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## Population Ageing, Pension Sustainability, and Fiscal Pressure in India: Trends, Challenges, and Policy Implications

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### ABSTRACT

Population ageing has emerged as one of the most significant demographic transformations of the twenty-first century. Rising life expectancy and declining fertility rates have altered population structures across the world, leading to a rapid increase in the proportion of elderly persons. India, though currently experiencing a demographic dividend, is gradually moving towards an ageing society. This transition has important implications for pension sustainability and public finances. Using secondary data from government reports, national surveys, and international publications, the study analyses trends in the elderly population, public pension expenditure, and major social security programmes for senior citizens. The findings indicate that the number of elderly persons in India is expected to increase substantially in the coming decades, which will significantly expand pension liabilities and social security commitments. Rising pension expenditure, combined with growing healthcare and welfare needs of the elderly population, may place increasing pressure on fiscal resources. The study highlights the importance of strengthening contributory pension systems, expanding social security coverage, and implementing sustainable fiscal strategies to address the challenges of



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demographic ageing. Policy measures aimed at improving pension sustainability and promoting active ageing will be crucial for maintaining long-term fiscal stability and ensuring the economic security of the elderly population.

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## Introduction

Over the past few decades, population ageing has become a prominent demographic phenomenon across the world. Improvements in healthcare, medical technology, nutrition, and living standards have significantly increased life expectancy, while declining fertility rates have reduced the proportion of younger populations.

As a result, countries are experiencing a demographic transition characterized by a growing proportion of elderly people. Population ageing has become a common phenomenon in developed nations, and many developing countries are now following the same trend, similar to ageing societies such as Japan. India is also undergoing a demographic transformation that will significantly increase the size and proportion of its elderly population in the coming decades.

According to the Population Projections for India and States 2011–2036, the number of people aged 60 years and above is expected to reach around **230 million by 2036**, indicating a substantial demographic shift.

The **India Ageing Report 2023** further highlights that the share of senior citizens is projected to rise from **10.7 percent in 2023 to nearly 20.8 percent by 2050**. This rapid increase in the elderly population will have significant economic and fiscal implications. An ageing population leads to rising old-age dependency ratios, increasing healthcare expenditure, expanding pension obligations, and potential pressures on public finances.

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In India, pension systems and social security programmes play a crucial role in providing financial support and income security to elderly citizens. However, the growing number of beneficiaries and expanding welfare commitments may place increasing pressure on government budgets. Consequently,



ensuring the sustainability of pension systems has become a key policy challenge for the Indian economy.

In this context, the present study examines the impact of population ageing on pension sustainability and fiscal pressure in India. The study also analyses government initiatives and policy measures aimed at addressing the economic and social challenges associated with an ageing population.

### **Significance of the study:**

Population ageing is increasingly becoming an important economic and social issue for both developed and developing countries. The rapid increase in the elderly population has wide-ranging implications for labour markets, healthcare systems, social security programmes, and fiscal policy. As the proportion of elderly individuals increases, the dependency ratio rises, placing greater responsibility on the working-age population to support retirees.

Governments are required to allocate substantial financial resources to pension payments, healthcare services, and welfare programmes for the elderly. This growing fiscal commitment may limit the resources available for other developmental activities such as infrastructure, education, and economic growth initiatives. Therefore, understanding the fiscal implications of population ageing has become an important area of research.

The present study attempts to analyse the relationship between population ageing, pension systems, and fiscal sustainability in India. It provides an overview of demographic trends, government expenditure on pension schemes, and major policy initiatives aimed at supporting elderly citizens.

### **Reviews of literature**

Several scholars have examined the economic implications of population ageing and the sustainability of pension systems across the world. Narayana (2014) analysed the impact of population ageing on the sustainability of India's fiscal policies using a generational accounting framework. The study highlighted that rising pension obligations and demographic changes could create significant fiscal imbalances if appropriate policy adjustments are not implemented.

Reilly (2014) examined global pension reforms and emphasized the need for carefully designed pension systems that balance coverage, adequacy, and fiscal sustainability. The study noted that many countries have shifted from traditional defined-benefit pension systems toward defined-contribution models to reduce long-term fiscal liabilities.



Nakatani (2019) studied population ageing in Japan and discussed the policy responses adopted to address the challenges associated with a rapidly ageing society. The research highlighted the importance of universal healthcare systems, social protection programmes, and supportive institutional frameworks in managing demographic transitions.

Kim, Yoshino, and Sirivunnabood (2019) examined the relationship between ageing populations and fiscal sustainability in several economies. Their study indicated that population ageing could lead to slower economic growth, increased public expenditure, and potential labour shortages.

