Income Security for Older Persons in South Asia
Bangladesh Perspective

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Situation of Older Persons in Bangladesh

Bangladesh is one of the most densely populated and 8th largest country by population in the world. In Bangladesh the number of persons over 60 years of age is projected to increase from about 9.8 million people today (6.5% of total population) to 18.1 million people (or almost 10%) by 2026 and 44.1 million people (20.2%) by 2051. The ratio of people aged 60 or above to children under the age of 15 years might be about 5.7 times higher over the next half century due to the growing number of older persons and at the same time the reduction in the number of young people.

The average life expectancy of the elderly people of a Bangladeshi is now 70 years (GoB (2), 2015) will live for longer years resulting in an increased dependency ratio and declining potential support ratio. The old age dependency ratio will be almost triple from 5.4 to 16.2 in Bangladesh between the years 2000 and 2050.

Without adequate savings, or contributory pension schemes all senior citizens are dependent on the mercy and patronage of others.

Most of the older people in the country are suffering from many basic human problems such as lack of sufficient income and employment opportunities, absolute poverty, senile diseases and the absence of proper health and medical facilities, exclusion, negligence, deprivation, socioeconomic insecurity, etc. 80% of the older persons live in rural Bangladesh and suffer from the cumulative effects of a lifetime of deprivation.

Despite the potential of elderly in the population and its inevitable and varied impacts, policy makers of the country have given little attention to this issue. Available data indicates that nearly half of the aged population live in poverty and policies and programs often overlook women. Inadequate support and the erosion of traditional support by migration, urbanization and other factors leave many older people in extreme difficulty. In the perspective of the prevailing socioeconomic situation, increasing landlessness and poverty has been affecting the elderly population.

Is Bangladesh ready to care older persons?

Bangladesh has a long cultural and religious tradition of appearing after the aged. Families and communities are expected to take care of their own elderly members. But rapid socioeconomic and demographic transformation, mass poverty, declining social and religious values, the influence of western culture and other factors have broken down the traditional extended family and community care system.

National Policy for older persons

Bangladesh Government has adopted a National Policy for Older Persons in 2013 following Madrid International Plan of Action with specific goal and objectives. Definition of older person, situation of older person in Bangladesh, Older persons in the constitution of Bangladesh, Recognition of the contribution of the older persons, Inter-generational communication and solidarity, Social facilities for older persons, Security in life and property of older persons, Poverty reduction and Financial Security, Health care and nutrition for older persons, Older persons and HIV & AIDS, Climate Change and Older Persons in Emergency, Education and Training, Special Welfare Activities, Voluntary Agency, Committees, Amendment of the policy well endorsed.
Income Security for Older Persons

Income security assures income for everyone’s ability to live a life of dignity for today and for the future as well as prepared to face illness and old age. But millions people of Bangladeshi have no adequate savings and to live with income security.

As the demography changing due to a drop in population growth and hike in life expectancy rate. On the other hand, due to urbanization, the number of nuclear families is, also rising, which increases future risks of financial and social insecurity for an ageing population,

Social Safety Net Programme (SSNP)

The SSNP started after 1990s, has achieved considerable progress in terms of bringing the extreme poor of the society under its wider coverage and gradual increase in the allocation of resources from the national budget. The latest government figures claim that the percentage of the poor and extremely poor people in the country have been reduced to 24.4% and 12.9% respectively (GOB-GED, 2015). There are other government social safety net programs targeting the poor and woman. For example Vulnerable Group Development (VGD) and Vulnerable Group Feeding (VGF) including Old Age Allowance. These programs do not directly target older people, but helps to reduce poverty.

Old Age Benefit for Poor People

Bangladesh Government is providing old age with a cash allowance of Tk. 500 (equivalent to USD 5) per month for 3.15 million above 60 years people is 12 % of the elderly population and 5.04% of total population in 1916 – 17 enlisted under the Old Age Allowance scheme. This is a very small fraction of the elderly people, but encouraging step towards welfare of the elderly population. Nation to look forward to see at what level this allowance could be sustained with an increase of 100% coverage in future under the given economic condition of the country. Existing benefit varies by age can increase coverage and quality of OAA.

