

**SOCI-ECONOMIC IMPLICATIONS
OF AGEING IN SRI LANKA :
AN OVERVIEW**

Working Paper Number WP105

**K.A.P. Siddhisena
Leslie Kirkley Fellow-2004
Oxford Institute of Ageing**

October 2005
Oxford Institute of Ageing Working Papers
Editor: George W. Leeson
<http://www.ageing.ox.ac.uk>

Introduction

Ageing of the population poses several profound impacts on every aspect of life. This phenomenon will be visible in Sri Lanka in the next few decades as Sri Lanka is continuously experiencing one of the fastest ageing populations in the developing world due to its speedy demographic transition. The proportion of the population over 60 years has increased from 5.3 in 1953 to 10.8% in 2003 and it will further rise to one quarter of Sri Lanka's population by 2030. The increasing trend of an older population over 60 years of age in Sri Lanka is conspicuously higher than that of its total population - 3.3 per cent of the average annual increase of the older population versus 1.2 per cent of total population during 1981-2001. This unprecedented increase in the ageing population will affect various sectors of society and its institutions, either in positive or negative directions. Hence, it is useful to study the ageing process and some of its socio-economic implications in Sri Lanka, and is imperative to allow academics, researchers and especially policy makers to better understand the profound impacts on ageing and formulate better policies for the country.

This paper attempts to probe the social and economic implications of the ageing of the population in Sri Lanka. The paper begins with an overview of the demographics of population ageing process in Sri Lanka and then it analyses the negative and positive impacts of ageing on social and economic aspects of people and society. The discussion of policy implications, which may also be beneficial to policy makers, appears at the end of this paper.

Data and Methodology:

This study uses secondary and primary level data. The demographic profile of the ageing of the population is based on the data from the censuses, vital registration and the main surveys such as the Demographic Survey 1994, which consisted of 92,180 housing units distributed throughout the island, excluding Northern and Eastern Provinces

conducted by the Department of Census and Statistics of Sri Lanka (Department of Census and Statistics, 1997).

The study also uses the primary data from a purposive sample of 731 elderly people over 60 years of age drawn from all districts excluding North and East part of the country. This survey was conducted in 2003 to collect the information on socio-economic and health aspects of non-institutionalized persons 60 years and over through an administered questionnaire and focus group method. University students with prior experience in surveys were used to interview people aged 60 and over in selected households. The sample was not designed to explore the social aspects of ageing by sectors or other socio-economic classes.

Mostly the cross sectional approach is used to analyse the primary data which has both quantitative and qualitative information whilst the size and trends of the ageing population were measured by using various indices and descriptive statistics.

The definition of ageing itself is arbitrary. The ageing of the population refers most commonly to an increase in the relative proportion of the elderly in the population. The widely used cut-off point of 65 was decided as the age of benefit in the first public social security legislation in Germany in 1873 and perpetuated in the retirement regulations of other countries (Davies, 2003). Generally, in most of the developing world age 60 and above is considered as the cut off for ageing (Myers, 1990, United Nations, 2001). In Sri Lanka, age 60 and above is considered the demarcation age in identifying the elderly population, since the most common mandatory retirement age in the public, private as well as the corporate sectors falls between ages 55 and 60 respectively, with an extension perhaps of up to 5 years (Siddhisena 2004). Nevertheless, in the agricultural sector and in the informal private sector in Sri Lanka, people continue to work even beyond 60 years of age as far as they are physically fit to engage economic activities. A few autonomous organizations like the Universities of Sri Lanka are allowed to continue up to age 65 for academics, and even beyond this age limit if they work actively in several private and NGO services. Thus it is intricate to rationalize a single chronological age for commencement of ageing in Sri Lanka. As reported in two studies conducted in Sri

Lanka, the majority of respondents have no consensus on the chronological age that begins old age in society, as the majority have reported old age can be instigated even before the age of 60s (Uhlenberg, 1996; Kazuo et. al., 2000). However, a half of the respondents in the study used for this paper reported age 60 as the most suitable age for retirement (median and mode=60). Thus this paper considers over 60 years of age as a sensible cut off age for identification of ageing population in Sri Lanka.

The growth trends and rapidity of ageing

Trends in the South Asian Perspective

In the South Asian context, Sri Lanka is unique both in the present process of ageing as well as in its future. The proportion of those over the ages of both 60 and 70 years in Sri Lanka is much higher than – almost double – any other country in the South Asian region in 2000 and 2030 (Table 1). In 2000, Sri Lanka 1 in 10 people over 60, whilst Afghanistan and India have 1 in 21 and 13 people respectively. By 2030 Sri Lanka is expected to have 22 per cent of its population aged over 60 or nearly 1 in 5, while other countries are expected to have somewhat lower rates, such as Afghanistan with 1 in 18 people, and India with 1 in 7.

This striking difference in ageing population and the rapidity of ageing is also witnessed in the median age in the South Asian countries. The highest median age was recorded in 2000 and 2030 in Sri Lanka and it was considerably increased from 26.9 in 2000 to 39.2 in 2030 (Table 1). This marked difference in the ageing process in Sri Lanka is attributed to a very rapid demographic transition, which is near completion, compared to the other countries in South-central Asia.

Table 1: Ageing in Sri Lanka in South-Central Asian Perspective:2000-2030

Country	Proportion 60+		Proportion 70+		Median Age (years)		Sex ratio+ in 2000	
	2000	2030	2000	2030	2000	2030	60+	70+

Afghanistan	4.7	5.5	1.5	1.8	15.6	20.1	98	95
Bangladesh	4.9	9.7	1.8	3.5	20.0	25.6	100	101
Bhutan	6.5	7.4	2.5	3.2	5.7	20.6	89	83
India	7.6	14.0	2.9	5.9	20.6	30.4	92	88
Nepal	5.9	7.8	2.1	2.9	15.9	20.9	97	91
Pakistan	5.8	7.8	2.1	3.2	15.8	20.8	100	98
Sri Lanka	9.8*	21.5*	3.9	9.2	26.9	39.2	99.6	100

Source: United Nations, 2001, *World Population Prospects*, The 2000 Revision.