Recent studies focusing on India have also highlighted concerns regarding the sustainability of pension systems. Yoganandham (2024) analysed pension schemes for government employees in India and discussed the shift from defined-benefit pension systems to defined-contribution schemes such as the National Pension System (NPS).

Other studies have emphasized the fiscal challenges associated with expanding social security programmes. Research on public expenditure on elderly income support in India has highlighted the uneven distribution of pension benefits across states and the limited adequacy of existing pension schemes.

Overall, the existing literature indicates that population ageing poses significant economic and fiscal challenges. However, relatively limited research has focused specifically on the relationship between population ageing, pension sustainability, and fiscal pressure in the Indian context. The present study attempts to address this gap.

The existing literature indicates that population ageing poses significant fiscal challenges for governments across the world. While several studies focus on demographic transitions and welfare implications of ageing, relatively limited research has examined the sustainability of pension systems in developing economies such as India. Furthermore, most studies emphasise pension reforms or demographic trends independently, without integrating them with fiscal sustainability analysis. Therefore, there is a need for comprehensive research that analyses the interrelationship between ageing population, pension obligations, and fiscal pressure in the Indian context.

### **Research Gap**

After reviewing of the literature on pension sustainability and the fiscal pressures arising from population ageing it is revealed that numerous studies have examined ageing at international and national level.



Much of the existing research focuses on demographic transition, health issues of the elderly, their wellbeing, socio-economic conditions, and standards of living. However, relatively few studies address the sustainability of pension systems and the broader fiscal implications of an ageing population on a country's economy. The present study seeks to contribute to this less explored area by examining the fiscal pressures and pension sustainability challenges associated with population ageing.

### **Objectives of the study**

The main objectives of the study are:

1. To examine demographic trends related to population ageing in India.
2. To examine the structure and functioning of pension programmes in India.
3. To analyze the impact of pension obligations on fiscal policy.
4. To assess the future fiscal burden arising from population ageing in India.

### **Methodology for the study**

The study is based on secondary data obtained from government reports, population projections, economic surveys, and international publications. Key sources include the Census of India, Economic Survey of India, India Ageing Report (2023), Longitudinal Ageing Study of India (LASI), and reports of the Ministry of Social Justice and Empowerment. The data were analysed using descriptive statistical methods to examine trends in the ageing population, pension expenditure, and social security coverage. Graphs and tables were used to illustrate demographic changes and fiscal expenditure patterns related to pension systems in India. The collected data have been systematically organized and analyzed in alignment with the research objectives, enabling the study to generate meaningful insights, draw well-founded conclusions, and offer relevant policy recommendations.

### **Ageing Profile of India – Trends and Pattern**

India is currently experiencing a demographic transition characterized by declining fertility rates and increasing life expectancy. While the country still benefits from a relatively young population, the proportion of elderly persons is gradually increasing.

According to recent estimates, the number of individuals aged 60 years and above has been rising steadily. Improvements in healthcare services, better living standards, and increased awareness about



health and nutrition have contributed to longer life expectancy. As a result, the share of elderly persons in the total population is expected to increase significantly in the coming decades.

According to the India Ageing Report 2023, jointly released by the United Nations Population Fund (UNFPA) India and the International Institute for Population Sciences (IIPS), there were about 149 million people aged 60 years and above in 2022 (as of 1 July), accounting for nearly 10.5 percent of the country's total population. By 2050, the proportion of older persons is projected to double to 20.8 percent, reaching an estimated 347 million individuals.

The Longitudinal Ageing Study of India (LASI) 2021 is a comprehensive national survey and one of the most significant studies on the condition of the ageing population in India. Conducted under the Ministry of Health and Family Welfare, it is the largest survey of its kind in the world. According to the report, elderly individuals constitute about 12 percent of India's population, and this number is expected to increase to 319 million by 2050, with an annual growth rate of around 3 percent. The sex ratio among the elderly is 1,065 females per 1,000 males, indicating a higher proportion of women, who make up 58 percent of the elderly population. Among these women, 54 percent are widows. In addition, the overall dependency ratio is 62 dependents for every 100 working-age individuals, reflecting the growing socio-economic challenges associated with population ageing in India.

According to the Population Census of India 2011, the country had nearly 104 million elderly persons aged 60 years and above. This number is projected to increase to 173 million by 2026, indicating a steady rise in the ageing population. Over the decades, the proportion of elderly individuals in India has grown from 5.6 percent in 1961 to 8.6 percent in 2011. Among the states, Kerala has the highest proportion of elderly population at 12.6 percent, followed by Goa (11.2 percent), Tamil Nadu (10.4 percent), Punjab (10.3 percent), Himachal Pradesh (10.2 percent), and Karnataka (7.7 percent), as reported in the Census Report 2011.

