# Public Age Reallocations for India's Elderly: Evidence Based on National Transfer Accounts

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## Abstract

Projected age structure transition shows a remarkable increase in India's elderly population by 2050 and calls for a larger inter-generational support for consumption needs of elderly population. Using the National Transfer Accounts framework, which is an attempt to introduce age into National Income and Product Accounts, this paper estimates the nature and magnitude of lifecycle deficit (LCD) and public age reallocations for India's elderly population in 2004-05. LCD is estimated by deriving age profiles of labour income and aggregate consumption. Consumption is distinguished by public and private sectors and disaggregated by health, education, and others. Public age reallocations are estimated by public transfers and public asset based reallocations. Public transfers are distinguished by cash and in-kind inflows and tax and non-tax outflows. Estimated lifecycle deficit (LCD) provides with a basis for public age reallocations by transfers and asset-based reallocations. Estimated LCD of elderly is about 27 percent of India's total LCD, or 2.45 percent of India's GDP. Public age reallocations are negative in the form of taxes and savings. Tax outflows are largely explained by direct rather than indirect taxes. This is indirectly contributory for financing elderly consumption by financing the age reallocations from non-dependent adult age groups to elderly. Overall results offer evidence for the importance of public age reallocations in financing elderly consumption and justify for larger role for public sector to support for elderly in future.

**Keywords:** National Transfer Accounts, Lifecycle deficit, Public age reallocations