selected and on the balance amount, if commutation is exercised, otherwise full pension. On the death of the purchaser, the spouse can exercise an option to commute 25% of basic sum assured and accrued guaranteed additions, free of tax. The remaining basic sum assured and accrued guaranteed additions, if commutation is exercised; otherwise, full amount will be utilised to purchase pension for spouse as per option selected. Guaranteed additions will accrue at the end of each policy year at the rate of Rupees 75 per thousand of the basic sum assured for which premiums are received and shall get attached to the endowment type plan. Based on the results of the actuarial valuation, an additional amount called the loyalty addition, if any, declared the Life Insurance Corporation on the expiry of the deferment period, shall become payable provided the policy is in full force. This benefit is available only under the endowment type. The following options are available.

(a) Life pension – pension for life during the life time of the purchaser

(b) Guaranteed pension – pension to the purchaser for his/her lifetime. If the purchaser dies after the commencement of the pension, the spouse (nominated by the purchaser) will be paid pension at half the rate during his/her lifetime.

(c) Pension with return of purchase price – pension for life time to the purchaser; purchaser price will be returned to the legal heirs/nominee on death of the pensioner

New Jeevan Akshay provides for annuity (income) throughout the lifetime of the annuitant (the person eligible to receive annuity). The purchaser has to pay the premium in a single instalment. The salient features of the schemes are as follows: minimum purchase price should be Rs. 25000 and no maximum limit; no medical examination is required under the plan, no loan available under the plan and the modes of the annuity payment are monthly, quarterly, half-yearly and yearly. Attractive incentives are given to the policyholder for high purchase price policies.

New Jeevan Dhara provides a regular income for self or his/her dependants during old age. The purchaser has to pay the premium either in a lumpsum or in monthly, quarterly or half-yearly or yearly instalments. The salient features of the schemes are: premium payable monthly, quarterly, half-yearly or yearly or in lumpsum (single premium); minimum annual premium should be Rupees 2,500 and minimum single premium Rupees 10,000; maximum deferment period 25 years and no medical exam required

Senior Citizens Unit Plan:

The Unit Trust of India (UTI) launched the Senior Citizen Unit Plan, tandem with the New India Assurance Company. The Senior Citizen Unit Plan includes both medical cover for hospitalisation and annuities at old age. This plan is open to all resident Indians in the age group 21 to 55 and even those aged 60+ can join the plan. A person becomes a member by making one time investment. Those joining the plan before the age of fifty-five are entitled to a medical cover of Rs. 2.5 lakhs, in case of medical expenses beyond the age of fifty eight. After they attain the age of 61 years they will be eligible for a claim of Rs 5 lakhs after adjusting for any other claims made earlier. These amounts are for lifetime and not yearly. The medical cover is applicable to both the member and his/her spouse till death. The UTI will declare the rate of return every year. After the age of 61, a member can withdraw the whole amount outstanding in his/her name in which case no further annuities will be paid but the medical cover will continue as long as he or his spouse lives. The rate of return is worked out assuming that one gets Rs. 5 lakhs on attaining age 58.

Though various mutual funds in India do provide private pension plans with various options, we have discussed just two as a pointer to what is happening in the financial market in South Asia.

COMPREHENSIVE POLICIES FOR THE ELDERLY: WHERE DO WE GO FROM HERE?

The management of social security for the elderly is emerging as a major welfare issue in South Asia. Of course, there has been a long established system of retirement benefits of varying range for those employed in the formal sector. As far as the informal sector is concerned, the elderly, by and large, are exposed to a number of risks including illness, widowhood and disability. In the absence of market-based social security, even if the informal sector elderly could have afforded, the traditional alternative based upon reciprocity and solidarity at the household or community level is increasingly becoming not only unavailable but also irrelevant due to sweeping economic and social changes. The goal of comprehensive coverage is hence as much a question of the kind of social security system as of the efficiency of the component programmes.

The fundamental issue of social security for the elderly in South Asia is the problem of adequacy of the retirement benefits provided, their coverage and costs. While contributory schemes could hope to provide more or less adequate income security during retirement, the non-contributory pension scheme for the pubic sector involves huge fiscal burden due to the large size of the workforce and the ageing of the population. It is in this context that the modalities of a comprehensive pension and social security system become a critical welfare policy issue.

A four-fold social security classification has been proposed according to the respective institutional arrangements for social protection in old age (Jutting, 1999). These are:

(i) State provided social security systems, social insurance schemes as well as specific transfers and subsidies;

(ii) Market-based systems where specialised institutions offer social insurance based on actuarial principles

(iii) Member-based organisations, some of which are non-profit organizations such as co-operatives, mutual self-help groups, etc providing services to their members on a voluntary basis

(iv) At the household level, family members may provide social security mainly on the basis of social norms and values.