According to the Census reports of India from 1951 to 2011, both the general population and the ageing population have shown a continuous increase over time. However, the growth of the elderly population has been faster than that of the general population. This trend is largely attributed to declining mortality rates in old age, increased life expectancy, improved economic conditions, better healthcare and medical facilities, and a reduction in fertility rates.

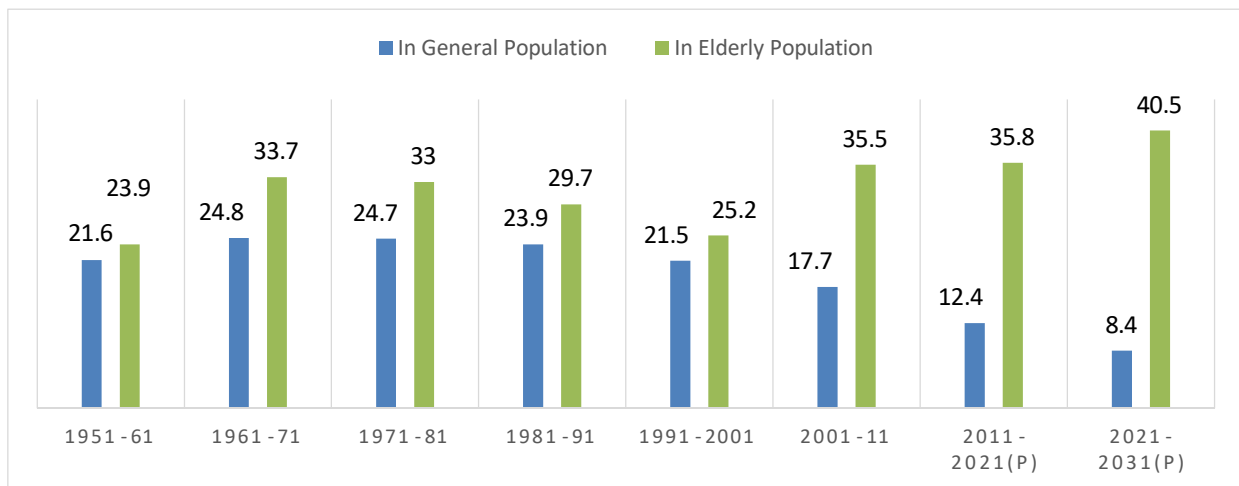
The data on decadal growth indicate that the growth rate of the general population has been gradually declining. It is projected to be 12.4 percent during the period 2011–2021, compared to 18 percent in the



previous decade. In contrast, the elderly population is expected to grow by approximately 36 percent during both the decades 2001–2011 and 2011–2021. Projections for 2031 further show a declining growth rate of the general population, estimated at about 8.4 percent, while the elderly population is expected to increase significantly to around 41 percent. A similar pattern of higher growth in the elderly population compared to the general population was also observed earlier during the 1961–1981 period. The following table and graph illustrate the population trends for both the general and ageing populations in India.

**Graph: Decadal growth in elderly population vis-à-vis that of general population in India**

**(In Percentage change)**



Source: Population Census Data and Report of the Technical Group on Population Projections November 2019, Population Projections for India and States 2011-2036, Census of India 2011

(Note: P- Projected)

The above graph illustrates the decadal growth of the elderly population in comparison with the general population in India, with values for the period 1951–61 to 2021–31 partly based on estimates. The graph shows that the growth rate of the general population has been declining over time. It was 21.6 percent during 1951–61, which decreased to 17.7 percent in 2001–11, reflecting a decline of 3.9 percent. The estimated growth rates for the subsequent decades are 12.4 percent for 2011–21 and 8.4 percent for 2021–31, indicating a continuing downward trend. In contrast, the elderly population has shown a steady increase during the same period. The growth rate of the elderly population was 23.9 percent in 1951–61,



which rose to 35.5 percent in 2001–11, marking an increase of 11.6 percent. Further estimates suggest that the elderly population will grow by 35.8 percent during 2011–21 and 40.5 percent during 2021–31.

The declining trend in the growth of the general population can largely be attributed to falling fertility rates, influenced by factors such as higher levels of women's education and increased participation of women in the workforce. On the other hand, the rapid growth of the elderly population is mainly due to increased life expectancy resulting from improved socio-economic conditions, better healthcare services, medical advancements, higher living standards, and reduced mortality rates. A similar pattern of relatively high growth rates in both the elderly and the general population was also observed earlier during the two decades between 1961 and 1981.

As population ageing increases, a larger share of national resources will need to be allocated towards elderly care, social security, and welfare, which may reduce the resources available for other economic development activities. Therefore, countries experiencing rapid population ageing must adopt sustainable pension systems and appropriate fiscal measures to address these challenges while maintaining economic growth.

### **Pension Systems in India**

Pension systems play an important role in providing income security to individuals after retirement. In India, pension systems can broadly be classified into two categories: contributory pension schemes and non-contributory social pension schemes.