Estimates were obtained from Dept. census and Statistics, 1993, Population Projections.

+ : sex ratio = $\frac{M}{F} \times 100$

Growth trends of the elderly in Sri Lanka since 1946

Sri Lanka has experienced an increasing trend in population aged over 60 since the 1950s, primarily as a result of declining fertility rates and secondarily due to a considerable decline in mortality rates, and pronounced gains in longevity that commenced in the early 1950s. The proportion of the population over 60 years of age has increased from 5.4 per cent in 1946 to 10.0 percent in 2001 and according to projections, will more than double by 2033 reaching 22 per cent (Table 2). Its highest growth rate is expected during the coming two decades with a 3.65 per cent p.a increase.

Table 2: The total population, percentage of population aged 60+ years and growth rate, 1946-2031

Year	Total Population (‘000)	Percentage of age 60+	Average annual growth rate (%)		Median age	Index of Ageing
			Total	aged 60+		
1946	6,657	5.4	-	-	21.3	14.5
1953	8,098	5.4	2.80	2.81	20.8	13.6
1963	10,582	6.0	2.68	3.51	19.4	14.4

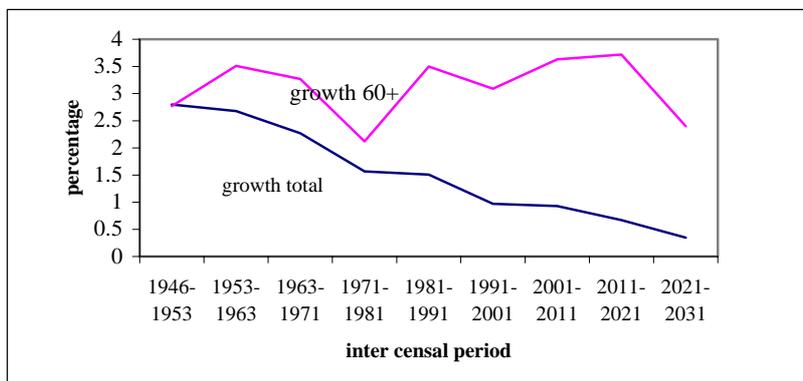
1971	12,690	6.3	2.27	3.27	19.7	16.1
1981	14,847	6.6	1.57	2.12	21.4	18.7
1991	17,259	8.1*	1.51	3.50	25.0	26.0
2001*	19,015	10.0*	0.97	3.09	28.8	40.2
2011*	20,873	13.1*	0.93	3.63	32.5	59.6
2021*	22,324	17.8*	0.67	3.72	36.3	95.6
2031*	23,129	21.9*	0.35	2.40	39.5	146.4

Source: Department of Census and Statistics, Statistical Abstracts, Sri Lanka;

*: Estimates derived from De Silva, 1993, Population Projections.

Moreover, Table 2 and Figure 1 clearly show that the average annual growth rate of population over age 60 in Sri Lanka increased faster than that of its total population during 1946-2001. The pace of ageing is unique that although the total population growth slows down as well as decreases, the growth of ageing increases particularly, during the decade 1991-2001 as well as in the following decade, though the trend is not monotonic. During 1991-2031 the average annual growth rate of the older population in Sri Lanka has accelerated at an unprecedented pace though it was relatively low during 1971-1981 (Figure 1). However, it is evident from the data that though the annual growth rate is decreased during 1971-1981, the absolute number of people aged 60 and over increased by 179,000 in the same period. Thus it is evident that the onset of ageing in Sri Lanka has accelerated particularly over the last 3 decades (since 1980s) and will continue (Table 2).

Figure 1: Annual growth rate of total population and population aged 60+ Sri Lanka 1946-2031



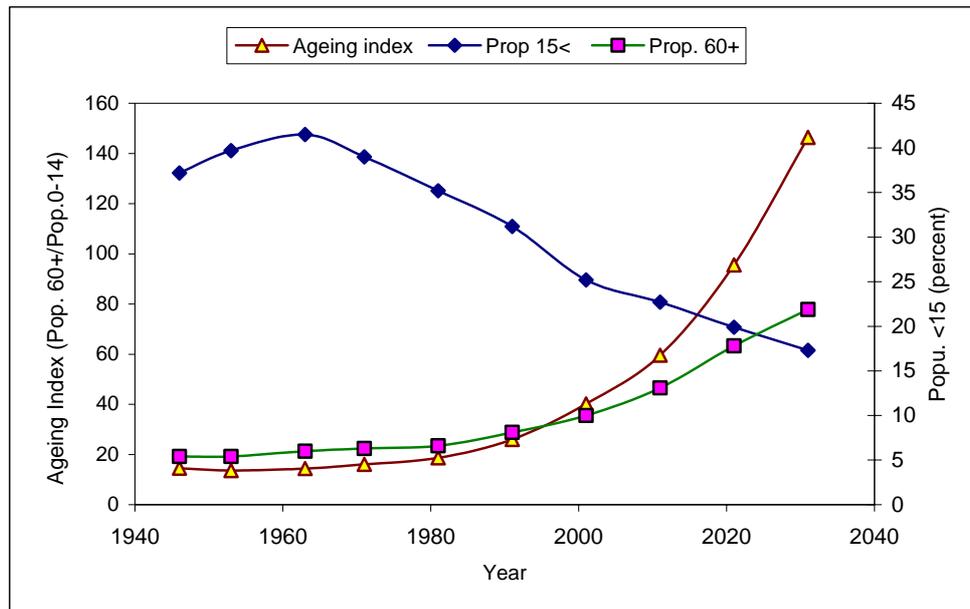
Source: Department of Census and Statistics, Statistical Abstracts,
GR: average annual growth rate

Rapidity (pace) of Population Ageing

The rapidity of population ageing is reflected in the variation of time taken to double the proportion of older people – it has taken 56 years to double the population over 60 years from 5.4 in 1946 to 10.8 in 2002, and the second doubling will take even more rapidly, taking only 26 years due to an expected increase in the pace of ageing from 2000 (Siddhisena, 2004). It is noteworthy that when the whole period 1981-2031 is considered, a more than tripling of the proportion of those over age 60 is projected (Table 2).