Old Age Allowance (OAA)

OAA implemented by the Ministry of Social Welfare and Directorate of social service during the financial year 1997-98.

Goal and Objectives

1. To ensure Socioeconomic Development and Social Safety of Elderly People.
2. To increase the dignity and values of them in family and society.
3. To improve mental strength of them by giving financial grant.
4. To increase health support and supply of nutritional assistance.

Selection Criteria of Old Age Person

1. The person must be the citizen of Bangladesh.
2. Preference will be given to the eldest of elderly people.
3. He who is physically unable to work, i.e., fully unable to work will be given more preference

Socio Economic Condition

1. Preference will be given to homeless and landless
2. Preference will be given to landless person. In this case person with only less than 0.50 acre land area will be defined as Landless.

Eligibility Criteria to get Old Age Allowance

1. Permanent resident of concerned area.
2. Must have a national identity card.
3. The Male must be 65 years old age and women must be 62 years old age.
4. Average annual income must be Tk10,000
5. Selected by the selection committee
To ascertain old age National ID card, birth certificate, SSC equivalent academic certificate can be considered. In case of controversy the final decision can be taken by concerned selection committee.

**Disqualification**

1. Pension holder of Government Staff
2. Destitute women holding VGD card
3. Receives regular government grant from other sources
4. Receives regular financial grant from non-government social welfare organization

**Year wise increase of number of beneficiaries and budgetary allocation**

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>No of Beneficiaries In thousand</th>
<th>Monthly Allowance per person in Tk</th>
<th>Annual Budget In Tk thousand</th>
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Number of Beneficiaries increased by 6.38 times, allowance per person 5 times and Budget by 60.00 times over the years.

**Citizen Pension Policy**

Retirement due to old age leaves the elderly people very insecure and vulnerable. Low economic growth, overall impoverished condition of the society, and increasing dependency ration erode the traditional family support system for the elderly. This calls for policy level initiatives by the government and institutional arrangements ensure care of the old age population. This problem has been globally recognized in the International Conference on Population and Development, 1994. The Program of Action of the Conference emphasized that the economic and social impact of the ageing populations is both an opportunity and a challenge to all societies.

Bangladesh has 9.8 Million old persons and only 2 Million or one out five are government service holders both civil and military who are entitled both civil and military are entitled to draw retirement pension. In recent times, service holders of universities and other autonomous bodies have been added alongside government service holders to the pension system. There are private funds and gratuity schemes for the corporate sector or non-government organisations. As per the conditions of the job, they receive the benefits after they leave or retire from the job.

There remain 7.8 Million old persons and only 3.15. million (40.38%) in the country that contribute to the development of the society and the country during their working life but are not included in the pension system or retirement benefit schemes.

Bangladesh demands citizen pension policy. Recently the Finance Minister of the Government of Bangladesh declared to develop a ‘contributing pension scheme’ where both the employees and employers can contribute to create a pension fund.
Government plans to introduce, in phases, under an integrated government-run framework, a comprehensive pension system for all including the self-employed as well as those formally or informally employed in semi-government organisations and the private sector."

Many people in the country working as doctors, consultants, lawyers, NGO workers, small businessmen, or employed in the services and working independently pay taxes—then again a large number do not.

There are also some who pay a nominal amount just to register themselves as tax payers. In reality, those who pay taxes end up being on the losing side in the culture of our society. They do not get any direct benefits from the state in exchange for the taxes they pay. They are not entitled to any earmarked or special health care for themselves or their family, their children’s education, preference in any public utility or recognition from the state. After retirement, they are not entitled to claim any social security. They have to depend on their children or their savings if they have any.

If a system of citizen pension in recognition of taxes and other contributions was in place, a tax paying culture would be able to take firm root and ensured a life free of tension and worry for the law abiding citizen.

The structure of Citizen Pension can be formed through the assimilation of income tax and the pension system. There may be a social security registration for all working people in the country employed in government-non-government, formal-informal, independent, self-employed and people in their own vocations and businesses. This could be connected to the national identification system. That is, everyone will also have an income tax registration connected to his/her national identification registration and that may also subsequently provide a 'Social Security' number. This can be one of the main basis of the citizen pension.