Contributory pension schemes are generally linked to formal employment and require contributions from employees and employers during the working period. The National Pension System (NPS) is an important example of a contributory pension scheme introduced to promote long-term retirement savings and reduce fiscal pressure on the government.

Non-contributory pension schemes, also known as social pensions, are designed to provide financial support to economically vulnerable elderly individuals who may not have access to formal pension systems. These schemes are usually funded by the government and aim to provide minimum income security to senior citizens.

One of the major social pension schemes in India is the Indira Gandhi National Old Age Pension Scheme (IGNOAPS), which provides financial assistance to elderly individuals belonging to economically



weaker sections. The scheme operates under the National Social Assistance Programme and provides monthly pensions to eligible beneficiaries.

Apart from these schemes, several other programmes have been introduced to improve the welfare of elderly citizens. These include initiatives related to healthcare services, assistive devices, and social support systems.

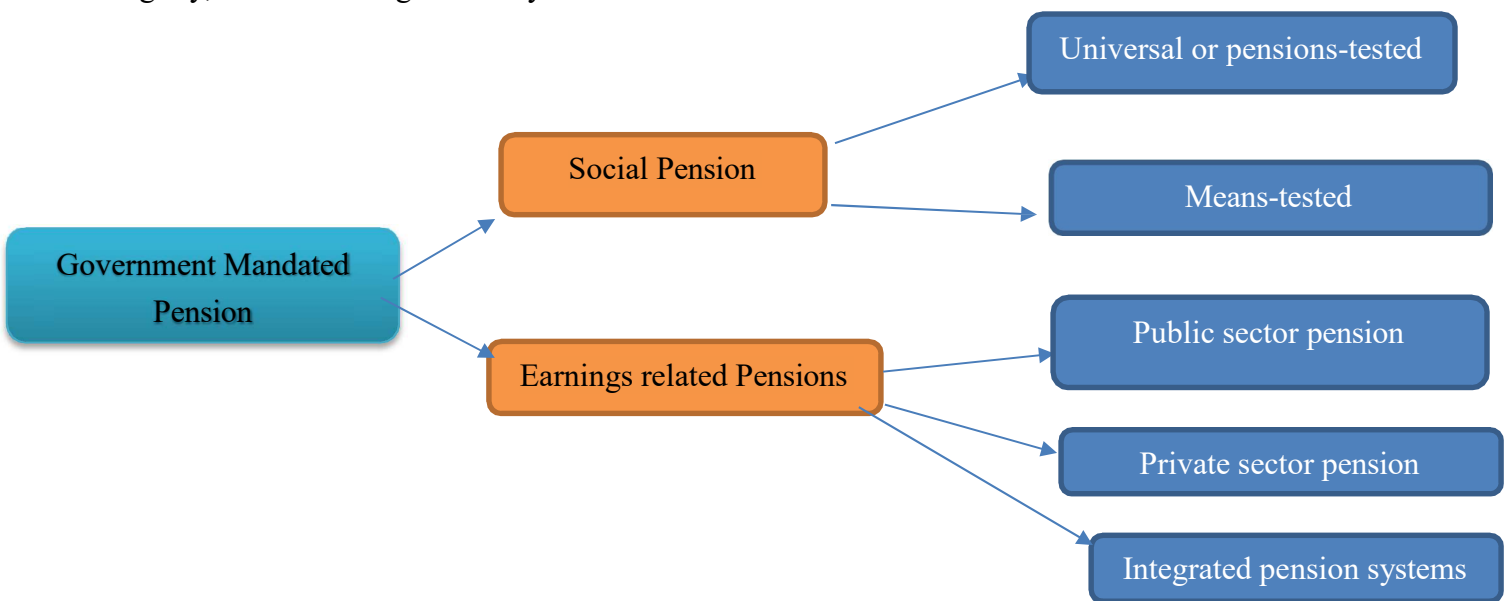
### Government Programmes for Elderly Welfare

The Government of India has implemented a number of policies and programmes aimed at improving the welfare and quality of life of senior citizens. These initiatives focus on providing financial assistance, healthcare services, and social support.

The Ministry of Social Justice and Empowerment acts as the nodal ministry responsible for the welfare of senior citizens. Various schemes have been implemented to address the needs of the ageing population, including pension programmes, healthcare initiatives, and community-based services.

Healthcare programmes such as the National Programme for Health Care of the Elderly aim to provide specialized medical services for older persons. Similarly, initiatives under national health insurance schemes help elderly citizens access hospital care without facing financial hardship.

Other welfare initiatives include programmes that provide assistive devices, senior citizen care centres, and training programmes for caregivers. These programmes are intended to enhance the independence, dignity, and well-being of elderly individuals.