A social security system is thus a complex combination of different modes of insurance against risks; the specific portfolio of an elderly, especially in the Asian region, would largely depend on the socio-economic setting. It can also vary over time and space and respond to gaps in the system and needs of individuals.

Issues of Coverage

Social security is a worldwide phenomenon; state based social security systems are known to exist in 172 countries. Roughly, all countries have provision against risk of oldage and death, disability and work injury. South Asia is no exception to this; however, we have no reliable data on this. Our study indicates that about only ten percent of the elderly in the three South Asian countries under study receive some form of organized social security. In sharp contrast, in most of the OECD countries, fifty percent of its elderly population is covered by social security. However, significant regional variations exist among them. On the other hand, there are some Asian countries where as much as forty percent of the elderly come under the social safety net. The issue of coverage is not only one of numbers alone. It is also a question of the types of social security programmes that are available to the elderly. Direct support from the governments for old age pension schemes are pretty low compared to other needs such as sickness, maternity, death and unemployment.

State-based social security programs are constrained by several factors in providing comprehensive coverage. These are: (a) Inability to reach rural poor; (b) Financing and management problems due to limited proportion of the working population in the formal sector where employment contracts can be monitored and assessed for purposes of contributions; (c) a generalized social security system to cover the informal sector based on indirect taxes would not be feasible; (d) the administration of social security system itself is a highly complex. Thus the economic and financial constraints of the developing countries as well as the ageing of the population raise fundamental questions about the type of program.

Market-based social security programs are gaining popularity worldwide; however, they are still in their infancy in the developing countries, particularly in South Asia. As far as India's concerned, we have to wait and see the pension products offered by the private insurance players after the opening up of the insurance sector. Even the existing programs cater only to the needs of the creamy layers of society. Added to this, lack of infrastructure, high transaction costs, risky environment will raise the premiums still further for costs for those working in the informal and rural sectors of the economy. Collective care arrangements can be successful but they are not in place in the Asian countries except in some parts of India.

Approaches to comprehensive coverage

The formal state and market-based systems as well as the informal ones have their own intrinsic strengths and weaknesses. The success of a social security system for the elderly consists in operational efficiency, equity access and quality of services. Therefore the question arises as to what extent the provision of social security can be organized in a complementary way. The idea of organizing synergy partnership and co-production in the provision of public goods is gaining momentum in welfare reform measures. Member based and private household systems of social security can effectively deal with problems of information reducing transaction costs arising in sharing of risks. However, they have limits in dealing with covariate risks, accessing financial services and sustaining the service provision. Member based systems are also often limited by the socio-cultural sponsorship for uneven and unequal coverage and their performance is dependent on economic, social and political environment.

In theory, the state alone has the competence and the capacity to provide welfare services on a universal basis and responding to a principle of citizen right. (Robinson and White, 1997) However, the reality of coverage in developing countries raises fundamental questions as to capacity of the state to provide comprehensive coverage to the elderly both in formal and informal sector households. Market based systems can meet the demand for insurance of the affluent sections of the population by pooling risks and giving access to broader capital markets. However, the high unit transaction cost will prevent rural and urban poor from accessing the services. Thus the challenge of comprehensive cover for the elderly will continue to remain a major issue of social engineering of building institutional bridges in situations of limited resources and assets where the public-private relationships has been one of distrust if not antagonism.