The increasing trend of ageing is also witnessed by the median age as it will increase gradually from 21 in 1946 to about age 40 by 2030. According to the trends of median age as shown in Table 2, the ideal Ageing Population in Sri Lanka will emerge from 2005 onwards when a typical ageing population has its median age at 30 and over (Shryock and Siegel, 1975). In addition, the index of ageing (the number of older people aged over 60 relatively to 100 younger people aged less than 15 years) represents a paradigm shift of age structure from young to old people. The ageing index has increased more than 9 folds from 16.1 in 1971 to 146.4 in 2031 (Table 2). Inevitably, a much greater proportion of the old will replace this decreasing trend in the younger proportion in the future (Figure 3).

Figure 2: The proportion of aged less than 15 year and the index of ageing 60+ 1950-2030



Source: Department of Census and Statistics, Statistical Abstracts,

Due to high fertility before the 1950s, the proportion of younger people in Sri Lanka increased up to 1971, thereafter decreasing gradually. This is expected to continue decreasing swiftly as fertility decreases, notably since the 1990s (Siddhisena, 2000). Thus this shift of age structure from younger to older resulted in a transformation of the shape of the age pyramid of the country. Thus Sri Lanka has begun a conversion of the age pyramid from a broad based to "barrel-shaped" or "urn-shaped" confirming aging at the apex (Siddhisena and Ratnayake).

Undoubtedly, the dramatic decline of mortality and the increase of life expectancy in Sri Lanka have improved the survival chances of the older people in advanced ages –the proportion of "young aged (65-74)" as well as "old aged (75+)" increases during present and future decades.

Although the demographic transitions that lead to the ageing process in developed countries was parallel with industrialization and economic growth, Sri Lanka's demographic transition and population ageing has occurred despite slow economic growth. Thus when we compare the ageing of Sri Lankan population with that of

developed countries it is inevitable that the relative poverty associated with the ageing of Sri Lanka creates special challenges (Jones, 1985; Martin, 1990). Therefore with all the understanding of above scenarios of the ageing process in Sri Lanka, the socio-economic implications of ageing and associated challenges and opportunities are discussed in the following sections.

Social Implications of Ageing

The ageing of the population creates several social implications for the family and to the society. The literature related to ageing in Sri Lanka has mostly focused on the negative social impacts of the population ageing, such as increasing familial burdens of elderly care, weakening of intergenerational links and co-residence. However, the elderly aged over 60 are not only a dependent group, but also the group which has actively contributed to the economic, social and cultural life of their families and community. Thus this study intends to focus both the negative and positive social impacts of population ageing in Sri Lanka.

Ageing and family support

With the rapidity of ageing and change of socio-economic and family system from extended to nuclear system, Sri Lankan society is currently confronted with social problems in providing better care to aged parents, though the cultural value system of taking care of elderly has long existed (Siddhisena and Ratnayake, 1998, Perera, 1999, Uhlenberg, 1996).

The Sri Lankan elderly have traditionally depended on the family as the main care giver and support base. However, this feature cannot be expected to continue in future since a large proportions of females who were housewives are now employed in Sri Lanka and abroad, and both children and their spouses are engaged in work outside the home due to expectation of economic prosperity. Moreover, familial care is expected to

further diminish in future as the number of offspring in the family decreases due to continuing fertility decline, from current replacement levels (TFR=2.0 in 2000) to below replacement level fertility in future and longevity of the aged .

Undoubtedly the family in Sri Lanka represents the traditional social institution for the care of the elderly persons, who co-reside both in rural and urban areas (Martin, 1990). The elderly in Sri Lanka feel that they are more comfortable in their own home and can receive physical and emotional assistance from their spouse or children (Perera, 1999, Siddhisena and Rathnayake, 1998). The care of older parents used to be considered a moral obligation of the children (Amarabandu, 2004). Moreover, traditionally, the youngest male child in the family inherited the ancestral house and was expected to co-reside with parents and take care of their old age with the voluntary material and emotional support of siblings. In the case of the elderly who do not have their own children, close relatives look after them, providing material and emotional support.

This cultural value system of taking care of elders at home and in the community at large is mostly perpetuated in religious societies especially Buddhist and Hindu. According to Buddhism, Hinduism, Christianity and Islam norms and practices, the elderly “preserves the highest esteem in the society”. Especially in Buddhist culture, the children believe that “up keeping of the elderly parents and pay high respect” brings the high merits for them. Thus religion plays a vital role in most Sri Lankan society in maintaining the traditional social values of elderly care, though religion is losing its impact in some segments of society (Perera, 1999). As revealed from the sample survey used for this study, about 89 per cent (88.8%) of the elderly persons live in their own home with their spouse and children or in their children’s houses (Table 3).

