

**Agewell Research & Advocacy Centre**

## **AGEWELL FINANCIAL STUDY**

**AGEWELL STUDY ON  
INCOME & EXPENDITURE PATTERNS  
OF OLDER PERSONS  
(APRIL 2010)**



**NATIONAL**

**Agewell Foundation**

M-8A, Lajpat Nagar-II, New Delhi-110024 Ph.: 011-29836486, 29840484  
e-mail : [agewell@bol.net.in](mailto:agewell@bol.net.in) , [agewellfoundation@gmail.com](mailto:agewellfoundation@gmail.com) Website: [agewellfoundation.org](http://agewellfoundation.org)

# **INCOME & EXPENDITURE PATTERNS OF OLDER PERSONS – A national study**

## **OVERVIEW**

Globalization of world economy has changed India into a huge marketplace. With its second largest population across the world, after China, market players are seeing Indian population as their prospective customers. Percentage of older persons in India is increasing very sharply year after years.

The 2001 census has shown that the elderly population (60+) of India accounted for 77 million and by the next census in 2011 elderly population is expected to cross 100 million mark. It took more than 100 years for the aged population to double in most of the countries in the world. But in India it has doubled in just 25 years. The life expectancy has also gone up over 70 years today. Better medical facilities, care and low fertility made the elderly the fastest growing section of the society.

Unlike past years, today older persons have good purchasing power, particularly in the age group of 60-69 years. After retirement they get not only retirement benefits but also keep themselves gainfully engaged in other income generational activities.

## **OBJECTIVE**

The study was carried out with the objective to assess the income & expenditure patterns of older persons and their role in present and future consumer markets in view of changed socio-economic and demographic scenario across the country. From the study it was also attempted to identify the market segments, that are most affected due to ever-increasing elderly population while assessing the consumer interests of older persons.

The study was designed to look out for the possibilities of older persons' involvement in consumer movements as influential consumers.

## STUDY BACKGROUND

There is a growing need to identify the peculiar and varied needs of over 90 million old people of India and the Agewell Research and Advocacy Centre's aim is to help bring about a support system for them which not only provides love, kindness, sympathy and compassion but also establishes and protects their medical, legal, social & financial rights & interests.

**Research & Advocacy Centre** at Agewell Foundation (*a consortium of over 1500 NGOs and 6500 volunteers spread across 540 districts of India, committed to initiate better interaction between generations and extend a helping hand*) has recently carried out a nationwide survey to study and identify / understand the status of older persons as consumers.

Agewell volunteers' network spread across the country worked as interviewers for the survey. The interviews were conducted during the 1<sup>st</sup> & 2<sup>nd</sup> week of April, 2010.

### Extensive survey

Agewell Research & Advocacy Centre has designed survey schedule for Agewell volunteers so that they can interview older persons (60+) and collect necessary information /impression/views from selected older persons.

Under the survey a representative sample of 15000 older persons (approx. 7500 each from rural and urban areas) was interviewed spread across 150 districts of 20 states of the country.

Volunteers were directed to include every sections of the society, specifically –

- Retired older persons
- Non-pensioners
- Old Labourers
- Old farmers
- Old housewives
- Old businesspersons
- Old Professionals
- Etc.

### **Geographical spread**

The sample units were selected based on random sampling but taken care to incorporate the representative views of the country from 20 major states of the country as per following;

- |                           |                          |
|---------------------------|--------------------------|
| 1- Delhi & NCR – 3000     | 11- Orissa - 500         |
| 2- Uttar Pradesh - 1000   | 12- Andhra Pradesh- 500  |
| 3- Haryana - 500          | 13- Tamil Nadu - 500     |
| 4- Punjab - 500           | 14- Kerala - 500         |
| 5- Himachal Pradesh - 500 | 15- Karnataka - 500      |
| 6- Uttarakhand - 500      | 16- Maharashtra - 1000   |
| 7- Bihar - 1000           | 17- Madhya Pradesh - 500 |
| 8- West Bengal - 500      | 18- Chhattisgarh - 500   |
| 9- Assam - 500            | 19- Rajasthan - 1000     |
| 10- Jharkhand - 500       | 20- Gujarat -1000        |

### **Age, Residence & Gender wise Classification**

Respondents were further categorized in age group to study the purchasing power in various age-groups.

<b>Category</b>	<b>60-69 years</b>	<b>70-79 years</b>	<b>80+ years</b>	<b>Total</b>
Rural-Older Men	1957	1101	640	3698
Rural- Older Women	2011	1136	655	3802
<b>Total Rural elderly</b>				<b>7500</b>
Urban- Older men	1898	1199	613	3710
Urban- Older Women	1923	1221	646	3790
<b>Total Urban elderly</b>	<b>7789</b>	<b>4657</b>	<b>2554</b>	<b>7500</b>
% of Respondents	51.93	31.05	17.03	15000

Percentage of older persons in the age groups of 60-69 years is quite higher (51.93%) because of their comparatively more active lifestyle and their higher proportional population.

## **Income Patterns of Older Persons**

Older persons have never been considered as spent force or burden on the family/society in India. With changed socio-economic conditions, their role in financial health of family, in addition to social health of family has increased remarkably.

### **Source of Regular Income of older persons**

- Pension
  - Retirement Pension/ Family Pension / Old Age pension/Widow Pension
- Salary/Wages
- Interests /Dividend
  - FDs/ Savings/ Investment in Stocks
- Rent, etc. from house/land/ other properties
- Gain from Business/professions
  - Farming/ Family Business / Profession / Consultancy

### **Occasional Income**

- Sale of household property
- Transfer of Spouse's property
- Gift/Gain from any close relatives
- Property received as inheritance

## **Income Groups of Elderly**

To assess the financial status of older persons and their purchasing power we have classified elderly in the following income groups;

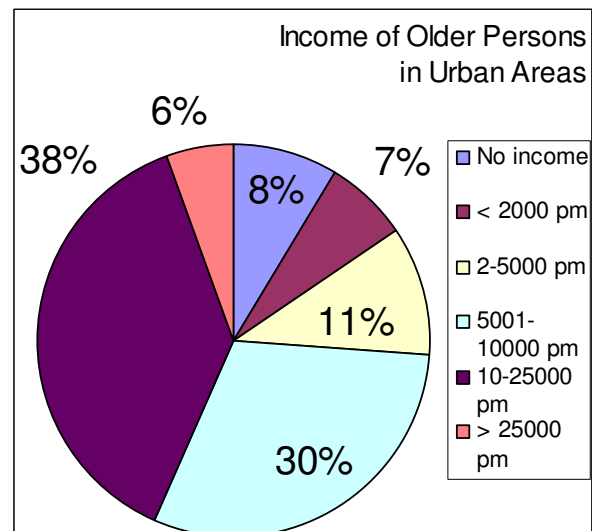
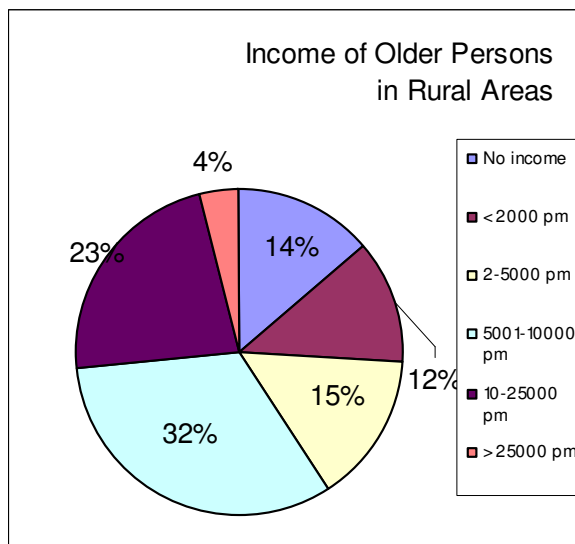
- I. **No Income Group** – No Regular Income
- II. **Very Poor Income Group** - < Rs. 2000 p.m.
- III. **Poor Income Group** – Rs. 2000-Rs. 5000 p.m.
- IV. **Average Income Group** - Rs. 5000-10000 p.m.
- V. **Good Income Group** - Rs. 10000-25000 p.m.
- VI. **Better Income Group** - >Rs. 25000 p.m.