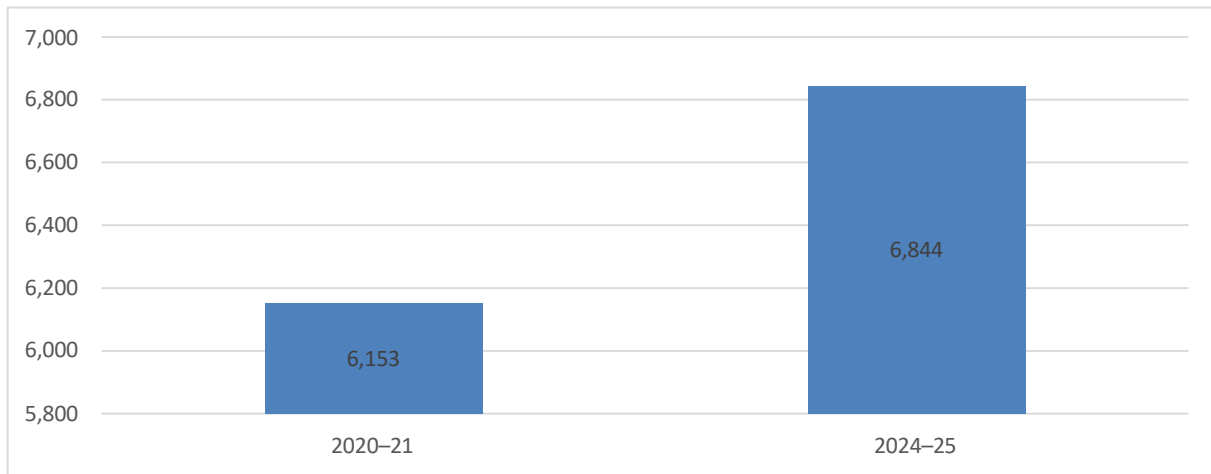
The Government of India has implemented a comprehensive framework of schemes and programs to ensure the welfare, financial security, healthcare, and social inclusion of senior citizens. **Atal Pension Yojana (APY)**, administered by the Pension Fund Regulatory and Development Authority (PFRDA) since May 2015, provides a guaranteed monthly pension of ₹1,000–₹5,000 after age 60 for poor and unorganised sector workers, with contributions auto-debited until age 60 and any shortfall covered by the government. The scheme has grown from 1.54 crore subscribers in March 2019 to 8.27 crore by October 2025, with assets under management exceeding ₹49,000 crore. The **Atal Vayo Abhyuday Yojana (AVYAY)**, launched by the Ministry of Social Justice and Empowerment, promotes the well-being, dignity, and social inclusion of the elderly through various programs recognizing their contributions to society.

The **Integrated Programme for Senior Citizens (IPSrC)** provides grants to state agencies, Panchayati Raj institutions, NGOs, and youth organizations like **Nehru Yuva Kendra Sangathan** to operate senior homes, continuous care centers, mobile medical units, and physiotherapy clinics. As of August 2025, 696 senior homes operate across 29 States and UTs, with 84 new homes approved for 2025–26. The **Rashtriya Vayoshri Yojana (RVY)** provides assistive devices like walkers, wheelchairs, hearing aids, and dentures to senior citizens with age-related disabilities, targeting those below the poverty line or earning up to ₹15,000 monthly, with doorstep delivery for beneficiaries aged 80+.

Healthcare support is further strengthened through the **National Programme for Health Care of the Elderly (NPHCE)**, offering specialized geriatric services in 713 districts, and the **Ayushman Bharat – Pradhan Mantri Jan Arogya Yojana (AB-PMJAY)**, which provides up to ₹5 lakh coverage per year for hospitalisation, including free treatment for around 6 crore seniors aged 70+ from 4.5 crore families. Financial support is ensured under the **Indira Gandhi National Old Age Pension Scheme (IGNOAPS)**, which provides ₹200 per month for seniors up to 79 years and ₹500 for those 80+, benefiting over 2.21 crore citizens with government fund releases rising from ₹6,153 crore in 2020–21 to ₹6,844 crore in 2024–25.

### **Graph: Indira Gandhi National Old Age Pension Schemes**

**(In Crore)**



Source: PIB-2025-26

Additional support includes the **Senior Citizens’ Welfare Fund (SCWF)** for financing welfare schemes from unclaimed funds, **Elderline (14567)** for helpline services, the **Seniorcare Ageing Growth Engine (SAGE)** portal for elderly care startups, and the **SACRED portal** for re-employment of citizens aged 60+. The **Geriatric Caregivers Training** program, implemented by the National Institute of Social Defence, trained 36,785 caregivers in 2023–24, enhancing professional elderly care.