Table 3: The patterns of living arrangements and co-residence

Living-arrangements	Number	Percentage
Own home with the spouse or children	471	64.4
A son's house	114	15.6
A daughter's house	64	8.8
Own home without spouse or children	39	5.3
A relation's home	20	2.7
Other	23	3.1
Total	731	100.0

This pattern of co-residence is also confirmed by other studies conducted in Sri Lanka, revealing that there are no significant rural urban differentials of this pattern. A rural-based study by Uhlenberg (1996) found that 75% of the elderly co resided with spouses or children; for an a urban-based study by Nugegoda and Balasuriya (1995) the figure was 81% and for an urban and rural based study by Andrews and Hennink (1992) and the Marga Institute (1998) that figure was above 83 per cent . Furthermore, the data used in this study and other studies revealed that there is no strong preference for living with a son or daughter in later life. This co-residence pattern depicts the strong traditional family ties prevalent in Sri Lankan society. However, co-residence does not necessarily mean the elderly receive the traditional in-built protective care or better support from family members. This situation is now evident more in urban than rural Sri Lanka in the increasing demand as well as long-waiting list of persons requesting admission for old people's homes (Siddhisena and Ratnayake, 1998). According to the Department of Social Service records, during the last two-decades the number of institutionalized elderly has increased considerably in Sri Lanka especially in urban areas and the number of homes nation-wide increased from 68 in 1987 to 162 in 2003 including those run by the state and voluntary homes, with or without state assistance. In addition, the number of day care centers rose from 56 in 1995 to 125 in 2003.

Moreover, since there will be a rapid urbanization along with rapid ageing in Sri Lanka in coming decades (35% of people are expected to live in urban areas in 2005), there will be more stress and strain to maintain the present living arrangements of the aged.

However, there is no Sri Lankan in-depth study on the diminishing of traditional support for the elderly and rural urban differences in intergenerational linkages

Although co-residence still exists in rural areas, the breaking of familial support for the elderly in rural Sri Lanka occurs because (especially) young people change their life styles and economic activity from agriculture to other sectors, there is greater commitment of females to working outside the home rooted in economic hardships in the rural sector, unavailability of different occupational avenues in rural areas and a greater mobility of educated youth from rural to urban areas. A greater impact could be expected for elderly female widows, who predominantly reside in rural areas, since their longevity is more than that of males.

Further as shown in Table 3, the preference of elderly persons to live in their own home in Sri Lanka is also noteworthy. Those living in their own home accounts for 69.3 per cent relative to other living arrangements. The majority of the elderly in Sri Lanka usually prefers to live in their own home rather than living in their children's or relation's houses in order to preserve their dignity, inheritance to the property, privacy and consideration of healthy living. However, either due to negligence of the children or hardly any home-based care, they go to the institutions run by the state or NGOs. This situation is mostly unlikely if the elderly are receiving as well as contributing financial support to the family or caring for the grandchildren (Andrews and Hennink, 1992, Uhlenberg, 1996).

Thus the above discussion discloses that on one hand, due to increasing of ageing the family will be compelled to give support to the elderly despite their social and economic constraints and on the other hand, elderly people will be isolated and suffer due to insufficiency??? and a diminishing trend of traditional home based support, care and security in future. With the transition of all these ageing related institutions such as family structure and living arrangements, to what extent the traditional support and care system can be sustained will be a challenge for society. The necessary policy options and strategies therefore need to keep the elderly people in a healthy and secure environment.

Women and Population Ageing

In Sri Lanka, there are more women than men in the population aged 60 and above. Table 4 shows that the sex ratio declined over 13 years, from 113 males per 100 females in 1981 to 97 in 1994, largely due to mortality changes since the 1960s in favour of females . Thus the low sex ratio which indicates more females than males emerged in both the 'young elderly' and 'old elderly' categories in 1994.

Moreover, the relatively higher numbers of females among the elderly could be especially seen in the profile of marital status. There are a higher number of widows than widowers, reflected in the marital-status figures. The proportion of widows among the elderly was about three times that of widowers in 1981, and increased to four times in 1994 (Table 4). Thus the percentage of widows increased from 41 per cent in 1981 to 50 per cent in 1994, whilst the widowers decreased from 15 per cent in 1981 to 13 per cent in 1994. Explanations for this gender difference are the higher life expectancy of females ($e^0=75.8$ for females and $e^0=71.2$ for males in 2000), the higher frequency of remarriage among widowers than among widows, and the fact that women generally marry men who are 5-6 years older than themselves which lead to higher rates of widowhood at the tail end of life-span (Caldwell et al. 1989; Casterlin et al. 1986). This notably increasing trend of elderly widows implies a growing number of elderly women who are socially isolated, without the support of a husband or immediate family.

Table 4: Some Demographic characteristics of persons aged 60+ by Sex in 1981 and 1994

Marital Status	1981			1994		
	60-74	75+	60+	60-74	75+	60+
Percentage						
<u>Age-Sex Composition</u>						
Male	79.0	21.0	53.1	79.9	20.1	49.1
Female	77.9	22.1	47.0	79.0	20.0	50.8
Sex ratio [(M/F)x 100]	114.3	107.3	112.8	96.3	97.9	96.3
<u>Marital Status</u>						
<i>Male</i>						
Single	6.4	7.6	6.7	4.4	4.4	4.4
Married	78.2	73.9	77.4	85.9	75.7	82.6
Widowed	14.7	18.0	15.4	9.2	19.7	12.6
Divorced	.6	.5	.6	.4	.2	.4
<i>Female</i>						
Single	4.8	5.4	4.9	3.0	3.3	3.1
Married	58.1	38.8	53.8	52.9	33.8	47.1
Widowed	36.6	55.5	40.8	43.8	62.6	49.5
Divorced	.5	.4	.5	0.3	0.3	0.3

Source: Department of Census and Statistics, 1997; Demographic Survey 1994, Sri Lanka

This situation will be more likely in future due to increasing life expectancy, and thereby more females than males will be found among the elderly population, especially in the “old elderly” (age 75+) group. According to the future projection of declining fertility and increasing longevity, women will become a more vulnerable group than the men (Table 5) because they live more years with conditions of economic hardship and less familial care due to economic and social change, and erosion of familial support through the breaking up of the extended family system. Since women live longer, they are more susceptible to chronic illness and disabilities than males. Though a large number and proportion of women live longer than men, old age social security and benefits are fewer for women. Thus widows among older women are more poverty-struck and indigent than older men. All kinds of these social implications of the ageing process, especially those associated with older women, warrant serious concern by policy makers,

governments and non governmental organizations in order to find a viable social security system for women to meet their health and other needs.