## MAJOR FINDINGS

### Income Groups of Older Persons

#### Residence wise: Rural - Urban

- Over 35% older persons (in rural areas 27% and in urban areas 42%) have monthly income of more than Rs. 10000. Out of 15000 older persons interviewed during the survey 5242 older persons said that they are earning over Rs. 10000 p.m.
- 4.73% elderly have monthly income of more than Rs. 25000 per month, whereas 11.23 elderly have no regular monthly income and 22.29% were found in poor income groups i.e. < Rs. 2000 & Rs. 2-5000 per month.

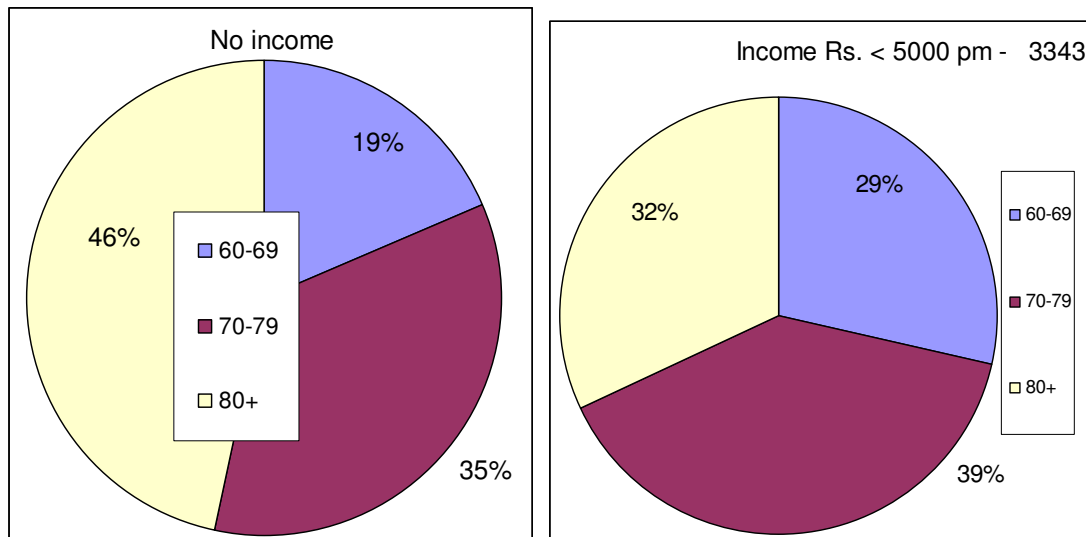


Income	No income	< 2000 pm	2-5000 pm	5001-10000 pm	10-25000 pm	> 25000 pm	Total
rural	1048	901	1113	2446	1708	284	7500
urban	637	530	799	2284	2825	425	7500
<b>Total</b>	<b>1685</b>	<b>1431</b>	<b>1912</b>	<b>4730</b>	<b>4533</b>	<b>709</b>	<b>15000</b>
<b>%</b>	11.23	9.54	12.75	31.53	30.22	4.73	

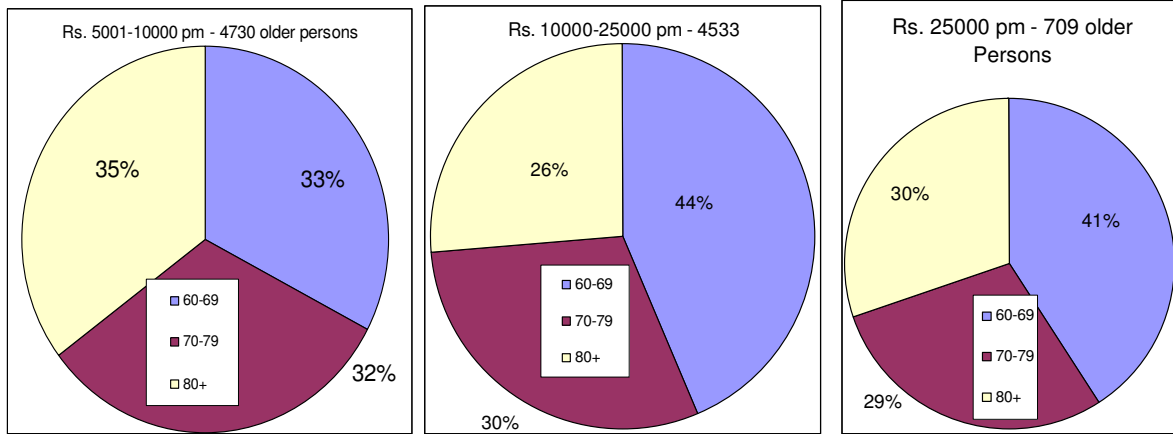
**Age-group wise income of Older Persons**

Age Group	No income	< 2000 pm	2-5000 pm	5001-10000 pm	10-25000 pm	25000 pm	Total
60-69	577	530	998	2448	2811	425	<b>7789</b>
70-79	637	601	655	1417	1166	181	<b>4657</b>
80+	471	300	259	865	556	103	<b>2554</b>
	1685	1431	1912	4730	4533	709	<b>15000</b>
<b>%</b>	<b>11.23</b>	<b>9.54</b>	<b>12.75</b>	<b>31.53</b>	<b>30.22</b>	<b>4.77</b>	