Family support remains central, and the **Maintenance and Welfare of Parents and Senior Citizens Act, 2007**, with its 2019 amendment, legally mandates children and heirs to maintain elderly parents, removes maintenance ceilings, expands definitions of dependents, mandates homecare services, and requires hospitals to provide dedicated geriatric care.

Technology plays an increasing role in enhancing elderly care, with **telemedicine via NPHCE and e-Sanjeevani**, wearable devices, smart home sensors, and online pharmacies supporting health, safety, independence, and quality of life. The **Senior Citizens Welfare Portal** serves as a one-stop digital access point for schemes, pensions, helplines, and forms, though effectiveness relies on digital literacy.

Social and community support, intergenerational programs, and age-friendly urban planning guided by the **Model Guidelines for Development and Regulation of Retirement Homes, 2019** promote dignity, independence, and inclusion. Initiatives like **NAITIK PATAM**, launched on International Day of Older Persons 2025, encourage intergenerational bonding through family games teaching moral values, love, care, and respect. The **International Day of Older Persons**, observed globally on October 1 since 1990 and in India by the Ministry of Social Justice and Empowerment since 2005, highlighted the 2025 theme **“Ageing with Dignity”**, emphasizing respect and dignity for senior citizens.



Overall, the Government of India has allocated substantial fiscal resources to ageing-related welfare, including approximately **₹9,652 crore under the National Social Assistance Programme (NSAP)** for pensions and related support, and **₹289.69 crore for elderly welfare initiatives under the Social Justice Department**, reflecting growing commitment to the well-being, security, and dignity of the nation’s senior citizens.

**Fiscal Pressure of Ageing Population in India**

Pension schemes are vital for strengthening social security in India, directly impacting both the economy and government budgets. With a growing elderly population and an expanding workforce, the need for effective pension coverage has become increasingly important. According to the Union government, major components of revenue expenditure include interest payments, subsidies, salaries, pensions, defence spending, and transfers to states. Analysis shows that a significant portion of revenue is allocated to pension payments for government employees, often exceeding defence expenditure, and this share has been rising year by year. This trend highlights that an increasing number of individuals aged 60 and above rely on government revenue for their livelihoods, placing growing fiscal pressure on the state to support its aging population.

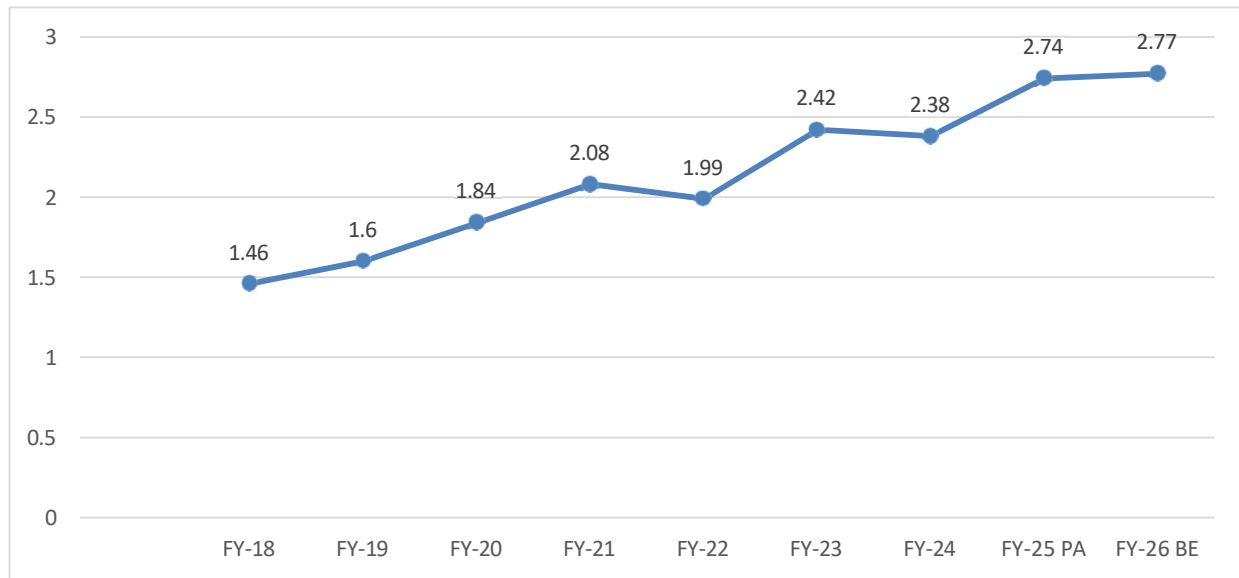
**Table: Fiscal Expenditure by Union Government on Pension**