Table 5: Projected fertility and mortality levels in Sri Lanka 1991-2031

Period	Fertility projection (TFR)			Mortality projection (standard) e^0	
	Standard	High	Low	Male	Female
1991-1996	2.3	2.4	2.3	69.5	74.2
1996-2001	2.2	2.3	2.0	70.7	75.4
2001-2006	2.1	2.2	1.8	71.7	76.4
2006-2011	2.0	2.1	1.6	72.7	77.4
2011-2016	1.9	2.1	1.5	73.5	78.4
2016-2021	1.8	2.1	1.5	74.3	79.2
2021-2026	1.7	2.1	1.5	75.1	80.0
2026-2031	1.7	2.1	1.5	75.6	80.8

Source: De Silva, 1993, Population and Labour Force Projection, Department of Census and Statistics

Economic Implications

The ageing of the population has a number of economic implications. These include income support for the extended retirement period, consumption, production, structure of labour market, changes in housing, needs of transport etc, and expenditure on health. This section focuses especially on the issues of income support derived from retirement benefits, which affect public finances, employment and economic dependency.

Income Support and employment

The ageing of the population has serious problems regarding adequate income for later life. The majority of the elderly population in Sri Lanka do not have retirement benefits (formal pensions, EPF, PSPF and ETF) or other means of old age security schemes such as public assistance and safety net programmes, health or life insurance schemes, labour market participation and investment arrangements (Rodrigo, 2000, Ranan-Eliya, 1999, Gaminiratne, 2004). The income gained from social security benefits is inadequate to cover expenditure for health and day-to-day living in later life. The majority cannot cope

with retirement benefits and increasing inflation. The State cannot always adjust these pensions benefits with the changing cost of living or inflation. This is partly because of low public savings due to high public welfare expenditures and inflationary trends that prevailed in Sri Lanka from quite some time (Sandaratne, 1998).

Retirement systems currently cover 25 per cent of Sri Lanka's working age population (Gaminiratne, 2004) whilst public assistance is provided for 10 per cent of the aged (Perera, 1999). Further, the studies continuously confirm that retirement benefits cover only about 50 per cent of the employed population since most employed are in informal activities (Wijewardena, 1999, De Mel, 2000).

Moreover, widowers are not entitled to widows and orphans benefit (W&OP) unless there is a lawful child and they have been married for more than one year (Perera, 1987, Samarasinghe, 1982). According to the survey results used in this study, 36 per cent or 282 out of 731 of the elderly reported that they did not have any sort of compensation when they got retirement (Pensions, EPF, Insurance and gratuity). Moreover, 34.6 per cent out of 731 of the elderly aged 60 and over has reported that at the survey time, they do not have any income source or any other assets.

At present, the benefits of a provident fund which is obtained as a lump sum at retirement by people who engage in private, corporate or autonomous institutions like universities will not be sufficient for the lengthening of life span because of increasing inflation and low interest rates for deposits offered by the Banks and other financial institutions in Sri Lanka. During the last seven years the interest rates for fixed deposits in the banks mostly the lump sum of a Provident fund or other gratuity savings deposits have decreased from 14-16 per cent to 7-8 per cent (Central Bank, 2001).

Moreover, the people who work at the private or unorganized/informal sector are severely affected by inadequate resources at their old age. It is estimated, out of 6.7 million in the work force in 2001 about 3 million workers are in the unorganized or informal sector and are not covered by any formal pension or provident fund, relying on

their savings or through participation in several new pension schemes (Sandaratne, 2004). However, in 1987, the first attempt was made in providing social security to the unorganized sector in legalizing a parliament act for the Farmers' Pension and Social Security Benefit Schemes (Amarabandu, 2004). In addition the Fishermen's Pension and Social Security Benefits Scheme was launched in 1991. Under the Farmers' Pension and Social Security Benefits Scheme over 600,000 persons have enrolled, whilst under the Fishermen's Scheme around 46,000 enrolled by 2002. Although those who are covered in these schemes are heavily subsidized, the chargeable subsidized premium is high as compared to young ages (Amarabandu, 2004).

Expenditure on pension Schemes

Increased longevity during last few decades has meant an increase in the number of pensioners and the length of retirement period. The retirement system in Sri Lanka consists of both fully funded and pay-as-you-go (PAYGO) schemes mostly covering workers in the formal sector. However, both systems still only cover approximately 25 per cent of the working age population, implying that a larger proportion of workers remain without formal social security coverage (Gaminiratne, 2004). However, even though the coverage is small, the expenditures on pensions schemes are rather high and it has risen with the ageing process during the last decade (Table 6).

Table 6: Number of pensioners and pensions expenditure (Rs. Million) 1990-2002

Year	Number of	Increase	% Change	Pension Expenditure	Annual Change	% Change
------	-----------	----------	----------	---------------------	---------------	----------

	Pensioners			(Rs.)		
1992	303,832	-	-	7,786	-	-
1994	320,824	16,992	5.6	12,843	5057	64.9
1996	344,824	24,000	7.5	17,204	4361	34.0
1998	358,228	13,404	3.9	19,428	2224	12.9
2000	371,722	13,494	3.8	20,474	1046	5.4
2002	394,325	22,603	6.1	31,515	11041	53.9

Source: Department of Census and Statistics, Statistical Abstract, 2001 and Dept. of Pensions.