A certain sum will be contributed to the pension fund on behalf of every income tax paying citizen from the amount of tax they pay. In this way, a close connection can be built between the retirement pension and the income tax. This means, senior citizens will be entitled to a general amount (say Tk. 5,000 per month for everyone over 60/62 years of age), but the amount will be increased further based on the proportion of income tax paid by them.

At present, the principal amount of pension for government employees is 90% of the net salary drawn, and total amount accumulated will be equal to the amount multiplied by Tk. 230. The difference of amount among the pensioners will be determined on the last salary drawn by them and it is going to create a difference in the total pension among different categories of employees. In this case of newly suggested citizen pension scheme, it is not the earnings or salary that will create the difference in the total amount of retirement pension benefit, but the amount of income tax paid to the government during the active working life as well as contribution to other insurance schemes, as a large number do not belong to the salaried service or employment.

Therefore, a system of citizen pension for all, alongside the government employees can be created by combining insurance, income tax payment and retirement pension scheme for all. Demand of the day is to form a national committee to formulate Citizen Pension Policy.

**Funding for citizen pension**

A certain portion of the tax amount payable to the government in any given year could be saved in the state pension fund. The state can invest this money in different profitable financial programs. In this way, a handsome fund could be accumulated by the state for meaningful investment. The number of taxpaying citizens will rise rapidly in the country. On the other hand, social insecurity and uncertainty will decrease. A self-respecting society will be developed. Every citizen will be brought under the working network after finishing his or her education. They will also be included in the social security and retirement pension system at the same time. The state will be able to receive taxes from the working citizens at least for 40 years and will have to pay them retirement pensions for a maximum of 10-15 years.

Pension through the 'Social Insurance' scheme can also be started through a state guarantee to bring in people under a pension/insurance scheme on their own voluntary contributions. Any person involved in any work can receive pension at a definite rate based on the premium after the age of 60 by being member of the scheme. Husband/wife or underage children can also be covered under the pension
scheme.

At present, the biggest portion of government expenses goes towards the wages, allowances, pension and gratuity for civil and military personnel. The total number of government employees, both military and civilian is below 2 million people.

It is said that 3.1 million out of total 160 million people in the country have tax (TIN) registration. Of this, only 1.1 million actually pay taxes (The Daily Prothon Alo - September 30, 2015). Till last year, government employees did not have to pay taxes on their salary incomes—that has been changed recently and have to pay taxes on their salary incomes.

The common people of the country do not pay different category of taxes for supporting the government and government employees only. If the services and benefits a citizen can claim in lieu of taxes and other obligations they fulfill are taken into consideration, then a massive change to the current structure will be needed. In future, the primary consideration for pension should not only be the government service.

The proper payment of tax as a civic duty needs to be given the top most priority along with government service. Therefore, as the first step towards establishing a universal citizen tax, a proper idea needs to be developed to bring all tax payers under the retirement pension system.

The citizen pension system needs to be strengthened through reforms in other safety net and social security programmes. As a middle-income welfare state, there is no alternative but to go for universalisation of state benefit as far as possible. Only 1-2% of the tax paid by individuals can be set aside for creating the pension fund from the next financial year. A pension system for those above 60 who have paid taxes regularly in the preceding 10 years can be started from 2018-19. This is how it can begin and by 2020 the system can be finalised for fuller implementation.

At the same time, steps should also be taken to launch a national social security and social insurance system for income tax payers first. Gradually a national insurance scheme and national citizen pension in accordance with the national social security policy can be started by formulating a road map. The government needs to formulate a transparent and feasible road map to this end and create an independent commission to monitor and assist in the process of formulation and implementation of the policy. The Permanent Pay Commission and Social Security and Pension Commission can be integrated into a single entity for initiating the reform.

Funding social security for extreme poor

At present, Tk. 30,000 crore has been allocated for the social safety net system in exchange for cash and food grains. If other social security program, especially the citizen pension scheme is started, then a part of the tax revenue will be shifted for that from the existing safety net. This might apparently pose a threat for the current programs or create an extra pressure on the budget, but in reality this can be combated in three ways. One: if the universal pension scheme is started in the country, then the separate allowance for senior citizens as well as the pension fund for government employees could be merged with Citizen Pension system. Two: Separate allocation for the funding of social security of the extreme poor might become negligible and smaller. Three: The money for supporting the extreme poor can be collected from other alternative sources like Zakat with proper incentives.