**(In Rupees Lakh Crore)**

<b>Year</b>	<b>Pension expenditures</b>
<b>FY-18</b>	<b>1.46</b>
<b>FY-19</b>	<b>1.6</b>
<b>FY-20</b>	<b>1.84</b>
<b>FY-21</b>	<b>2.08</b>
<b>FY-22</b>	<b>1.99</b>
<b>FY-23</b>	<b>2.42</b>
<b>FY-24</b>	<b>2.38</b>
<b>FY-25 PA</b>	<b>2.74</b>
<b>FY-26 BE</b>	<b>2.77</b>

Source: Economic survey 2025-26(Union Budget documents, O/o CGA)

**Table: Fiscal Expenditure by Union Government on Pension**



Source: Economic survey 2025-26(Union Budget documents, O/o CGA)

The table shows the trend in revenue expenditure by the Union Government of India on pensions from FY-2018 to FY-2026. During this period, pension expenditure increased from ₹1.99 lakh crore in FY-2018 to ₹2.77 lakh crore in FY-2026, reflecting a rise of ₹0.78 lakh crore. This upward trend indicates a growing financial commitment of the government toward pension liabilities. One of the major reasons for this increase is the rising proportion of superannuated (retired) individuals, which has expanded the number of beneficiaries receiving pension benefits.

The government's pension expenditure can be broadly categorized into two major components. The first component includes pensions and retirement benefits paid to former government employees, which constitute a significant share of the total expenditure. The second component relates to social security measures aimed at supporting elderly citizens in the broader population. To address the needs of economically vulnerable elderly people, the government has implemented welfare schemes such as the Indira Gandhi National Old Age Pension Scheme and the National Old Age Pension Scheme. These initiatives aim to provide financial assistance and ensure social protection for senior citizens, thereby increasing public expenditure on old-age support.

According to the **Economic Survey of India 2023**, the Government of India implements several pension schemes to provide financial support and social security to vulnerable sections of the elderly population. These include the Indira Gandhi National Old Age Pension Scheme (IGNOAPS), Indira Gandhi National



Widow Pension Scheme (IGNWPS), and Indira Gandhi National Disability Pension Scheme (IGNDPS), which operate under the umbrella of the National Social Assistance Programme (NSAP). Together, these schemes cover approximately **4.7 crore beneficiaries**, reflecting the government's efforts to provide income support to economically vulnerable individuals.

In addition to pension schemes, several policies and programmes have been introduced in India to improve the **socio-economic security and health conditions of the elderly population**. These initiatives aim to ensure financial assistance, healthcare access, and social protection for senior citizens. The following table presents a brief overview of the major government policies and programmes for the elderly in India, along with details of government expenditure and the number of beneficiaries covered under these initiatives.

**Table: Release of funds and beneficiaries covered through Central funds**

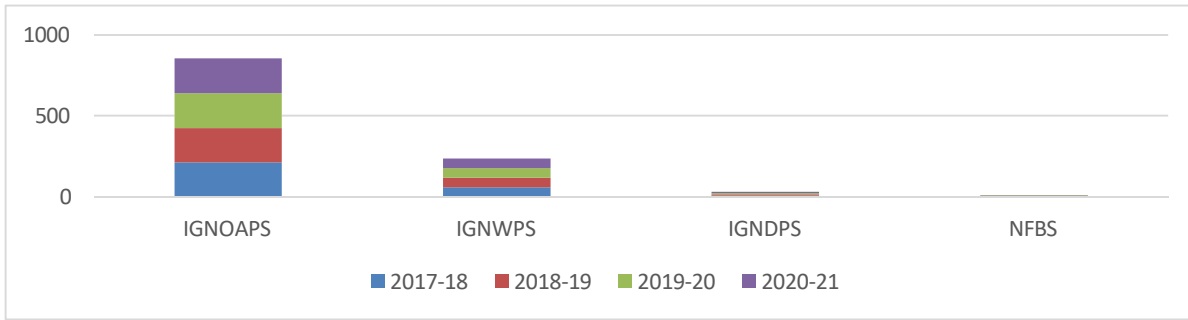
**Beneficiaries (in lakh) and Releases (Rs. in crore)**

Schemes	2017-18		2018-19		2019-20		2020-21	
	Beneficiaries	Releases	Beneficiaries	Releases	Beneficiaries	Releases	Beneficiaries	Releases
IGNOA PS	212.46	6110.43	212.09	5775.84	214.09	6193.38	215.91	6152.61
IGNWPS	58.46	1816.97	58.12	1733.65	59.35	1774.94	60.89	1881.28
IGNDPS	7.12	221.36	7.46	280.21	7.72	234.49	7.83	263.14
NFBS	2.57	530.4	2.95	607.27	2.34	481.39	1.82	374.57
<b>Total</b>	<b>280.61</b>	<b>8679.16</b>	<b>280.62</b>	<b>8396.97</b>	<b>283.5</b>	<b>8684.2</b>	<b>286.45</b>	<b>8671.6</b>

Source: Ministry of Rural development and Report of the Comptroller and Auditor General of India on Performance Audit of National Social Assistance Programme 2023.