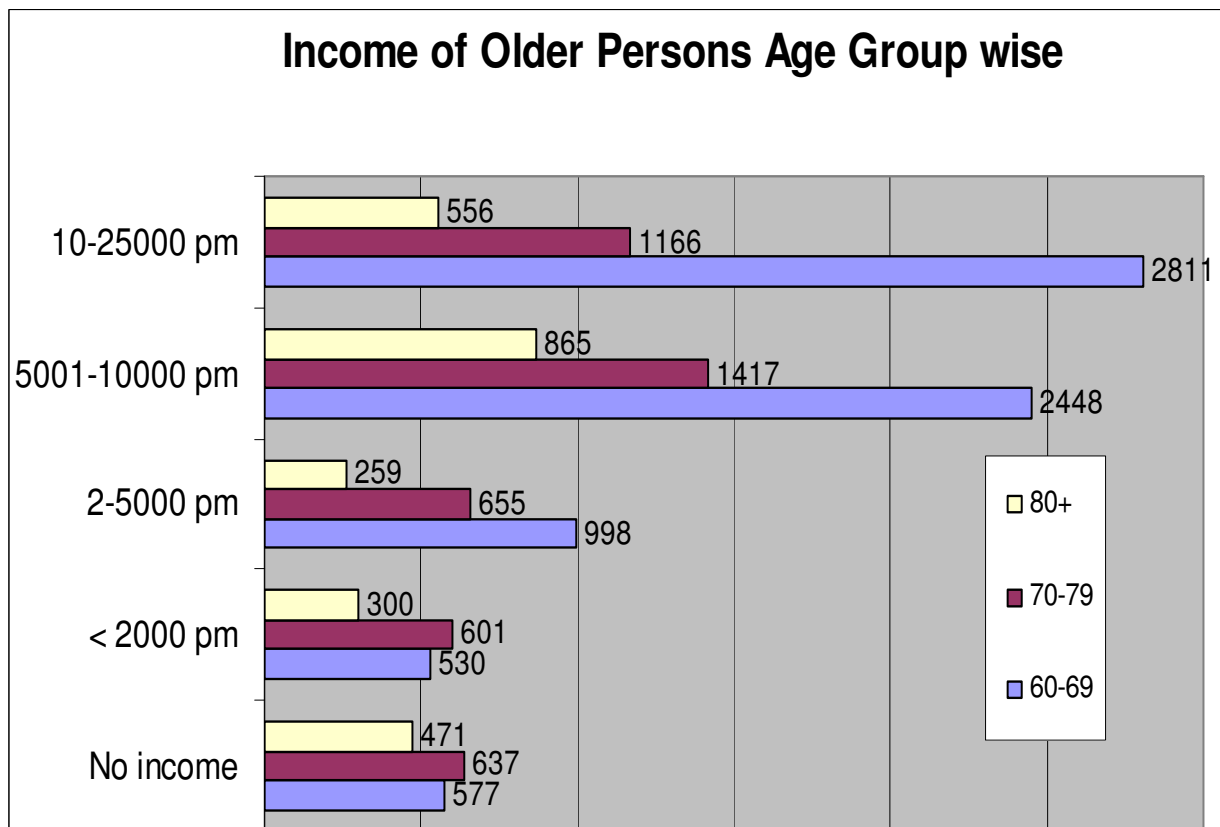
- In No income category percentage of 80+ years elderly is highest (46%). In this income group percentage of young older persons (60-69 years) was quite low (11.23%).
- 3343 older persons were in Poor Income Groups (< Rs. 2000 pm & 2-5000 pm), amongst them 39% were from age group 70-79 years. In this income group still percentage of young older persons was comparatively low.



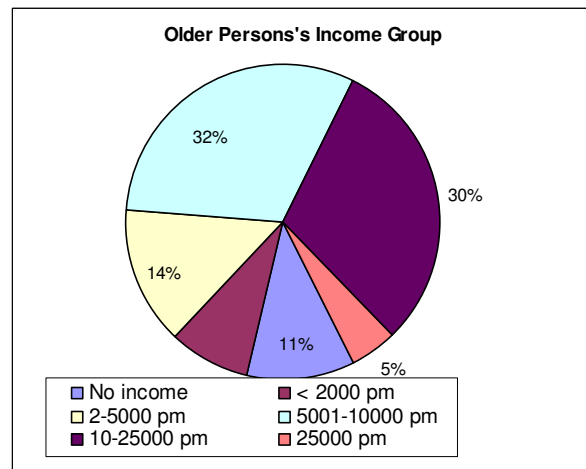
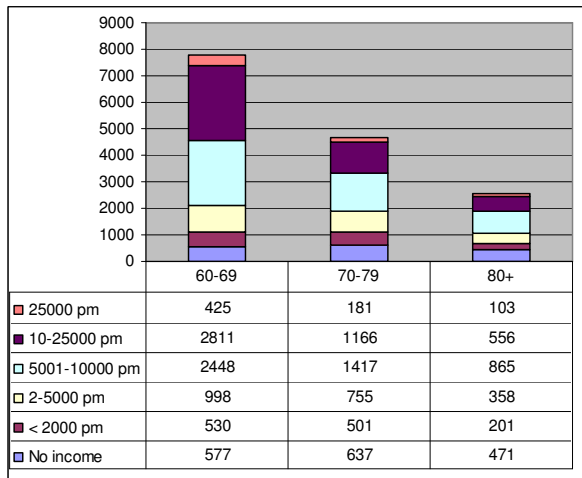
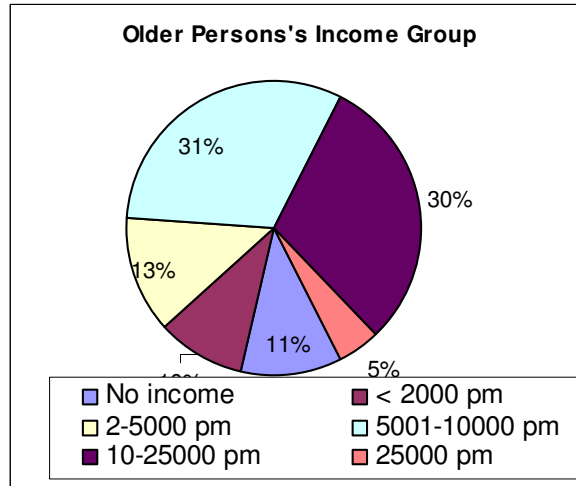
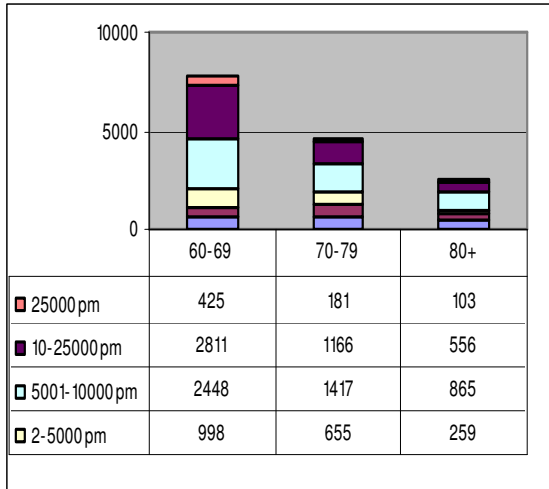
- In good income earning category 44% of the elderly were found from 60-69 years, where as in average income group (Rs. 5000-Rs. 10000) elderly were found almost equally distributed.
- When information collected was analyzed, it was found that in the age group of 60-69 years older persons were earning good income. 41% Older persons earning over Rs. 25000 p.m. were from this age group alone.



Following distribution chart clearly shows that financial status of elderly in the age group of 60-69 years is far better than older persons in upper age groups.