National Zakat Fund

A large portion of relatively affluent citizen of the country pay zakat as part of their religious obligation according to shariah dictum. More people in this country pay zakat than those who pay taxes. There is no registration for those who pay zakat and the zakat system is not connected with any government programme. At present, a nominal rebate is given for the amount of zakat paid to the fund of the Islamic Foundation.

If the government allows further incentives in this case, the society and the zakat payers will both be benefitted and encouraged. The state may find a new avenue with an alternative funding source for the social safety net programme of the extreme poor by utilising the social capital and people will be encouraged voluntarily to donate zakat to the GoB fund.

Zakat under the prevailing situation is not delivered in an organised and Islamic way; the society is not fully benefited from it as expected. On the other hand, it creates an additional anxiety for taxpayers. There
are doubts about giving zakat at a rate of 2.5% of savings on top of paying a considerable sum for taxes. This brings a sense of hesitation and guilt both in many minds. They are conflicted between the punishment for not paying taxes and Allah’s wrath for not abiding the fifth pillar of being a Muslim by not honouring the institution of zakat. If the state takes responsibility, a citizen can be relieved of both his civic duty and his religious obligation. A system can be created by the government through which the zakat funds could be utilised for the social security programmes of the extreme poor, thus relieving pressure from the national budget. On the other hand, the zakat payers will be satisfied for having done their religious obligations.

A simple recommendation for the matter can be as follows. Every TIN registered taxpayer will indicate/declare the amount of money s/he wants to contribute to the National Zakat fund on the income tax return forms. The zakat amount will be deposited with income tax separately. The government will ensure that the amount indicated by the taxpayer will be deposited in the Zakat Fund under the TIN holder’s name. In this way, those who pay taxes and contribute zakat regularly will get the opportunity if s/he pays half of the 2.5% zakat from his own money, then the government will pay the rest from the tax paid by him. The only condition is that the zakat contributor has to be a taxpayer and the money cannot exceed 20% of the tax amount. I am sure this combined fund will not be less, if not more, than the money allocated for the safety net program every year. There should not be any other separate system of tax rebates (for paying zakat to the state) as it exists now.

To this end, the government can formulate the "National Zakat Collection and Utilisation Policy”. The National Board of Revenue can transfer the money collected as zakat contributions to the GoB fund. A combined system can be created by the joint efforts of the Ministry of Social Welfare and Religious Affairs.

Both of the Ministries of the Government can create awareness about the importance of a national pension and safety net policy for the benefit of the society and economy of the country as a sustainable way forward initiative to cover extreme poor.

The current income tax, newly proposed universal pension system and subsequently, the issue of proposed zakat collection and its utilisation can be incorporated as part of the overall social security policy. The issue needs to be seen from the constitutional perspective to ensure economic and social security of all citizens-not only government employees, by creating a system based on the principles of a caring society and discharge of civic duties, especially lawful payment of taxes. If the system is implemented, the scope of the country’s income tax collection will rapidly increase. The general people will be relieved of worry and anxiety of sustenance of livelihood in old age. This will bring peace and stability to social life

**NGO Intervention**

A great number of NGOs is working in Bangladesh, sometime with great programmes. But many of their programs are not yet directed specifically for the older people. The NGO Bureau of the government should see to it that NGOs are also including number of programs for the elderly care in Bangladesh, i.e. their programs must include a focus for the older people.

As the elderly people will continue to increase in size, the basic needs issue of the elderly will be challenging for family members and the nation. The elderly people will be consistently lacking the means for fulfilling their basic needs. Government and NGOs must undertake projects for meeting the basic needs of the old people in the country.

Bangladesh there are some facilities for providing health care for the elderly, but there are no facilities to cure the geriatric diseases of the old aged people. The Government and NGOs need to setup and run health centers for treatment of geriatric diseases.

