Limited succour: Budget 2018 and senior citizens

Finance Minister Arun Jaitley stressed in his Budget speech last week that “to care for those who cared for us is one of the highest honours”, underscoring the importance the Centre attaches to providing economic support for India’s growing population of senior citizens. He then announced several tax and related incentives to ease the financial burden on people aged 60 and above, all of which are very welcome given that the elderly face steeply escalating health-care costs on declining real interest and pension incomes. From affording a five-fold increase in the exemption limit on interest income from savings, fixed and recurring deposits held with banks and post offices to 50,000, and doing away with the requirement for tax to be deducted at source on such income, the Budget offers much-needed relief. This it does by leaving a little more money in the hands of elderly savers who are heavily dependent on interest income to meet their living expenses. Another useful tax change is the proposal to raise the annual income tax deduction limit for health insurance premium and/or medical reimbursement to 50,000 for all seniors. And a crucially allied step is the move to set the ceiling for deduction in lieu of expenses incurred on certain critical illnesses to 1 lakh, irrespective of the age of the senior citizen.

Separately, Mr. Jaitley also proposed extending the Pradhan Mantri Vaya Vandana Yojana by two years, up to March 2020, and doubled the cap on investment in the scheme to 15 lakh. This annuity-cum-insurance scheme entitles the senior citizen policyholder to a guaranteed pension that equates to an annual return of 8% on investment. This pension plan, unlike the entirely government-funded Indira Gandhi National Old Age Pension Scheme for the elderly who live below the poverty line, is contributory and is run by the Life Insurance Corporation of India. While all these Budget measures are laudable insofar as they recognise that the right to a life with dignity doesn’t retire with the crossing of a chronological threshold, much more needs to be done to address the needs of this rapidly growing demographic cohort. With more than 70% of the 104 million elderly living in the rural hinterland, any serious initiative to improve the lot of senior citizens must incorporate adequate budgetary support for social welfare spending on the relevant programmes. While the Budget provisions 6,565 crore for the pension scheme for the elderly poor, its outlay for the Ministry of Social Justice and Empowerment’s assistance to voluntary organisations for programmes relating to the ‘aged’ at 60 crore is starkly inadequate. With the number of the elderly in India set to surge by 2050 to almost 300 million, or about a fifth of the population, governments need to make more comprehensive efforts to address the nation’s greying demographic.

The draft of Assam’s National Register of Citizens is a first step, but it opens up concerns

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