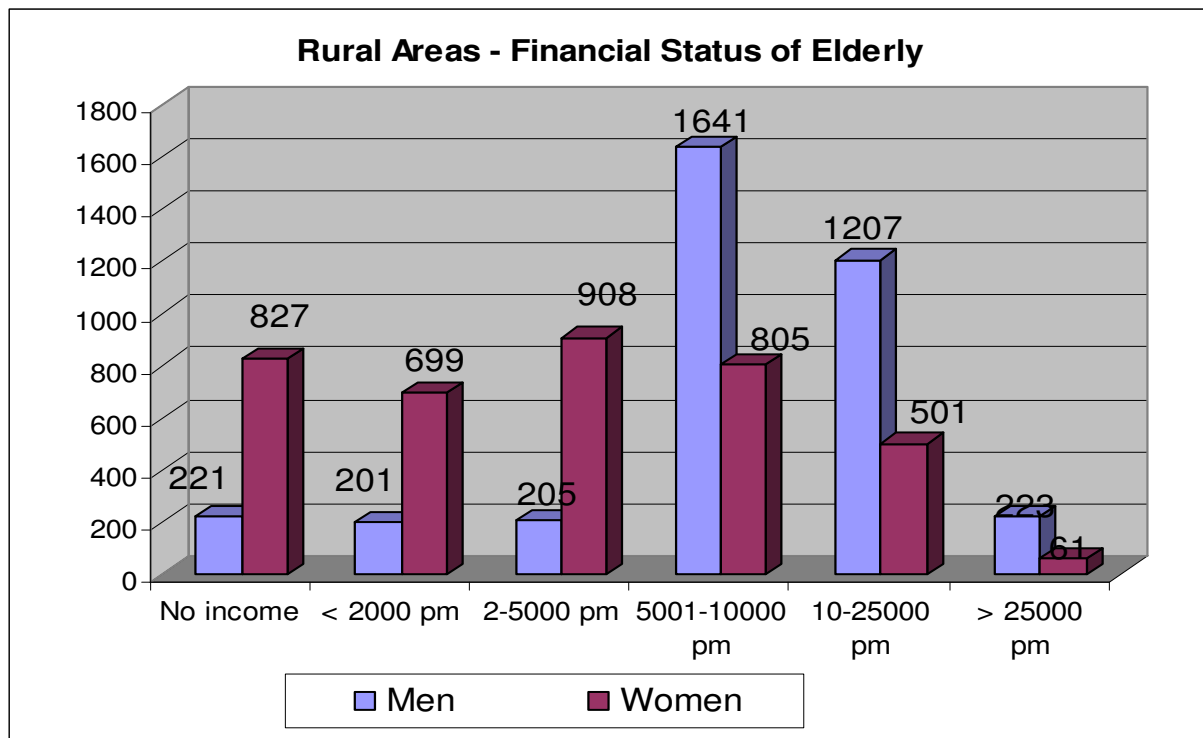
- Over all 35% elderly has good source of income. They were reportedly earning more than Rs. 10000 p.m.
- In the age group of 60-69 years, upto 41.5% older persons were found earning more than good income i.e. > Rs. 10000 p.m.. Major reason for this may be their good health conditions that help them keep engaged in income generational activities.

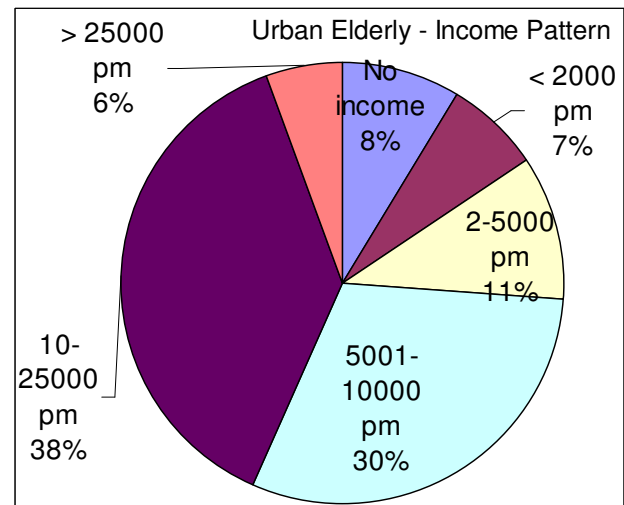
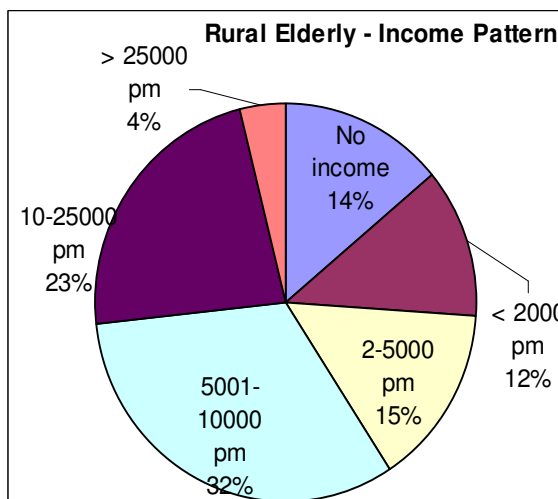
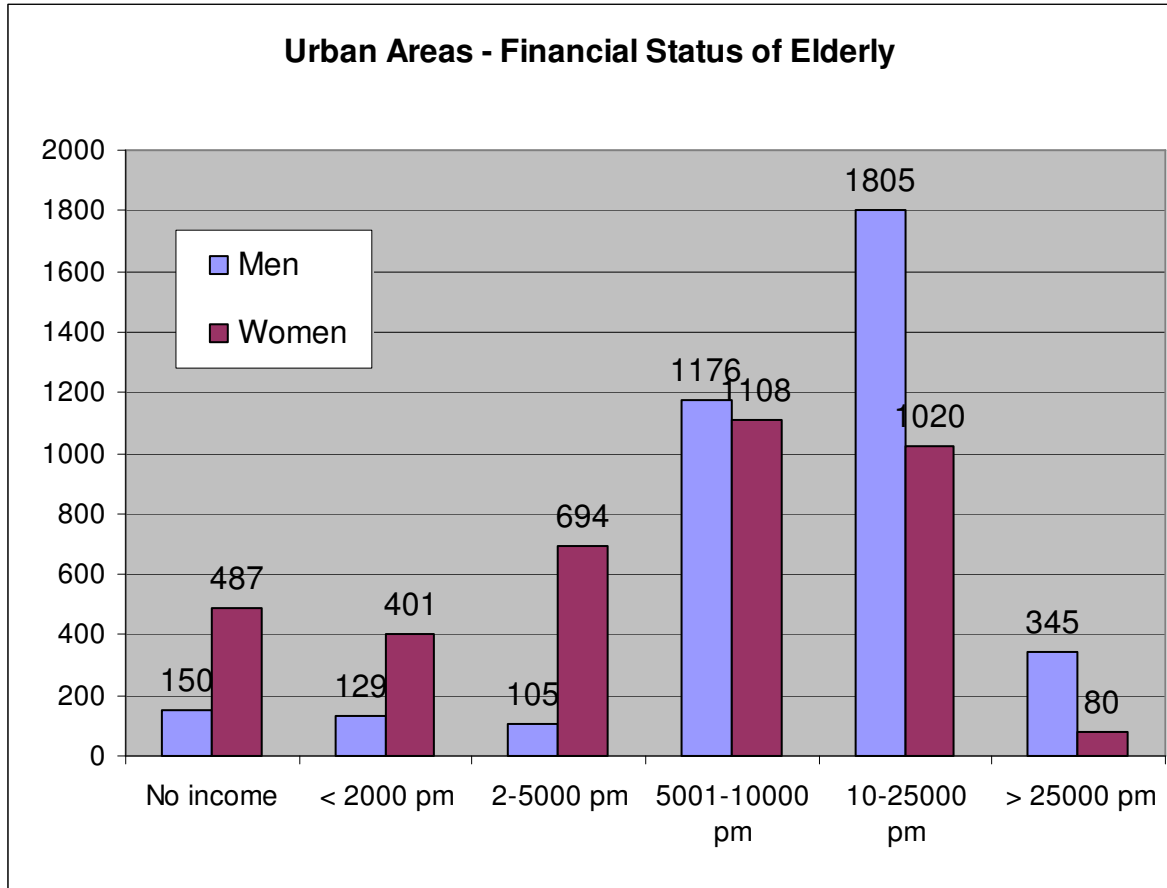
### Rural - Urban /Older Men Older Women