The number of pensioners retiring under the civil service pension scheme has increased annually by 2.61 per cent, whilst expenditure has escalated annually by 14 per cent. This expenditure on pension per GDP percentage shows how GDP growth rates would affect the pensions burdens. Expenditure on pensions per GDP has risen from 2.4 per cent in 1998 (current market price in 1995) to 4.2 per cent in 2002. This is calculated as about 10 percent of the government budget in 1998 rising to about 20 per cent in 2002 (Ranan-Eliya et al., 1998). However, at calculating for the projected number of elderly people and inflation, this expenditure will be expected to considerably rise in the future. Though the government spend this amount on pension schemes, the coverage of elderly under pension schemes are minimal. Thus these trends in the expenditure on pensions reveal the serious implications of ageing on public finance, public investment and economic development of the country (Ranan-Eliya et al., 1998).

Expenditure on health

The provision of long-term health care is another most serious issue associated with the ageing of the population. In general, older people need more health care and treatment than younger people, and the pattern and causes of their illness are different as well, (e.g. Alzheimer and Dementia) which need special care and geriatrics treatment that cost highly. With increased longevity of the elderly it is expected that there will be a greater prevalence of disability; chronic illness such as heart diseases, stroke, lung and liver diseases, cancer, asthma and rheumatism and also degenerative diseases like hypertension, diabetes, cancer etc in their early ages of the elderly period. These diseases create a demand for intensive diagnostic tests, long-term hospitalization and better treatment as well as rehabilitation and social and clinical therapy, which involve a

substantial amount of investment. Moreover, at older ages, a considerable proportion of people are bed-ridden or in wheel chairs due to frailty or disability, which need health services and long-term intensive care for both preventive and curative purposes.

In Sri Lanka, it is difficult to separate health expenditure for the elderly only from general health expenditure budgets since the government provides free medical treatment for all who need it irrespective of age. In addition, even at present, the focus has been more on children, youth and mothers, and therefore maternal and child health are the prime concern of the health sector (Perera, 1994). Nevertheless, no blame could be made because until recently there was a considerable proportion at the bottom and lower part of the middle of the age structure in Sri Lanka. However, with the increase of older people and the changing age structure from young to elderly it is necessary to invest relatively more for older peoples' geriatric health and primary care. The extent of inadequacy in the investment in the health of the elderly in Sri Lanka needs to be understood in relation to the overall budget for health expenditure which was only 1.4 per cent for 1995-2000. This will definitely be detrimental to the health conditions of the elderly population and generates challenges for the increasing demand of older people in future. The policy makers would have to pay more attention in their policy strategies to improve the health conditions of the elderly through adequate investments.

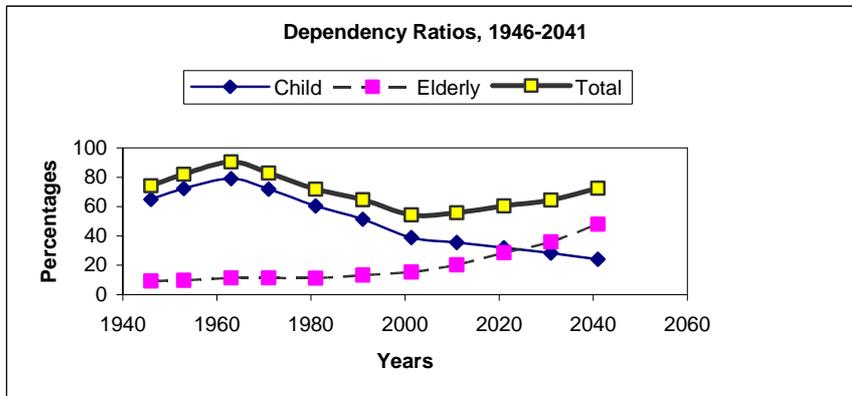
Population ageing and age dependency

The economic implications of population ageing are clearly revealed by the increasing trend of aged dependency ratio because it indicates the economic situation of the elderly and the burdens on the working population due to ageing process. As seen in Figure 3, the aged dependency ratio, the number of aged beyond 60 per every 100 persons aged 15-59, increase continuously. In Sri Lanka the aged dependency ratio has increased from 9.4 per cent in 1946 to 15.4 percent in 2001 and further to 48 per cent in 2041 (Figure 3). This means every 6 workers support one aged in 2001 and about 2 workers will have to support one aged in 2041. This ratio will obviously get higher value if economically active persons are only found (economic dependency ratio) within the ages 15-59. However, even this conventional aged dependency ratio depicts that how the ageing issue

would become a burden to the working age population especially in Sri Lanka where the majority among the aged 15-59 are in low per capita income (general per capita income was \$ 900 in 2001 in Sri Lanka compared with US \$ 39,169 in Japan).

It is noticeable that the total dependency ratio will decrease from 90.5 in 1963 to 54.3 in 2001 due to relative decline of the proportion of children, which is indicated in the young dependency ratio. However, due to the increase of the older population and thereby the increase of elder dependency, the total dependency will dramatically soar in the next few decades (2011-2041; see Figure 3). This paradoxical change in the dependency ratio explains the future scenarios of the dependency due to the rapidity of ageing in Sri Lanka.

Figure 3: Dependency ratios, 1946-2031



Source: Department of Census and Statistics, Statistical Abstracts and Census Reports

Positive effects of Population Ageing

Though Sri Lankan society is confronted with great social and economic issues associated with the rapid ageing process in providing better care and diet under poverty and other social changes, elderly people still occupy a very significant place in the family

and society. As seen in Table 3, a high proportion of the elderly are co-residing with children or children nearby and that family members are still frequently providing physical, financial and material support in accord with the needs of the elderly. Thus most of the elderly are still cared for, by the family and community because family as well as society consider the elderly not as a liability or burden to the children or family as whole, but as a valuable asset to the family and society.

