Relief for the Elderly

Sumati Kulkarni

Schemes for children and youth, no doubt, should receive high priority as they are the future of the country and without investment in this human capital, the country will not be able to reap the demographic dividend- a golden opportunity resulting from India's younger age structure. At the same time in any planning. adequate provision has to be made for another sizable (about 9 per cent of population) and rapidly increasing vulnerable group i.e. India's elderly (60+).

It is well-known that annual union budget is a very difficult exercise which attempts to strike a judicious balance between lofty intentions to improve the lot of vulnerable sections and stark realities. Competing claims of different sections of the population, political compulsions, resource constraints, effect of direct taxes on investment and fear of inflationary pressure resulting from overspending are some of the major challenging considerations in this respect. Schemes for children and youth, no doubt, should receive high priority as they are the future of the country and without investment in this human capital, the country will not be able to reap the demographic dividend- a golden opportunity resulting from India's younger age structure. At the same time in any planning. adequate provision has to be made for another sizable (about 9 per cent of population) and rapidly increasing vulnerable group i.e. India's elderly (60+). As compared to 70.6 million in 2001 and 104 million in 2011 , they are expected to cross 173 million in 2026. A sizable percentage of the elderly in India belong to vulnerable class by different critical economic/ social criteria (45 per cent from BPL/ Antyodaya households, 23 per cent not owning any assets, 43 per cent with no income, 50 per cent financially fully dependent, 27 per cent SC/ST and one third from households with monthly per capita expenditure less than Rs.1000/-) (UNFPA 2012)[1]. It is essential to examine which provisions of the Union Budget 2018-19 are relevant for the elderly and how far they are likely to benefit by the budget provisions.

Benefits for Taxpayer Senior Citizens

There is no change in income tax slabs or income tax rates but Senior Citizens are likely to benefit from the following provisions

- In the present budget, the exemption limit for interest income is raised to Rs. 50,000/- from the existing limit of Rs. 10,000/- under section 80TTA and the exemption is not only for the interest income from bank deposits in saving accounts and savings in Post Office Schemes but also for interest income from fixed deposits and recurring deposits in banks.

The author is Former Officiating Director and Head, Dept. Of Development Studies at the International Institute for Population Sciences, Mumbai (IIPS). With over five decades of experience of research and teaching in Population Studies she was All India Co-ordinator for National Family Health Survey -2 (NFHS-2) and consultant to projects sponsored by UNFPA, UNDP, UNICEF, ORC MACRO USA. Her areas of specialisation include inter-relationship between population, Development and Health with focus on, Reproductive health, ageing, gender dimensions and, employment. She has published/ presented papers in Indian and International journals/ conferences.

Hence, for most of the elderly tax is not likely to be deducted at source. As per BKPAI survey, 21 per cent rural elderly and 28 per cent urban elderly have savings in banks and post office, very few having shares, bonds etc.

- Limit for the Deduction on Medical Insurance Premium is raised to Rs. 50,000/- from the existing Rs. 30,000/-under section 80D.
- The budget also provides some relief for senior citizens suffering from critical illnesses as the exemption limit for medical expenditure for specific critical illnesses is raised to Rs. one lakh from the existing Rs. 60,000 for senior citizens and Rs. 80,000/- for the 80+ aged citizens.
- The budget has re-introduced standard deduction of Rs. 40,000/- from the salaried income (in place of the present deduction of travel allowance and medical allowance for salaried people) Since in the income tax return, pension income falls in the category 'income from salaries', hopefully, the pensioner senior citizens are also expected to benefit by this provision

  Due to these provisions , some senior citizens in the lowest slab will not be required to pay income tax at all, while others are expected to enjoy increased savings.

These provisions are also likely to act as incentives for taking larger medical insurance cover and also incentive for keeping more fixed deposits in banks.

Pradhan Mantri Vayavandana Yojana

This scheme was started in May 2017 only for one year but in this budget it is extended upto May 2020. Besides, the Investment limit for this scheme is doubled from the existing 7.5 lakhs to 15 lakhs, Under this scheme, operated by LIC for persons above age 60, on survival of the

Pensioner during the policy term of 10 years, pension in arrears (at the end of each period as per mode chosen) shall be payable. On death of the Pensioner during the policy term of 10 years, the Purchase Price shall be refunded to the beneficiary. On survival of the pensioner to the end of the policy term of 10 years, Purchase price along with final pension instalment shall be payable.

Though the amount received at maturity from investment in this scheme is taxed, this is an attractive option for senior citizens as it gives assured returns at 8 per cent for 10 years.