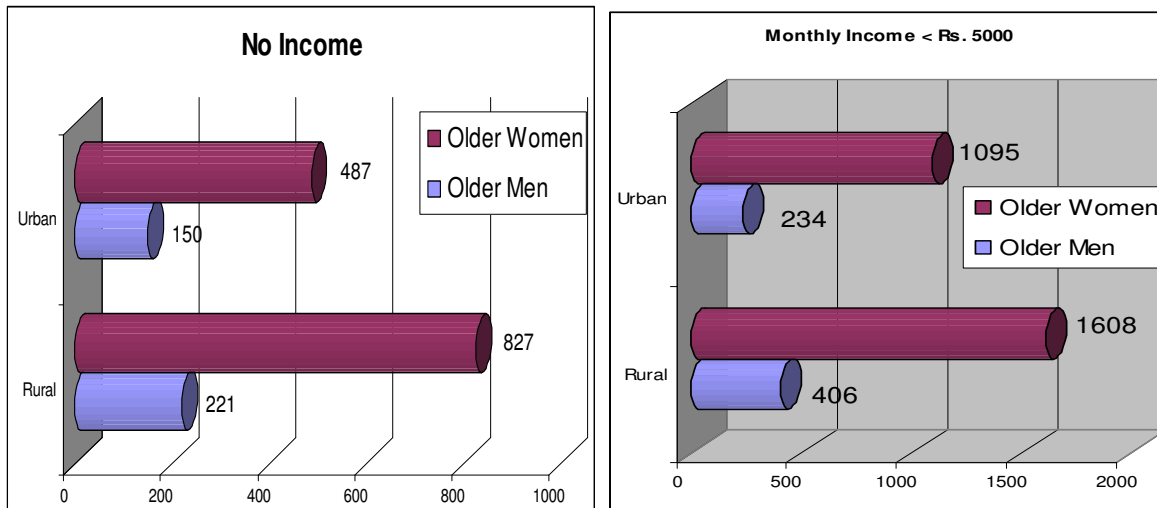
- Divide between Rural elderly & Urban Elderly is clearly visible. In rural areas majority of elderly (32%) were earning average income (Rs. 5000-10000) whereas in urban areas most of the elderly (37.67%) were found in good income group (Rs.10000- Rs. 25000).

Rural	No income	< 2000 pm	2-5000 pm	5001-10000 pm	10-25000 pm	> 25000 pm	Total
Men	221	201	205	1641	1207	223	3698
Women	827	699	908	805	501	61	3801
	1048	901	1113	2446	1708	284	7500
%	13.97	12.01	14.84	32.61	22.77	3.79	
Urban	No income	< 2000 pm	2-5000 pm	5001-10000 pm	10-25000 pm	> 25000 pm	Total
Men	150	129	105	1176	1805	345	3710
Women	487	401	694	1108	1020	80	3790
	637	530	799	2284	2825	425	7500
%	8.49	7.07	10.65	30.45	37.67	5.67	

- 57.95% elderly in urban areas are financially well in comparison to 38% elderly of rural areas. They were found in good & better income groups i.e. Rs. 10000 – Rs. 25000 p.m. & > Rs. 25,000 p.m.
- Financial status of elderly women is pathetic particularly in rural areas. In rural areas over 2/3<sup>rd</sup> elderly women have no source of income or they are in poor income group. In urban areas 42.65% elderly women has no income or nominal income.







## Expenditure Patterns of Older Persons

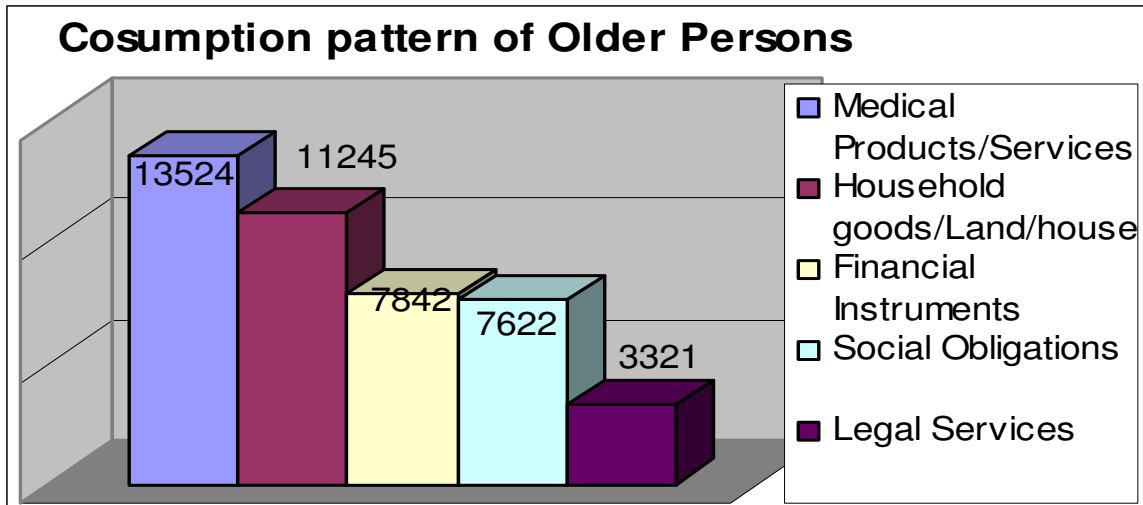
Older persons have different kinds of needs. Today with advancement of medical science and comfortable lifestyle life expectancy at the age of 60 has increased upto 20 years in India. Though older persons live longer today, still maintaining good health in Old Age is major problem in old age. Hence medical expenses are the major expenditure head in Old Age.

### MAJOR FINDINGS

From the study it has been found that as consumers older persons expended most of their money in the following;

- Medical Products & Services
  - Financial instruments
  - Consumer durables/household goods
  - Legal services
  - Social obligations
- 90.16% older persons said that in old age maintaining good health is bigger challenge before them; therefore medical products /services are their major expenses.

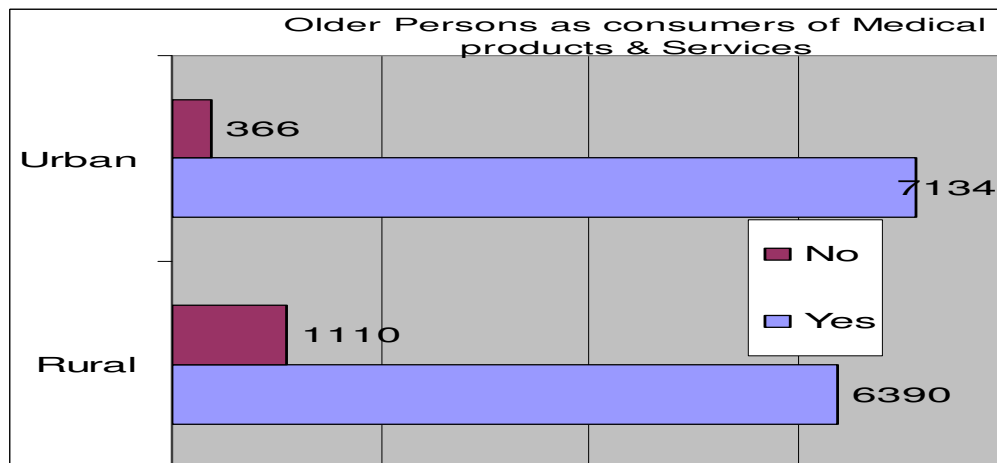
- 76.97% older persons said that they spent their most of income on household/white goods, etc. to live comfortably in old age.