As witnessed from a few micro level studies in Sri Lanka, there is a general consensus in Sri Lankan society that elderly persons, especially those living in extended families, give considerable support to their households by carrying out several economic and non-economic activities (Andrews and Hennink, 1992, Uhlenberg, 1996). Older parents continue to supplement family income and help with childcare or household work when their children have serious financial difficulties. Studies in most other Asian countries have also shown different roles of elderly people in household management and in labour activities. A study by Friedman et al. (1999) revealed that the old people continuously work and contribute to their household in Vietnam, though their labour force participation is relatively low due to old age or illness. Research studies on Indonesia, Kreager (2001) showed that the elderly are major net contributors to local economy and society whilst Schroder-Butterfill (2003) found that old people are economic pillars of multi-generational families because they spend their pension incomes on securing the livelihoods of their entire family network. The survey results on which this paper is based also revealed that a majority of elderly persons (67%) have reported that their savings from their job at retirement are for their children’s future (Table 8). Thus these findings disclose that the elderly persons in Sri Lanka are committed and have a genuine intention to give economic support to their children and family even in their old ages.

Table 8: Purpose of savings previous to retirement

Reasons for the savings	Number	Percentage
Children’s future	183	67.3
Spouse’s future	5	1.8
Own economic security at old age	68	25.0

Other	16	5.9
Total	272	100.0

*Those not employed and not saved cases are excluded

Moreover, in the social context, the elderly are wiser and have had considerable life experience to tackle the family issues. Thus they are consulted whenever the important family decisions need to be taken especially in rural areas. Hence, in traditional Sri Lankan family, the grand parents are still highly respected and they are also consulted when important family events take place (e.g. in the marriages of grand children, ceremony of the puberty of grand daughters etc.).

Participation in social development and welfare programmes is also vast at community level. Especially, the young elderly (60-74) play key roles as chairman or advisors to the social work activities in the community, mostly in rural areas, though this practice is not rare in urban areas and they are highly respected as team leaders. In rural areas most elderly persons were selected unanimously as leaders of local communities and non-governmental organizations such as in agricultural development societies, farmers' organization, agricultural seasonal meetings, micro credit union activities, irrigation and water management societies ("Wew Sabhas"), "Gam Sabhas" (village councils), Mahila Samithi (unions for ladies activities) and other social welfare committees such as Death Benevolent Societies. In traditional society, some elders have expertise in astrology and they are consulted when the people need to find an auspicious time for their important events such as marriage, the date and time to lay first stone in house construction and house-warming ceremonies etc. Society considers the expertise of elderly on food security methods and food preparation techniques (in sinhala called *Supa Sasthara Vidi*).

Thus the contribution of the elderly to family, community and the whole society is vast and the studies in looking at those aspects are rare in Sri Lanka. An understanding of consequences of ageing processes, both negative and positive, will be helpful in understanding the status of the elderly in society with the changing of demographic, social and economic conditions.

Conclusion and policy implications:

With the change in fertility and mortality and prolongation of longevity, Sri Lanka is experiencing ageing process. The proportion of the old population aged 60 and over has increased over the decades and the ageing structure has conspicuously changed from young to old at the apex of the age structure. The rapidity of ageing has commenced over the last two decades whilst its acceleration could be greater in future decades. The doubling of the proportion of old persons is expected soon in a future scenario of ageing in Sri Lanka.

All these demographic changes with the transformation of family systems, living arrangements, co-residence patterns and socio-economic situation of the country, the ageing of the population in Sri Lanka, generate a series of social and economic implications which are mostly negative, though some are favourable to the family and society.

The economic and social support and the care of the elderly are changing in view of the breaking up of traditional family systems, changing life styles and activity patterns of young adult children. Thus the erosion of the traditional support base influences the State, private and non-governmental organizations and the community to formulate necessary strategies and policy options to overcome and improve the well being of the elderly in future.

The strengthening of social security benefits for the elderly by using several policy options is beneficial as the present coverage and the benefits are inadequate for the survival of the elderly people with their increased longevity. Elderly people who are in the private and unorganized sector, unemployed, and also those who are in agricultural and casual work, with uncertain or low wages, should be seriously taken into consideration to provide them some form of social security benefits and socioeconomic empowerment to the family to look after their health and diet in a more satisfactory manner.

It is also the proper time to consider a comprehensive national Pension Scheme to increase the outreach of retirement benefits. A social security system to be created for the wider public in providing much subsidies premiums would be beneficial.

The allocation of GDP on health to be strengthened to improve the health of an ageing society, though it will make serious implications on the public finance of the country. The health planners have to pay more attention to subsidies for the prevailing high prices of medicine, adjusting them for inflation, to improve the health status of the elderly.

The active roles of the elderly in the family and society should be considered, recognized and appreciated by the family, community and the State as whole in providing special programmes to empower them. The promotion of several awareness and educational programmes are required at school and grass root level for young adults and children to understand the importance of positive role of the elderly and their contributions to the development of family and society. All these may help to develop the norms of children and young adults to respect to the elderly.

Though such numerous policy options are need to be considered, the most pragmatic and sustainable policy options, programmes and strategies have to be taken on vigorously and momentarily to meet the challenges due to rapid population ageing in Sri Lanka. These all-policy implications will lead to alleviating the problems associated with ageing in the future to some extent, the elderly of the future becoming a healthier and more productive group of people in Sri Lankan society.

References:

Amarabandu W.P., 2004, Elderly population and social security in Sri Lanka, in Population Association of Sri Lanka and UNFPA, *Ageing Trends in Sri Lankan Population Problems and Prospects*, Colombo, PASL and UNFPA (in press).

Andrews G. R. and M.M. Hennink, 1992, The circumstances and contributions of older persons in three Asian Countries: Preliminary results of a cross-national study, *Asia-Pacific Population Journal*, 7(3): 127-146.

