Redefining Ageing in Kerala by Discovering the Possibilities of the Silver Economy

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Abstract

The world is going through a demographic transition due to an increase in the longevity of the people and a tremendous decline in the fertility rates. The result is a massive increase in the share of 'old age' people in the total population. The phenomenon is more visible in the advanced countries of the world. This demographic shift happened at Keralam long before mainly because of its much celebrated 'Kerala Model of Development'. The state's achievements in the social and economic indicators like highest literacy rate, high educational attainment, world class health sector which can be competed with the developed nations made a small state like Keralam to achieve this position globally. Keralam is at its matured third stage of demographic transition. Keralam is becoming an 'older' state in terms of ageing when compared to the rest of India. The economic opportunities and possibilities before the old age people can be collectively called as 'Silver Economy'. The recent budget of Keralam for 2026-27 guided for the creation of a new department of elderly welfare and a comprehensive 'Silver Economy' policy. 'Silver Economy' have a significant role in the labour markets in the coming years. The state can grow by utilising the possibilities of 'Silver Economy' by effectively managing it as a boon instead of a burden.

The population across the world is increasing at the same time becoming older. Due to an increase in the life expectancy and a fall in the rates of fertility the age composition is changing which causes an increase in the number of elderly people in the population. An increase in the share of people termed as 'old' that is people in the age group of 60 years and above can be called as the ageing population. The phenomenon can be seen more in the developed nations because they have crossed the demographic transition far before than most of the developing nations.

"Globally, there are 1.1 billion persons aged 60 years or above in 2023. The number of older persons worldwide is expected to double to 2.1 billion by 2050" (India.unfpa.org)."By 2070s, the global

population aged 65 and older is projected to reach 2.2 billion, surpassing the number of children under age 18" (www.un.org).

Table 1: Percentage of population aged 65 years or above in selected countries

Region	2022	2030	2050
World	9.7	11.7	16.4
Sub-Saharan Africa	3	3.3	4.7
Northern Africa Western Asia	5.5	7	12.5
Central and Southern Asia	6.4	8.1	13.4
Eastern and South-Eastern Asia	12.7	16.3	25.7
Latin America and the Caribbean	9.1	11.5	18.8
Europe and Northern America	18.7	22	26.9
Least Developed Countries	3.6	4.1	6.1

Source: Prentice Institute for Global Population and Economy

Table 1 shows the percentage of elderly population (65 years or above) to total population in chosen countries. While the least developed countries have a low share of aged people, relatively advanced regions have more old age dependency on the working population. Also, a lower old age dependency in less advanced regions points towards the demographic dividend window open for them if deliberate actions are taken to invest in human capital formation, especially regarding health and education. For those countries where the window has been closed already, it is time to implement policies to take care of the growing aged population.

Ageing India: The Intensity

India is the most populated country, overtaking China (Association of Population Geographers of India). The UNFPA'S State of World Population 2025 report estimates India's population at 1.46 billion, while China's population is slightly over 1.4 billion and declining.

The Report of the Ministry of Statistics and Programme Implementation (MoSPI), Government of India titled 'Youth in India 2022' stresses the economic advantages that India can gain from its young population through demographic dividend. 'Demographic Dividend' can be defined as the "economic growth resulting from a shift in a population's age structure, mainly when the working age population is larger than the number of dependents" (United Nations Population Fund). With an average age of 29 years, India is having one of the youngest populations in the world. India is experiencing a 'Youth Bulge' (MoSPI, 2022). To use this opportunity productively, the country needs to invest adequately in education, health, gainful employment generation and in bringing up a skilled workforce (Govind, 2021).

India is going through a significant demographic shift, with its elderly population is expected to double by 2050. By 2046 it is expected that elderly population will exceed the population of children (aged 0 to 15 years) in the country by 2046 (United Nations Population Fund, India Ageing Report 2023).

State Wise Data on Senior Population

Depending upon the socio-economic conditions, the proportion of aged population varies among states. Those states that are having high social development shows an increasing share of elderly people. This is due to their achievements in standard of living, health, female education etc.

