

Agewell Research & Advocacy Centre

AGEWELL ECONOMIC STUDY

**Assessment of the Impact of Economic
Slowdown on Older Persons of India**

December 2008

Agewell Foundation

M-8A, Lajpat Nagar-II, New Delhi-110024 Ph.: 011-29836486, 29840484
e-mail : agewellfoundation@gmail.com Website: www.agewellfoundation.org

Impact of Economic Slowdown on Older Persons of India

1.0 INTRODUCTION

During the year 2008 Indian economy had to suffer a lot due to global economic downturn. Almost every sector of the economy had shown negatives trends throughout the year. Investors, especially retired older persons were the worst affected sections of the society as they forced to loose big chunk of their hard earned money. On the other hand rising prices had only worsened the situation.

2.0 OBJECTIVES

The broad objective of the study was to assess the impact of economic slowdown on older persons in recent times. Secondly, whether they have taken actions in response to the changing economy, and if they felt enough was being done to address economic problems.

3.0 METHODOLOGY AND SAMPLE DESIGN

For this study **Agewell Foundation** carried out a nationwide survey to study the impact of the economic slowdown on older persons in India. For this study direct depth interview was conducted by administering semi-structured schedules to collect information related to issues affecting them due to recession of Indian economy in recent times.

For the survey a national representative sample of 1500 older persons was interviewed across the country.

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Sample Units

The sample units were selected base on purposive random sampling but taken care to incorporate the representative views of the country from five divisions.

S. No	Type of sample			
	State	No of sample districts	No of sample blocks*	No of respondents
	Region 1 – North India			
1	Uttar Pradesh, Haryana, Punjab, Himachal Pradesh, Uttarakhan, Delhi, Chandigarh, J&K	10	20	300
	Region 2 – South India			
2	Andra Pradesh Tamilnadu Kerala Karnataka, Pondicherry	10	20	300
	Region 3 – East India			
3	West Bengal, Orissa, Assam, Tripura, Meghalaya Mizoram, Arunachal Pradesh, Sikkim, Nagaland, Manipur	10	20	300
	Region 4 – West India			
4	Rajasthan, Maharashtra, Gujrat, Goa	10	20	300
	Region 5 – Central India			
5	Madhya Pradesh, Bihar Jharkhand, Chhattisgarh,	10	20	300
	All India Total	50	100	1500

*The total of 2 blocks selected from each district for the study was such that one from a block headquarter and the other from far off from the headquarters.

Sample Respondents

The populace of 55+ years was randomly selected from the strata of three age

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groups:

- **Strata 1 – 55-60 years,**
- **Strata 2 - 61-65 years; and**
- **Strata 3 - 66-70 years**

A total of 500 respondents were selected from each age group. In each age group the target was to include every sections of the society, specifically –

- Retired older persons
- Businessmen
- Non-pensioners

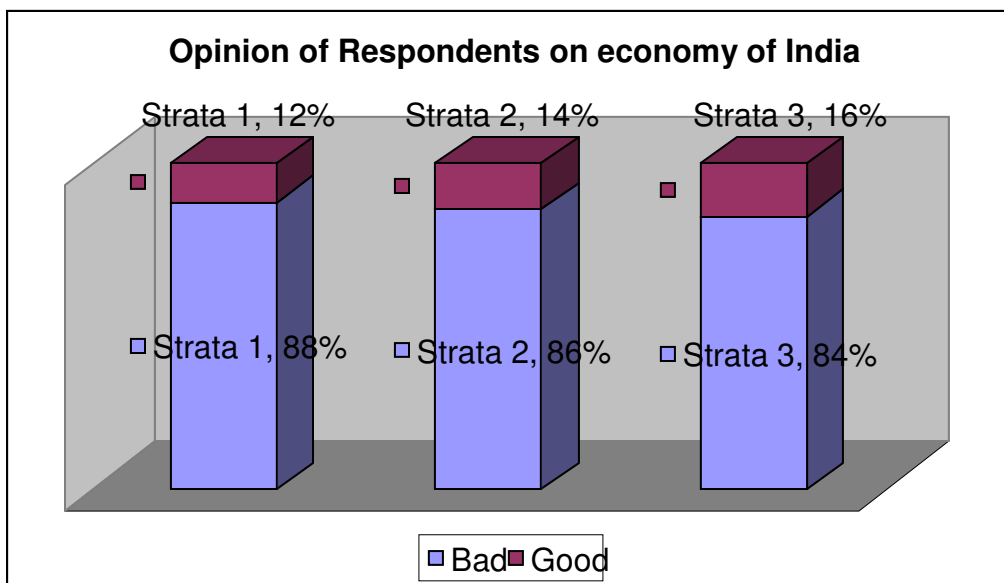
Agewell Foundation also took care to include representative sample size of both men and women from both urban and rural areas as mention above under sample units.

About 100 volunteers from its volunteers' network spread across the country were selected to work as interviewers for the survey. The interviews were conducted during the month of December 2008.