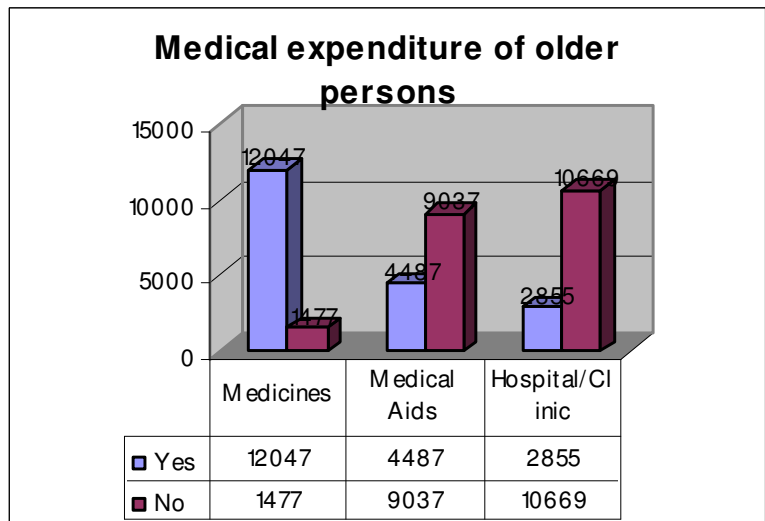
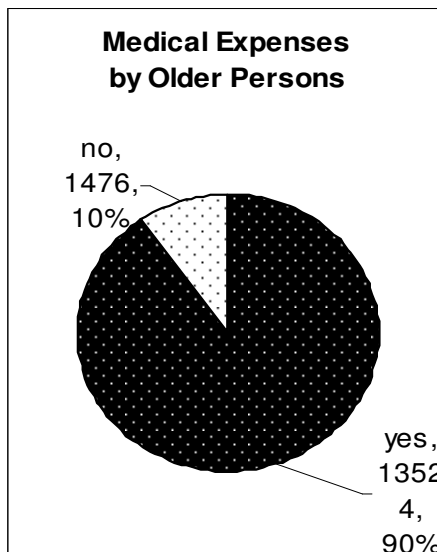
- 52.88% of the elderly had invested in various financial instruments like FD, MF, etc.
- Similarly 50.81 % older persons spent their money on their social obligations like higher education/marriage of their children/grandchildren.

**Medical Products & Services**

- 90.16% of the total respondents (85.2% in rural areas and 95.13% in urban areas) reported that they had purchased medical products or services within previous month.



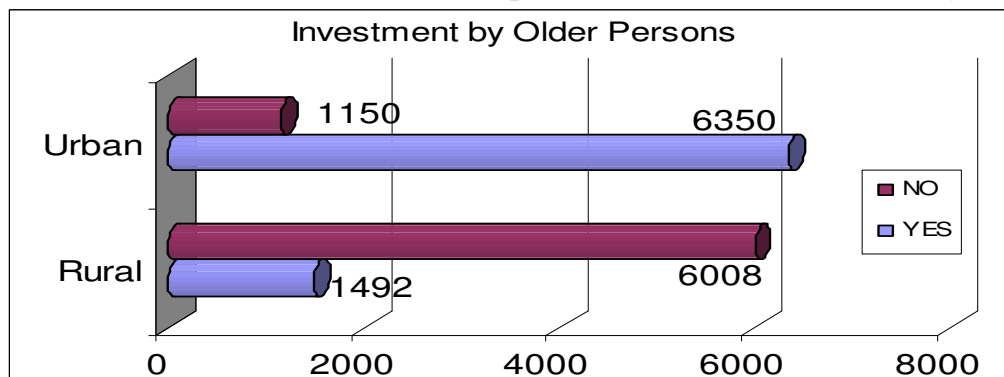
- 79.99% of the respondents (79.83% in rural & 80.16% urban) agreed that they use medicines to keep maintain their health.



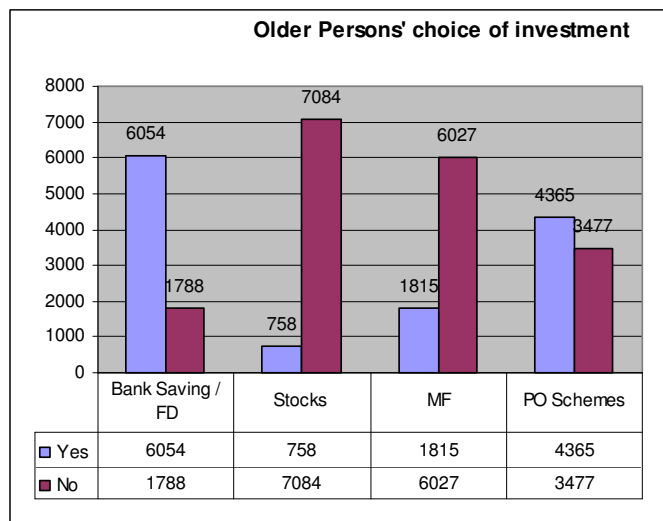
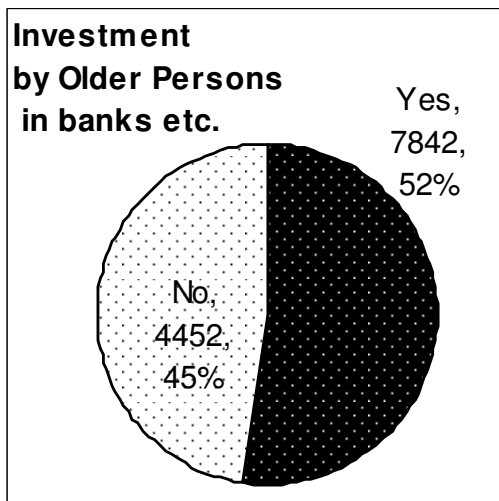
- Approx. 42.81% older persons (41.47% rural & 44.15% urban) were found using various types of aids like hearing, walking aids. In urban areas 70% respondents were using these aids.
- 70.3% of the respondents (75.6% rural & 65.1% urban) said that they had visited various hospitals/clinics for their medical checkups or treatment of diseases.

**Older Persons as consumers of financial instruments**

- 52.28% of the elderly contacted by survey team agree that they have opted various types of financial instruments to invest their money. Whereas in rural areas investment in various financial instruments was quite low (just 19.89%) in urban areas 84.67% respondents invested their money.