- Caldwell J.C., Gajanayaka I., Caldwell B. and Caldwell P., 1989, Is marriage delay a multi-phasic response to pressure for fertility decline? The case of Sri Lanka, *Journal of Marriage and the Family*, 51(2): 237-351.
- Casterline J.B., Williams L. and McDonald P., 1986, The age difference between spouses: variations among developing countries, *Population Studies*, 40: 353-374.
- Central Bank of Sri Lanka, 2001, Central Bank Report, 2001, Colombo, Central Bank.
- Davies A.M., 2003, Ageing and Health in the 21st Century-An overview in WHO Kobe Centre, “Ageing and Health: A Global Challenge for the 21st Century”, Proceedings of a WHO Symposium, Kobe, WHO Kobe Centre.
- De Mel, N., 2000, Ageing population in Sri Lanka: Issues and outlook on retirement income arrangements, *Sri Lanka Economic Journal*: 1(1)
- Department of Census and Statistics, Sri Lanka, 1993, *Demographic and Labour Force Projections for Sri Lanka, 1991-2031*, Colombo, Department of Census and Statistics.
- Department of Census and Statistics, Sri Lanka, 1997, *Demographic Survey, 1994 Sri Lanka* Colombo, Department of Census and Statistics.
- Friedman J., D. Goodkind, B. Cuong and T.S. Anh, 1999, Work and retirement in Vietnam, *Comparative Study of the Elderly in Asia Research Report Series*, No. 99-42, Michigan Population Studies Centre, University of Michigan.
- Gaminiratne N., 2004, *Population ageing, Elderly Welfare, and Extending Retirement Cover: The case study of Sri Lanka*, ESAU Working Paper 3, London Overseas Development Institute.
- Jones G.W., 1993, Consequences of rapid fertility decline for old-age security, in Leete R. and Alam (eds.) *The Revolution in Asian Fertility: Dimensions, Causes and Implications*, Oxford, Clarendon Press: 275-295.
- Kazuo F., Kazumi K., Hiroko N, Eriko M, Yasuyuki K. and Siddhisena K.A.P., 2000, *A comparative study of the aged parents support: An interim report of a consciousness survey in Japan, Korea, Thailand and Sri Lanka*, Seta, Kyoto, University of Ryukoku,
- Kreager P., 2001, *Ageing in Indonesia: A Comparative Study in Social Demography*, Final Report for the Wellcome Trust Project 052626, Oxford.
- Marga Institute, 1998, *Sri Lanka's Population Future and its Implications for the family and Elderly*, Colombo, Sri Lanka.
- Martin L.G., 1990, The status of South Asia's growing elderly population, *Journal of Cross Cultural Gerontology*, 5: 93-117.

Myers G.C., 1990, Demography of aging, in Binstock R. and George L. (eds.), *Handbook of Aging and the Social Sciences*, 3rd edition, New York, Van Nostrand Reinhold.

Nugegoda D.B. and S. Balasuriya, 1995, Health and social status of an elderly urban population in Sri Lanka, *Social Science Medicine*, 40(4): 437-442.

Perera P.D.A., 1999, Population trends in Sri Lanka: Implications for the family and elderly, in United Nations, *The Family and older Persons in Bangladesh, Pakistan and Sri Lanka*, ESCAP, Asian Population Studies Series No. 151, New York: 115-158.

Perera P.D.A., 1987, Emerging issues of the ageing of population in Sri Lanka, in *Population Aging: Review of Emerging Issues*, UN-Asian Population Studies, No.80, Bangkok, ESCAP:53-58.

Ranan-Eliya R.P., 1999, *Economic Impacts of demographic ageing: with special emphasis on Sri Lanka and old-age income security*, Colombo, Institute of Policy Studies.

Ranan-Eliya R.P., 1998, N.de Mel, E.Ramachandran and D.Senagama, 1998, *Ageing and Pensions*, Population Ageing, IPS HPP Occasional paper No. 5, Colombo, Institute of Policy Studies.

Rodrigo C., 2000, *Programs and Interventions for the Elderly in Sri Lanka*, a paper submitted for the National workshop on “Elderly: Ageing in Sri Lanka: Planning for Tomorrow, Today” Colombo. UNFPA.

Sandaratne, N., 2004, Socio-economic implications of ageing, in Population Association of Sri Lanka and UNFPA, *Ageing Trends in Sri Lankan Population Problems and Prospects*, Colombo, PASL and UNFPA (in press).

Sandaratne, N., 1998, *The Demographic Transition: Opportunities and Challenges*, Occasional Paper, Colombo, Central Bank.

Samarasinghe S.W.R. de A., 1982 Aging and Aged in Sri Lanka: a socio-economic perspective, *Unitas*, 55:145-180.

Schroder-Butterfill, E.M., 2003, “Pillars of the Family: Support provided by the Elderly in Indonesia”, Oxford Institute of Ageing Working paper, No. WP303, Oxford, Oxford University.

Siddhisena K.A.P., 2004, Demography of Ageing in Sri Lanka, in Population Association of Sri Lanka and UNFPA, *Ageing Trends in Sri Lankan Population Problems and Prospects*, Colombo, PASL and UNFPA (in press).

Siddhisena K.A.P., 2000, Fertility trends, determinants and implications in Sri Lanka: Retrospect and prospect, *Sri Lanka Journal of Population Studies*, 3: 34-58.

Siddhisena K.A.P. and Ratnayake K., 1998, Aging population and elderly care in Sri Lanka, *Sri Lanka Journal of Population studies*, 1(1): 35-55.

Shryock, Henry S. and Siegel Jacob S., 1975, *The Methods and Materials of Demography*, Washington, DC, US Government Printing Office.

Uhlenberg P., 1996, Intergenerational support in Sri Lanka, in Hareven T.K. (ed.) *Aging and Generational Relations over the Life Course: A Historical and Cross Cultural Perspective*, New York, Walter de Gruyter: 462-482.

Wijewardena W.A., 1999, *Social Security Systems for the Elderly in Sri Lanka*, A paper presented to the World Bank/Central Bank Seminar on Ageing Population and Social Security Systems, Colombo.

United Nations, 2001, *World Population Prospects-The 2000 Revision*, New York, United Nations.