Table 2: State wise share of elderly population (aged 60+) to the total population

States	2001	2011	2021	2031 (Projections)
Andhra Pradesh	7.6	10.1	12.4	16.4
Bihar	6.6	7.4	7.7	9.5
Chhattisgarh	7.2	7.8	8.8	11.7
Goa	8.3	11.2	NA	NA
Gujarat	6.9	7.9	10.2	13.6
Haryana	7.5	8.7	9.8	12.3
Himachal Pradesh	9.0	10.2	13.1	17.1
Jharkhand	5.9	7.1	8.4	10.8
Karnataka	7.7	7.7	11.5	15.0
Kerala	10.5	12.6	16.5	20.9
Madhya Pradesh	7.1	7.9	8.5	11.1
Maharashtra	8.7	9.9	11.7	15.0
Odisha	8.3	9.5	11.8	15.8
Punjab	9.0	10.3	12.6	16.2
Rajasthan	6.7	7.5	8.6	11.2
Tamil Nadu	8.8	10.4	13.6	18.2
Telangana	NA	9.2	11.0	14.5
Uttar Pradesh	7.0	7.7	8.1	10.3
Uttarakhand	7.7	8.9	10.6	13.2

West Bengal	7.1	8.5	11.3	15.7

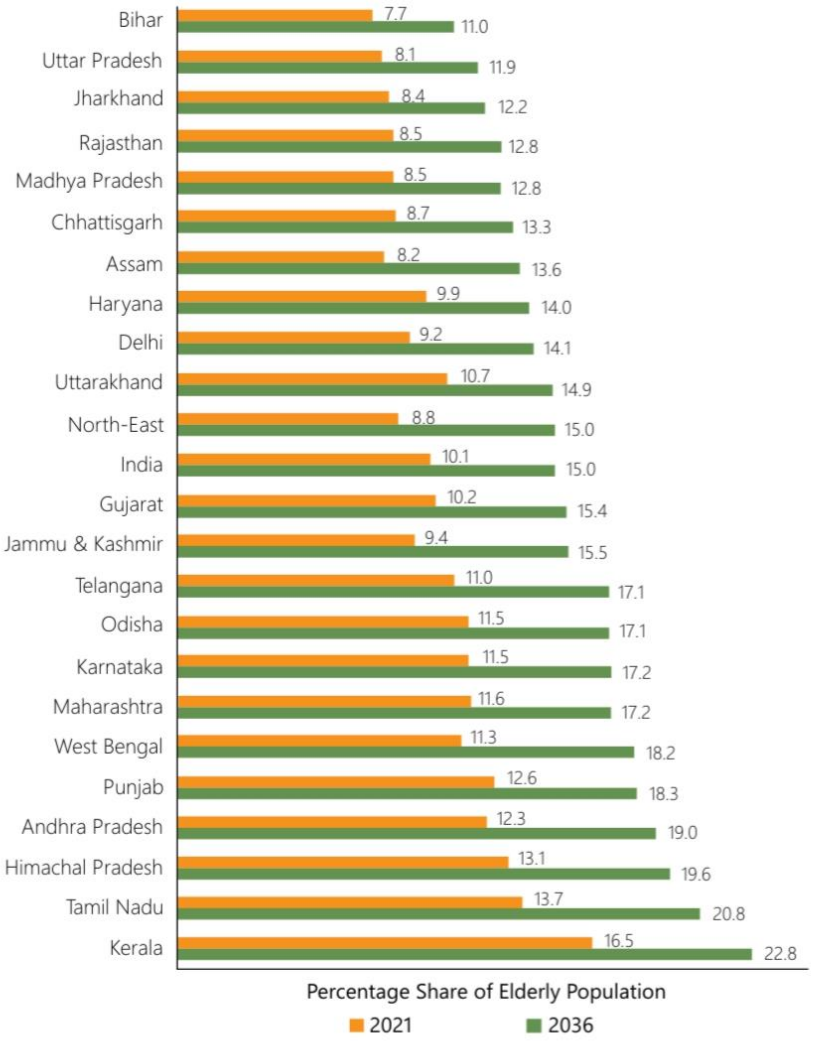
Source: Source: mospi.gov.in

Table above shows that from 2011-2031(projections) the share of elderly population to the total population is increasing in all the Indian states (excluding North-Eastern States). Keralam tops the list with 16.5 per cent elderly people in 2021. It projected to rise to 20.9 per cent in 2031. Keralam is followed by Tamilnadu with 13.6 percentage, Himachal Pradesh with 13.1 percentage, Punjab with 12.6 percentage and Andhra Pradesh with 12.4 percentage. Their success in lowering the fertility and mortality rates through deliberate state interventions helped them to achieve this.

Unique Ageing Story of Keralam

Demographic transition in the State of Keralam started around 50 years back, mainly due to the celebrated "**Kerala Model**" of development. This model gave importance to social welfare, focusing on public investment in education and healthcare rather than solely on economic growth. The State's efforts in providing widespread education, especially female education, along with better healthcare facilities in the public sector, reduced fertility and mortality rates, and as a result, Keralam is currently in the third stage of demographic transition. This long-term strategy resulted in a state that resembles a developed country more than an Indian state, leading to a unique demographic profile.

Figure 2.4: Projected share of the elderly population, India and states, 2021 versus 2036



Source: Ministry of Health and Family Welfare, *Population Projections for India and States 2011-36: Report on the Technical Group of Population Projections* (National Commission on Population, Ministry of Health and Family Welfare, Government of India, 2020), available at https://main.mohfw.gov.in/sites/default/files/Population%20Projection%20Report%202011-2036%20-%20upload_compressed_0.pdf.

Kerala is different due to these key factors:

Unique Demographics

- **Speed of Aging:** Kerala's population is aging more rapidly than the other Indian states. In the state wise share of population aged 60 and above Keralam ranks top from 16.5 percent of elderly population above 60 years in 2021 to 22.8 percent is expected in 2036 (RBI Report).