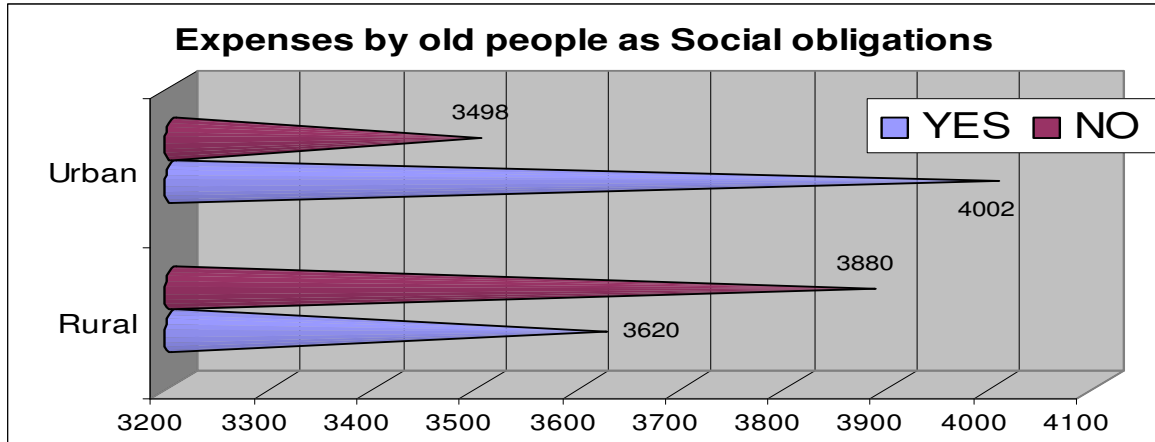


- When asked about their choice of investment, 49.13% older persons (18.05% in Rural & 80.2% in urban areas) opted bank accounts (saving/FDs).
- In urban areas, over 75.7% older persons expressed their interest in Mutual funds. 30% older persons from rural areas had also invested in MFs. Surprisingly 1/4<sup>th</sup> older persons also invested their money in stock market. In urban areas alone 52.18% of the elderly have invested in various shares.
- 18% elderly also invested their money through various post offices.

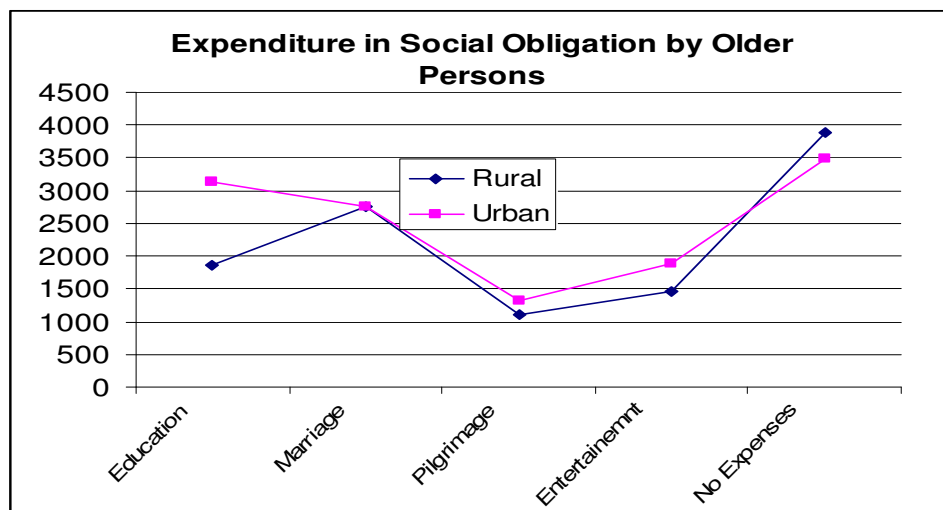


### Older Persons' consumption for social obligation

- When asked about older persons' role in fulfilling social obligations while using their purchasing power, it was found that majority of 50.74% older persons (48.27% Rural & 53.36% urban) had used their money to fulfill their social obligation. In rural and urban areas this trend was found similar.



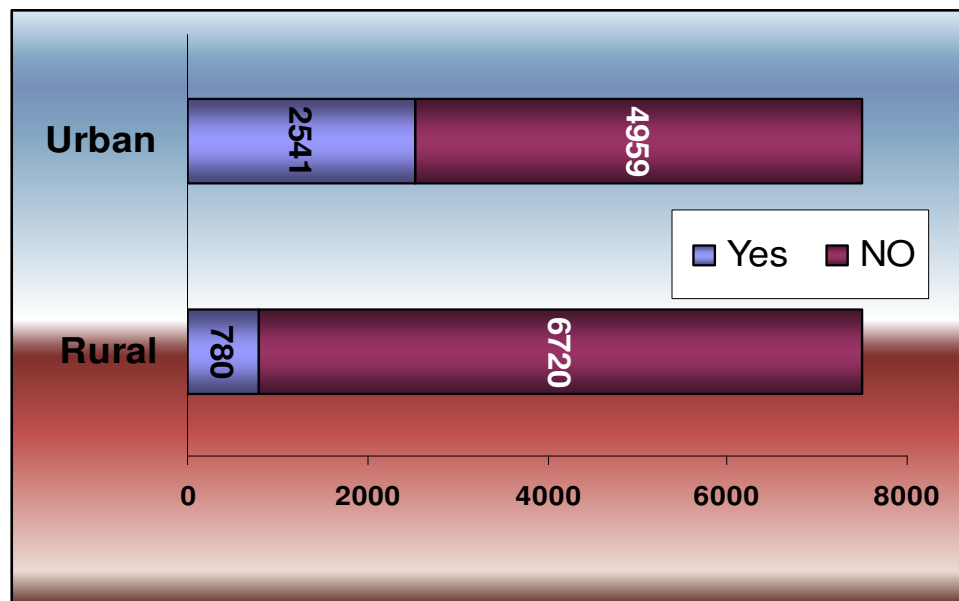
- Over 33.23% older persons (24.8% urban and 41.67% rural) had spent their money for higher education of their children/grand children.
- Out of total 10000 older persons 36.68% of the elderly has also spend their money for marriage ceremonies in family.
- When asked about their interest in pilgrimage 16.17% older persons also spend their money for pilgrimage purpose.
- Almost 28.32% older persons spend their money for entertainment purpose including keeping themselves engaged.
  - They opted for club/society memberships to keep themselves busy
  - They joined/visited cultural organizations to entertain themselves





### Older persons as consumers of Legal services

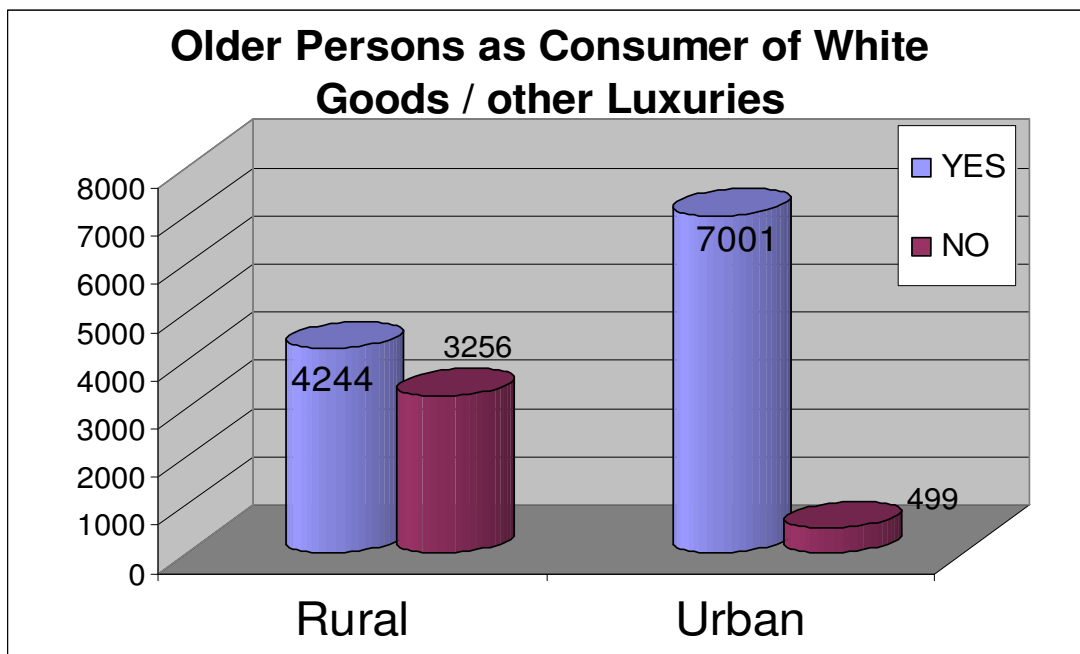
- In old age many older persons find themselves trapped in legal matters. When asked about their spending pattern 22.14% older persons had accepted that they have to utilize legal services i.e. services of advocates, courts, etc. In urban areas 30.4% older persons were found using legal services in comparison to 19.76% older persons in rural areas.