MODALITIES OF A COMPREHENSIVE PENSION AND SOCIAL ASSISTANCE SCHEME FOR THE ELDERLY

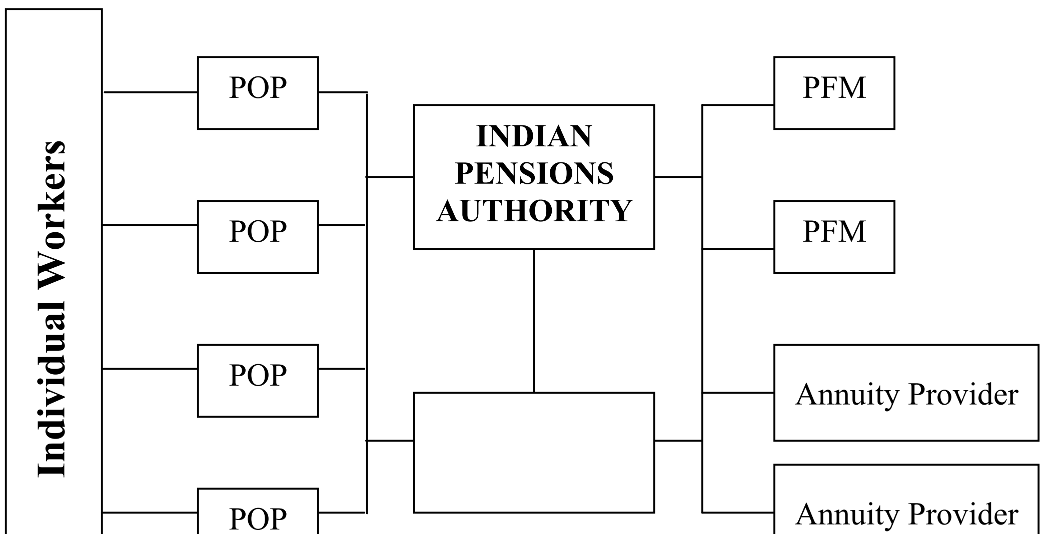
South Asia is considered to have a well-established system of provident funds and pensions for formal sector employees of formal sector in both private and public sectors. The coverage varies considerably; 30 percent of the workforce contributes for pensions in Sri Lanka compared to just 4 per cent in Bangladesh. However, the review of the current system suggests that there remains significant scope for improvement and long-term sustainability of pensions for the elderly. The formal pension arrangement is only one component of a comprehensive framework for social risk management for the elderly. It should also be mentioned that neither pension nor social assistance scheme would be comprehensive until we integrate them with the ongoing socio-economic changes.

The most important motivation for pension reform is the growing burden of providing pensions to the government employees. According to the assessment of the World Bank (2001), pension bill consumed 15 percent of the central government tax revenues and the `pension debt' has reached almost one-third of the Gross domestic product in India. Pension reform is the talk of the town in both Sri Lanka and India. In terms of the number covered, the income retirement system of state based pensions and provident funds in 1995 covered almost 45% of the employed in Sri Lanka. There are various attempts in India to reform pension and social security to increase the income security among elderly. The report of the Ministry of Social Justice and Empowerment suggests voluntary participation of the vast informal sector in a cost-effective private pension system through different networks finally linked to `Indian Pensions Authority'. (See Figure I). They have also proposed reform of provident funds and pension schemes. Every worker will maintain his/her account with the Indian pension authority. However, they also focus attention on how to generate income security among unorganised workers through their own savings for old age. For instance, a contribution rate of Rs.10 per day from age 25 (Rs. 3600 per year) till sixty years of age would be able to provide a monthly inflation indexed pension of Rs 1500 as retirement at 61 which is well above the poverty line.

The document of the World Bank prepared for India, titled, the Challenge of Old Age Income Security, recommended that the government should move away from Defined Benefit (DB) pension scheme to Defined Contribution (DC) scheme. World Bank has also proposed a similar pension reform for different groups of persons such as larger employer, smaller employer, civil servants and ordinary individuals, and tied them to an authority called `pension supervisor' as against `the Indian pensions authority' (more details see Figure II).

The committee set up by the Ministry of Social Justice and Empowerment (OASIS Committee) says that the oldage pension scheme plays an important role despite its limitations and that it should be continued. Similar programs run through out south Asia with the direct support from the respective governments (Irudaya Rajan, 2002b). However, Nepal currently has a unique old age allowance program for all elderly above 75 years without any means test. As of 2002, 1.9 lakhs elderly have benefited by the scheme and the government spends around 350 crores (for more details, see Irudaya Rajan, 2002c).