•Reasons for Aging: In the case of of India aging is happening as a result of recent economic development and improved healthcare while Kerala's aging is rooted in its

historical investments in female education and public health, which led to a significant drop in both the birth rate and death rate decades ago.

High Life Expectancy and Low Fertility: Due to widespread access to quality education and better healthcare, Kerala has achieved a high life expectancy and a low fertility rate, significantly higher than the national average. This has resulted in a disproportionately large population of senior citizens.

Youth Out-migration: A wide majority of Kerala's young, working-age population is migrating abroad for education and employment. This has left behind a population that is disproportionately composed of the elderly.

The Remittance Economy: The money sent back by these migrants has made many elderly people financially secure. This means their needs go beyond basic necessity to include leisure, wellness, higher quality of life and demand for specialized services.

Social and Cultural Factors

One of the differences of Keralam compared to other Indian states is the impact of migration. Youth from Kerala have moved abroad or to other Indian states for employment. The result is that it has left a significant number of elderly parents living alone, destroying the traditional joint family support system and creating a greater demand for formal care services.

High Literacy Rate and better Health: Kerala have high literacy rate and a robust public health machinery. Due to these reasons the senior citizens are aware and careful about their health. They know that it is better to prevent than care and are careful about their quality of life, precautionary care and health habits.

Economic Reliance: The remittances from the people working abroad is a major impact on Keralam’s silver economy. It lead to the formation of a group of economically safe but socially lonely older people. This is a phenomenon which can’t be seen in other Indian states.

Because of all the above said reasons, a distinctive market can be seen in Keralam where the senior citizens are a group of active consumers with specific demand and strong purchasing power. This is why the silver economy in Keralam is a dynamic sector with huge capacity for innovation and career opportunities.

From Welfare to Empowerment: Silver Economy Policy

Keralam's 2026–27 budget introduced a first-of-its-kind dedicated Elderly Budget. The budget allocated a consolidated outlay of ₹46,236.52 crore (19.07 percent of the total state budget) for the senior citizens. The budget also directed the creation of a new Department

of Elderly Welfare with an initial allocation of ₹10 crore, and a comprehensive Silver Economic Policy.