### Older Persons as consumers of White Goods/Luxuries

- From the study it was found that older persons are major buyers of consumer durables particularly white goods i.e. AC, Fridge, Geyser, etc. because of their specific physical/psychological needs.
- In urban areas more than 93.35% older people (accepted that they had purchased white goods/luxuries within last year. In rural areas 56.58% older persons spend their money on household/white goods/luxuries.

- **Majority of Older people (71%) said that they do not appreciate modern lifestyle/ Luxuries but are forced by younger generations to spend on lifestyle goods/luxuries.**
  - Mobile Phones
  - Computers
  - Modern medical facilities & medicines
  - Shopping at Malls
  - Modern electronic equipments
  - Modular kitchen



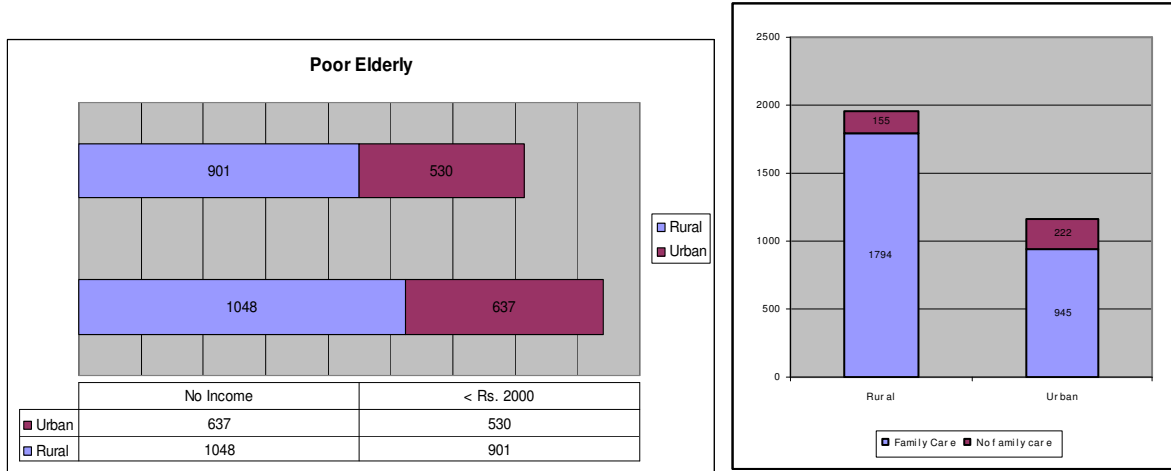
- It was also found that after retirement older persons had also made investment in real estate in expectation of good returns in future or for the future of their family members.

### **Factors determining Expenditure Patterns in Old Age**

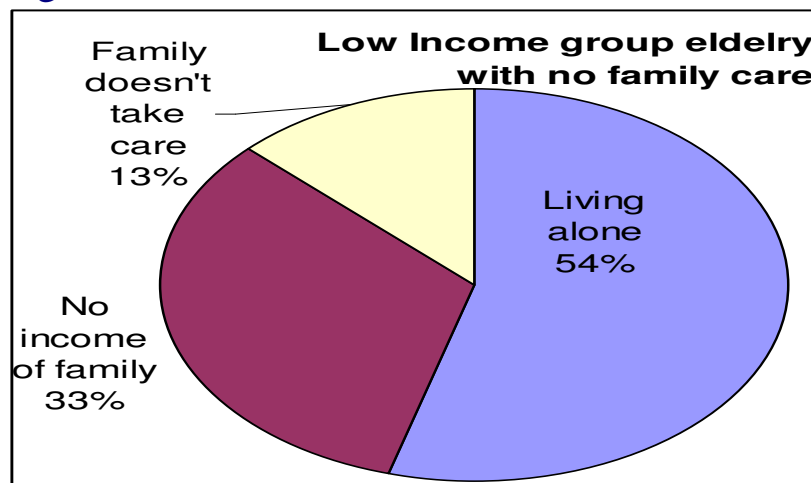
- Maintaining Status symbol in society
- Pressure from younger family members for adopting modern lifestyle
- Concern for maintaining good health in Old Age
- Financial security keeping in mind longer old age and inflation
- Responsibilities towards family members

## Expenditure patterns of Elderly in No/Low Income Groups

- Overall 22.77 % elderly (25.98% in rural areas and 15.56% in urban areas) said that they have no regular income or they are earning below Rs. 2000 p.m.
- Overall percentage of such elderly was found higher (26.31 %) in the 80+ age group.



- 87.9% of elderly were dependent on their respective families and their expenses were being looked after by them. Their family members were spending money mainly on foods, & medicines.
- 12.1% elderly with no/less monthly income were living without any family support. Among such elderly majority (54%) of older persons were living alone.



## **Observations**

- In spite of major role and active participation of older persons in country's economy, they are still considered as negligible consumers in comparison to younger generation.
- After retirement from active service life majority of older persons have good amount of money. Most of them find themselves totally confused about what to do with their money.
- Older persons have higher purchasing power, but they hardly use their own discretion while exercising their purchasing powers. Younger family members often manipulate their decision.
- In age group of 60-69 years, majority of older persons have good purchasing power. It shows that financial status of older persons has increased many times
- In old age older women outnumber older men, still very few older women have much purchasing power. Their major source of income includes widow/family pension, old age pension, transfer of property of their husbands to them, etc.
- However they are not competent or empowered enough to take their own financial decisions. Due to lack of financial awareness or ignorance they have to or are forced to seek advice from younger family members.
- Older persons also play major role in family's financial matters as well as social obligations and having originally possessed major part of the household/land property, still they are ignored by younger family members.
- Realizing the high net worth value of elderly, many companies offer lucrative schemes to older persons and due to lack of proper guidelines awareness older persons become soft targets of these companies.

## **Conclusion**

Due to ever-changing socio-economic & demographic scenario of the country, role of older persons in country's economy has increased vehemently. Today they form a large chunk of consumers, corporate sector has numerous market strategies to tap the purchasing power of older persons, but as consumers they have been not given due importance. Their consumer interests are always at stake.

India has developed itself into a leading global market over the years. Therefore, fast increasing population of older persons of India can not be overlooked any more.

Older persons need to be organized so that their role in nation's economy could be recognized as well as appreciated at various levels and on the other hand their consumer interests could also be protected.

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