The elderly people instead of being dependent on the families and communities may undertake income generating activities like rearing livestock, small business and rearing poultry for maintaining their livelihood. NGOs can provide training and financial support from existing micro and seasonal credit to ensure financial sustainability of elderly people and encourage care givers of family members. PKSF has already started financing RIC and some other NGOs to pilot.

**Health Care for Old Persons**
Gonoshasthaya Kendra (GK) is a Charitable Public Trust established during liberation war of Bangladesh. GK has conducted a study on disease pattern of older population in its project area to find scope for integration with Government rural health system in 2005. The study focused on basic problems of ageing like the rate of dependency, disease pattern, age, sex, living arrangement; by marital status; type of disability; educational and marital status by age and sex and according to their socioeconomic status.

Another study conducted in 2010 on disability among elderly rural villagers in GK project area showed that among 43,147 persons aged 60 and above 50.4 percent men and 49.4 percent women. In this age groups 23.7 percent men and 27.8 percent women were respectively disabled. Matching with census data 17,436 persons aged 65 and above and their educational and occupational status were analyzed. The result shows that 67.2 percent men and 90.3 percent women were illiterate and only 16.7 and 2.7 percent men and women respectively had 5 years education. In occupational status it was observed that the highest percentage 52.9 men were farmer on the other hand 97.6 percent women are housewife and dependent. It is also to be noted that 28 percent men and 25.4 percent women were suffered from 4 or more health problems. The age specific type of health problems were also analyzed.

The health problems of elderly population by sex were analyzed. The result shows that 72.9 percent and 80.7 percent male and female respectively suffered from pain in joints. The percentage of other problems by sex like Chest pain of 40.3 and 45.8; Breathing problems 20.4 and 15.8; Urinary incontinence 25.8 and 30.3; Uterine prolapsed 6.0 (only female); Depression 20.0 and 24.1; Stroke paralysis 4.1 and 4.0; Itching 21.5 and 22.0; Sexual difficulties 7.8 and 3.8; and other causes 36.0 and 38.7 respectively. Considering the findings an intervention study of Urinary incontinence for the females in 32 villages of GK programme areas is ongoing and will continue till 2018.

GK provides various health care services, including reproductive health care for a million inhabitants in 603 villages located in 11 districts under the project area. As a part of routine monitoring health status of the older people, GK collects monthly data on different dimensions of health problems from about 34,000 older persons aged 60 years and over.

GK paramedics provide basic health care and hygiene services include checking blood pressure, pulse, jaundice, anemia, urine sugar, albumin, nail cutting, physiotherapy, health education and treatment of common ailments such as fever, pain, hyperacidity and calcium distribution.
Government Community Clinic

Government has established community clinics all over Bangladesh to take care of 6,000 populations in average mostly located in rural areas. The health professionals at community clinics needs to be trained to care for elderly people especially regarding physiotherapy, diabetic, blood pressure, etc. Each centre is to take care of maximum 200 elderly people of over 60 years old. Clinics are providing free treatment with medicines. These need to be linked with referral services upward towards Union, Upazilla, Zilla and specialized GOB health centers in cities. NGOs are also to work closely with Community Clinics.

One day in a week Nation should be dedicated to the care of elderly people of Bangladesh. Every community clinic and hospital will be prepared to treat senior citizens with dignity.

Recommendation

- Citizen Pension Policy becomes demand of the day.
- Old Age Allowance needs to be revised to ensure benefit varies by age such as 60-69 age group can receive Tk 500, 70 -79 can receive Tk 600, 80 – 89 age group can receive Tk 700 and 90+ can receive 1,000. It will ensure respect to most senior citizens and their health needs also differs.
- One day in a week Nation should be dedicated to the care of elderly people of Bangladesh. Every community clinic and hospital will be prepared to treat senior citizens with dignity.
- GO NGO should expand financial support from existing micro credit at door step to ensure sustainable income of elderly people.
- A taxpaying culture would be able to take firm root and ensured a life free of tension and worry.
- To bring all tax payers under the retirement pension system.

Last but not at the least I am giving my thanks to ESCAP for organizing Symposium on Income Security for Older Persons in South Asia.