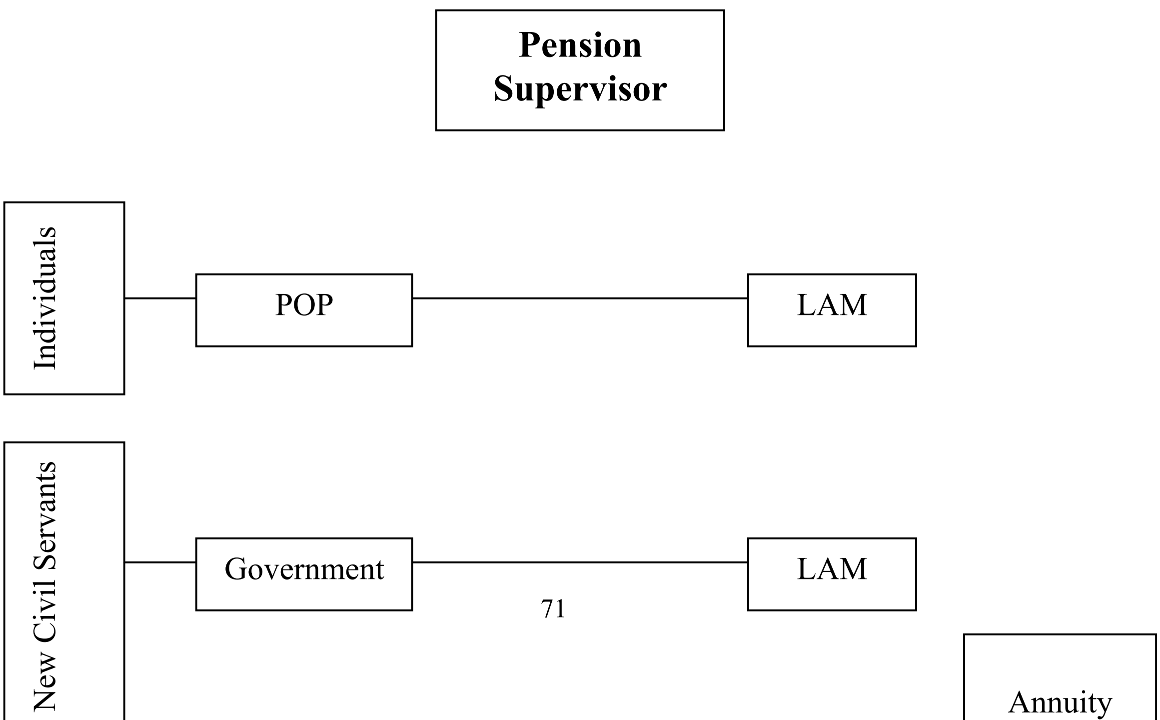
Figure I: Old Age Social Income Security Proposal for a New Pension System in India



Source: Ministry of Social Justice and Empowerment, New Delhi. (2000)

Note: POP = Points of Presence; PFM = Pension Fund Managers.

Figure II: World Bank Proposal for Pension Reform in India



Source: World Bank. 2001.

Notes: EPFO = Employee Provident Fund Organization; LAM: Licensed Asset Managers.

WHAT NEXT?

On the basis of the three country studies completed, we recommend the following guidelines for the comprehensive coverage of pension and social security for elderly persons so that they receive continuous financial security in old age.

(a) All governments in South Asia slowly shift from the defined benefit pension scheme to defined contributory scheme so that the government's liability on paying pensions will come down in the future. However, the shift should be guided by the following considerations:

(i) There should be no change in the government's policy towards the current pensioners; they must be permitted to receive uninterrupted pension until they die;

(ii) The current employees of the government should be given the option to shift from defined benefit pension scheme to defined contributory scheme by providing incentives; however, if some workers want to continue with the defined benefit pension scheme, they should be allowed

(iii) It should be obligatory for new government employees to join the defined contributory scheme

(b) Contributory provident funds suffer from several limitations; two are particularly noteworthy namely (1) frequent withdrawals from the fund and (2) one time payment at the time of retirement. Evidence from Sri Lanka clearly shows that a strong case for converting the existing provident funds into defined contributory pension scheme so that the elderly continue to receive monthly income.

(c) Countries in South Asia should increase their official retirement age in view of the life expectancy improvement.

(d) Most of the existing insurance companies provide insurance cover against death. All insurance companies and other mutual funds should introduce pension plans (insurance against old age) so that many of the better-off workers in the unorganised sector may join the private pension plans (save for their old age).

(e) Social assistance programs such as old age allowance program, public assistance program and other programs such as Annapurna should continue until all unorganised workers are brought under into social security safety net during their working years. Strict auditing of the program beneficiaries is required to avoid leakages. The governments in Asia should focus on poverty and starvation in old age among the elderly, especially elderly females and widows.

(f) Assistance for maintaining the poor and destitute elderly in old age homes should continue and Government and Non-governmental organizations should join together to provide food, clothing and shelter to the poor elderly so that beggary among elderly may be eradicated from South Asia.

(g) Governments in South Asia should learn from each other's experience. Social security program (saving for old age pension) introduced for fishermen, farmers and self-employed in Sri Lanka should be replicated on a larger scale in all countries in South Asia for different categories of unorganised workers according to their needs, financial strength and occupational hazard.

(h) Collective care arrangement in old age is another concept widely practiced in the State of Kerala, India. The Welfare Fund Model of social security for unorganised sectors can be initiated in other states in India and also in other countries in South Asia so that collective care mechanisms may provide financial security in old age.

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