**Graph : Beneficiaries covered through Central funds**

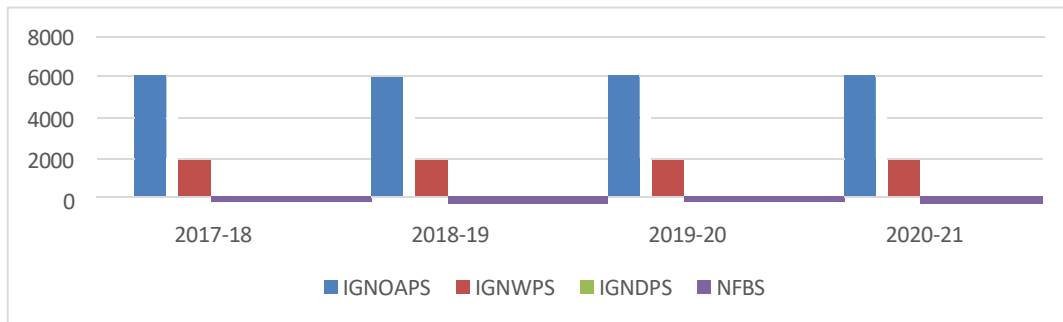
**Beneficiaries (in lakh)**



Source: Ministry of Rural development and Report of the Comptroller and Auditor General of India on Performance Audit of National Social Assistance Programme 2023.

**Graph: Release of funds covered through Central funds**

**Releases (Rs. in crore)**



Source: Ministry of Rural development and Report of the Comptroller and Auditor General of India on Performance Audit of National Social Assistance Programme 2023.

The above table and graph illustrate the release of central funds and the number of beneficiaries covered under various social welfare schemes for the elderly in India during the period from **2017–18 to 2020–21**. The data, presented in terms of beneficiaries (in lakh) and funds released (in ₹ crore), indicates a gradual increase in both the number of beneficiaries and the allocation of financial resources over the years.

This upward trend reflects the growing commitment of the government to strengthen financial assistance and social security programmes for the elderly population. The rise in both fund allocation and beneficiary coverage suggests that the government is expanding the scope of welfare initiatives to address the increasing needs of senior citizens. As the proportion of the elderly population continues to grow, the responsibility of the government to provide adequate social protection and economic support has also increased, leading to higher public expenditure and wider programme coverage.



## Policy Implications

Addressing the challenges associated with population ageing requires comprehensive policy measures. Strengthening contributory pension systems can help reduce long-term fiscal pressure by encouraging individuals to accumulate retirement savings during their working years.

Expanding social security coverage for workers in the informal sector is another important policy priority. Since a large proportion of India's workforce is employed in informal activities, many individuals lack access to formal pension systems. Extending pension coverage to these workers can improve financial security in old age.

Promoting active ageing is also essential for addressing demographic challenges. Policies that encourage older individuals to remain economically active can help reduce dependency ratios and improve economic productivity.

In addition, governments may need to implement fiscal reforms and long-term planning strategies to ensure the sustainability of pension systems. These reforms may include improving the efficiency of pension administration, strengthening financial management of pension funds, and encouraging private retirement savings.

## Conclusion:

Population ageing has significant implications for the sustainability of pension systems. Changes in the size and age composition of the population directly influence the future labour force, employment levels, and the number of contributors to pension schemes. At the same time, these demographic shifts determine the number of potential pension beneficiaries. Since the current structure of the population largely determines the future labour force and the number of retirees, pension systems must prepare for increasing demographic pressures.

As the population gradually ages, the proportion of elderly people increases while the share of working-age individuals declines. This leads to a rise in the **old-age dependency ratio**, meaning that fewer workers are available to support a growing number of retirees. In many countries, public pension systems operate on a **Pay-As-You-Go Pension System** basis, where current workers' contributions finance the benefits of existing retirees. With fewer contributors and more beneficiaries over time, maintaining financial balance becomes increasingly challenging.



Therefore, governments need to adopt comprehensive policy measures to ensure the long-term sustainability of pension systems while also creating **age-friendly workplaces** that enable older individuals to remain economically active. Such measures may include expanding pension coverage, increasing contribution rates, promoting lifelong learning opportunities, and implementing reskilling and upskilling programmes to enhance the employability of older workers. In addition, governments may provide financial support through public budgets to strengthen social security systems. In practice, many countries address these demographic and economic challenges through a combination of policy reforms, shaped by their economic conditions, political priorities, and institutional frameworks.

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