Keralam is the first state to adopt an Old Age Policy (2006) and continues to lead with the Senior Citizens Commission (2025) and the State Policy for Senior Citizens (2025), which introduces Elder Neighbourhood Groups, dedicated care cadres, budget earmarking, and digital monitoring. Flagship initiatives include Vayomithram (community-based elderly support), Snehasanthwanam (counselling and befriending), Ananthapuri Day Care Centres, the Senior Citizens' Entrepreneurship Scheme (interest-free loans up to ₹3 lakhs), and SAGE (lifelong learning). Health security is reinforced through Aardram Mission's elderly-friendly PHCs, Kerala's renowned palliative care network, home-based care services, and Karunya Arogya Suraksha Padhathi (KASP) insurance. Keralam set the standard for a healthy ageing with its potentials on policies related to pensions, senior friendly tourism opportunities and with its strong legal frameworks.

Using the Economic Possibilities of Elderly through Siver Economy

Silver economy tries to look into the ageing as an opportunity to achieve economic growth. In fact, it accepts the demographic change. Those many economic possibilities and avenues before the older people can be collectively termed as 'Silver Economy'. Instead of looking into ageing as a burden, the notion of 'Silver Economy' sees the elderly population as dynamic group of consumers, entrepreneurs and catalyst of economic growth. The concept opens new avenues for the markets.

The concept of 'Silver Economy' encompasses the shift in perspective towards utilizing the capabilities of senior population in order to achieve economic growth instead of simply accommodating the older ones. It represents a powerful opportunity for innovation, market expansion, and sustainable development (Bloom and Luca, 2016).

Role in the Labour Market

'Silver Economy' have a significant role in influencing the labour markets by changing the conventional notions of employment, retairement and efficiency. In the context where the longevity of people increases and there is a large share of elderly in the population, the older population's contribution to the output is highly needed. It can create changes in the traditional notions on retirement and can bring positive changes in the labour markets.

Role of 'Silver Economy' in bringing economic growth and its share in GDP is massive. The participation of the elderly in the labour force is increasing and they are the representative of a massive workforce. They contribute in many ways to the growth of the economy. They are the group having advanced skills , indepth institutional knowledge and strong professional connections that stimulate productive capacity and possibilities for innovation. Their services are relevant in sectors which requires skills and experience. The emergence of Silver economy lead to the emergence of flexible work patterns and new job opportunities meant for the elderly population. Inorder to adjust to the the lifestyle of elderly people and to meet their demands part-time job arrangements, distant work modes consultancy services etc being introduced. The emergence of digital platforms and gig economy have created opportunities for the aged people to monetaise their talents, experience and skills.

In areas where the expertise, experience and social skills are needed, the input of seniors are crucial. When compared to the younger ones , the elderly have more capability to start a venture due to their years of experience, strong savings and financial capital and high level of social connections which make them a unique pool of multifaceted treasures.

The concept of 'Care Economy' is an extension of 'Silver Economy'. In most cases elderly people extends care works to partners, neighbours and relatives which are unpaid and hidden in economic analysis. These unpaid services provide greatly to the economy. Elder people are doing a crucial role in the economy by complementing the dependents and helping the family members to engage in formal workforce.

Silver Economy is redefining the labour market dynamics. Recognising and rightly using the positives of the aged is crucial in making a comprehensive, sustainable and more robust economies amid the change in population.

Grey Gems: Discovering the Silver Economy of Keralam

The state of Keralam is becoming older in terms of ageing when compared to other Indian states. The celebrated 'Kerala Model of Development' is the most important reason for Keralam's present status of population ageing. Keralam is currently at a matured stage of demographic transition. It openes for the state significant avenues. The population change in Keralam characterised by increasing life expectancy, fall in fertility rates, and an increasing number of old age people have many economic impacts. Usually an increasing old age dependency ratio is looked upon as a fiscal tension and a reason for lack of growth but this new emerging trnd have the capability to utilise the positives of the 'Silver Economy'. By

effectively utilising Keralam's peculiar socio economic characteristics like the high levels of literacy, its performance in health indicators, emerging migration trends and remittances from abroad , the state can make ageing as a boon instead of a burden.