Overall Impact -Limited

These provisions, though important for certain sections of the elderly, overall impact is going to be confined to a very small percentage of elderly. Majority of rural elderly come from agricultural households and will not have benefits of income tax provisions. BKPAI survey shows that only 10 per cent rural elderly and 16 per cent urban elderly receive employer's pension. Nearly 42 per cent rural elderly and 47 per cent urban elderly have no income at all. Only 12.5 of rural elderly and 17 per cent of urban elderly have annual income of Rs. 50,000/ and above. The above provisions will be relevant only for those few who are at the top of this income category.

National Health Protection Scheme

In fact, what is really relevant for majority of the elderly is Aayushman Yojana - the huge state funded National Health Protection Scheme. It is a general scheme for all BPL families and not specific for the elderly but if successful, it is likely to have significant impact on the elderly. Apart from economic dependency, the vulnerability of the elderly is due to their physical dependency resulting from poor health and partial or complete disability. As per BKPAI survey, more than 50 per cent elderly reported themselves as not having good health. Nearly one fifth reported having poor health. About 13 per cent reported having acute morbidity. About 8 per cent need assistance for at least one activity of daily living. Nearly 60 per cent reported having partial or full vision disability, and about one fourth reported having full or partial memory disability and walking disability.

It is heartening to note that the budget has announced the above scheme to take care of hospitalisation expenses upto a limit of Rs. 5 lakh annual cover per family for 10 crore families, thus covering about 50 crore poor Indians. This scheme will replace the present Rashtriya Swasthya Bima Yojana (RSBY), under which Rs. 1000/- crores are provided to cover 18 crore people from 3.6 BPL families for treatment of diseases. The budget has allocated Rs. 2000 crores for the new scheme and it is likely to increase upto Rs. 12,000 crores by the end of the year. This funding will come from the additional one per cent cess (4 per cent education and health cess in place of earlier 3 per cent education cess). The states are expected to share 40 per cent share of the expenditure on this scheme by providing additional Rs. 8000 crores to make the total provision of Rs. 2000 crores.

Constraints and Limitations

The reactions about this world' s largest health scheme range from ' a perfectly doable scheme to ' World's Largest Mess'. The major points of criticism are-

- Inadequate Funding – The allocation for RSBY rose to Rs. 2000 crores in the financial year 2019 from Rs. 470 crores Based on the experience of RSBY, it is estimated that the new scheme with the huge coverage is expected to cost Rs. 30,000 crores.
- It is doubtful whether the States with their limited resources will be able to provide the expected 40 per cent share.
- There is not enough clarity regarding the implementation mechanism but it appears that states will be given an option to implement it through insurance agencies or by funding the autonomous bodies. Doubts have been expressed as to whether the annual instalment of Rs. 1082/- per registered family will be sufficient to provide the services. Insurance companies are not likely to find it attractive enough at the envisaged funding level.

- National Sample Survey data shows that the experience of RSBY has been very dismal. Hardly 1.2 per cent rural and 6.2 per cent urban families benefitted by it and the scheme did not help to reduce the out of pocket expenditure incurred by families.
- The new scheme provides only hospitalisation expenses but more than two thirds of the treatment expenses incurred by families are other than hospital expenses.
- As for the elderly, BKPAI survey shows that only 10 per cent of the elderly were hospitalised during one year preceding the survey.
- Often the elderly are hospitalised only at the last stage. The new scheme can act as incentive for timely hospitalisation of the elderly.
- The scheme covers only hospitalisation expenses but majority of the elderly suffer from age related diseases like Arthritis and diseases like hypertension, diabetes, various types of fevers for which timely diagnosis , proper medication and frequent monitoring is required. Strengthening of the health infrastructure especially in remote areas is crucial in this respect. Shortage of medical manpower in such areas is also a big constraint . Provision, in this budget, for wellness centres and new medical colleges as well as for nutritional diet for TB patients is certainly a very important step which can indirectly help the elderly. Ultimately the whole issue boils down to increasing the government expenditure on health and the effective public – private partnership.

In spite of these constraints, the attempt made in this budget to bring social sectors, especially the health sector at the centre stage is unprecedented in independent India. This approach will certainly go a long way towards improving the quality of life for the elderly in India.

Endnote

[1]Under the UNFPA project on 'Building a Knowledge Base on Population Ageing in India (BKPAI)' – a survey of 9852 elderly from 8329 sample households was carried out in seven states viz. Himachal Pradesh, Kerala, Maharashtra,Odisha, Punjab, Tamil Nadu and West Bengal in 2011.

(E-mail: sumati2610@gmail.com)