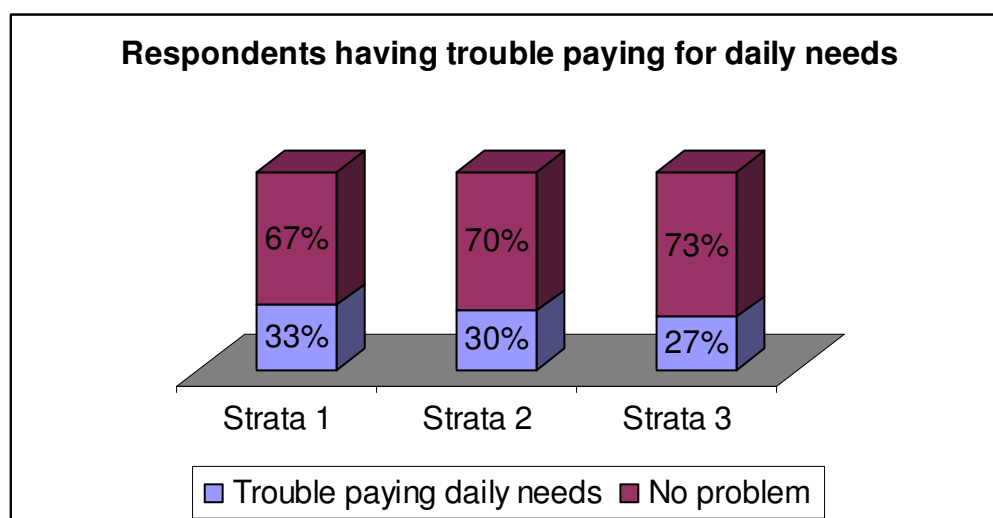
4.0 MAJOR FINDINGS

Study shows that a majority of respondents believe the economy is really suffering and that many of them are finding it very hard to address their needs, even their daily life has also been affected severely due to their day-to-day decreasing income.

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- 86% of all respondents (88%, 86% and 84% respondents in age-groups of 55-60 years, 61-65 years and 66-70 years respectively) say the economy is in very bad condition and getting worse. But large numbers of elder people have started making radical changes such as getting gainful occupational engagements, reducing their expenses on recreational facilities and luxuries.



- Over 30% of all respondents, (33%, 30% and 27% respondents in age-groups of 55-60 years, 61-65 years and 66-70 years respectively), said they are

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having trouble paying for daily needs. In fact have difficulty paying for food, fuel, utilities and medicine, and are responding to the situation by cutting luxuries and postponing major purchases and travel.

- Almost half of the government/ private employees in the age group of 55-60, have postponed their plans to opt for voluntary retirement scheme. On those studied, respondents aged between 65 and 70 are less likely than those ages 55-65 to have taken steps to cope with a slowing economy or increasing prices as a result of the recent economic slowdown.
- Respondents of strata 3 (66-70 years) were less likely than those of strata 1 & 2 (55-60 years and 61-65 years) reported having taken steps to cope with a slowing economy as a result of the recent economic slowdown. This does not indicate that the older population above 65 is more contented financially. Rather, the study suggested that persons in the age group of 66-70 years had already been adjusting their spending habits because of their status, fixed income and rising costs.
- About 60% of the respondents in this survey own stocks individually or through mutual funds and over 80% say they have lost money on these accounts in the year 2008. As a result of these losses 60% percent of these investors have changed their investment strategy to include more or less risk, such as FDs, NSC, Kisan Vikas Patra and other government sectors saving-cum-investment schemes.
- With food in short supply especially in Assam and Orissa in remote areas compounded by vicious cycle of cyclone and rainfall, older people's coping strategies included reducing the size of meals (33%), skipping meals (17%), not eating at all on some days (9%), or going to relatives' homes (11%).
- When economic problems force decisions, it appears that older persons have fewer decisions to make because their spending and economic activity has already been narrowed to necessities given their fixed incomes.

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Table 1: Most common changes reported by Older Persons (55-75 years)

S. No	Particulars	Percentage
1	Postpone purchases (high value)	60
2	Postpone travel/pilgrimages	52
3	Less recreational activities	61
4	Avoid general Facilities & Services	48
5	Less expenditure on food & medicine	45

Table 2: Summary of information collected from respondents* by Interviewers

SI	Age group	Nos. of respondents	Economy in bad shape	Affected by slowdown	Make changes in your spending habits	Changed investment strategy	Postponed retirement/Looking for gainful engagements	Dissatisfied with government role
1	55-60 years	500	451	445	185	316	371	435
2	61-65 years	500	431	419	160	270	246	411
3	66-70 years	500	418	284	101	188	210	315
	Total	1500	1300	1148	446	774	827	1161

Overall the survey shows that there is a sense of shared pain and common concerns among young older persons (55-65 years). Almost 80% of the respondents in these groups feel that their elected representatives are not doing enough to help people caught in the economic squeeze.

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