Possibilities in the Silver Economy of Keralam

An ageing population opens the state a bundle of possibilities to reap the benefits of 'Silver Economy' which will ensure a more participatory and balanced development.

1. Healthcare and Wellness Industries

The state have a robust health sector from years. Medical particularly Ayurveda based tourism has a long tradition in Kerala. When the number of elderly is increasing it openes opportunities many fields like geriatric care, telemedicine, long term care, home based health care etc. within the country as well as internationally. Rehabilitation centers, supportive devices etc are the possible areas of investment where Keralam can excel in the coming years.

2. Elderly-friendly Infrastructure and Housing

There is an increase in the demand for post retirement homes, change in urban planning which take care of elderly etc. The real estate sector of the state can use this upcoming trend to create a community living aimed only for older people, co-housing patterns etc which will contributes to the economy's direct employment opportunities at the same time have multiplier effect in creating indirect employment.

3. Labour Market Participation and Knowledge Economy

Majority of the senior people in the state have high level of education and they are experienced. By utilising these advantages, Keralam can transform the retairement into an opportunity. By providing elastic work timings they can excel in the roles of teachers, mentors, as consultants which will contribute to the productive capacity of the economy. In a critical situation where an alarming rate of youth migration is happening it deserves special relevance.

4. Silver Entrepreneurship

The senior population of Keralam are the group having high savings and recipients of foreign remittances. It makes them highly suitable category to act as entrepreneurs, investors etc. Policies for 'Silver Entrepreneurship' and programmes for enhancing their technical knowledge can create new business ventures exclusively by old age people.

5. Technology, Digital Inclusion, and Supportive Devices

There is opportunities for the state to develop technology oriented 'Silver Economy'. The state can create technology driven conveyance platforms, assistive devices, health monitoring platforms, digital assistace for financial transactions , developing social connections etc which will help the independence of seniors as well as possibilities for new businesses. There is need for research and development in this area.

6. Tourism

Tourism aimed at seniors is an emerging area for the state especially under its caption 'God's own Country'. By collaborating tourism with ayurveda the tourism sector can create wonders. It will not only benefit those in Kerala but also the international retirees.

7. Care Economy and Employment Generation

There are massive employment opportunities for the nurses, care givers and semi skilled workers in care economy, an emerging area of opportunities In Keralam.

8. Financial Services and Insurance Markets

The elderly in Keralam have high savings and they are the receipients of foreign remittances. This is a possibility for the financial institutions to extend senior and retairement targeted pension schemes, health insurance policies etc aimed at them.

'Silver Economy' of Keralam is a bundle of opportunities and treasures for the growth of the state. By utilising the possibilities and avenues of 'silver economy' the state can create wonders.

Challenges on the Way

Healthcare Facilities and Affordability:

Ensuring equitable access to quality and affordable healthcare services for all elderly, especially in rural regions, is a major barrier.

Financial Security:

Most of the old aged people in Keralam are financially insecured, depending on limited pensions and support from family. Addressing this requires strengthening social security schemes and promoting financial literacy.

Social Isolation:

Loneliness is one of the major concerns among the elderly which rquires interventions to foster social inclusion, community engagements, and mental well-being.

Lack of Infrastructure:

There are challenges related to inadequate infrastructural facilities for elderly people like conveyance facilities, old age friendly housing facilities, public spaces etc targeted for the older people.

Public Attitudes:

The public perceptions about aging and their dependence should be addressed through awareness campaigns.

Reskilling the workforce:

There is a need to reskill the labours inorder to provide senior friendly services.

Data Collection and Research:

Inorder to understand the needs and demand pattern of elderly, there is a need for extensive research which will help to frame suitable policies.

Digital Divide:

Inorder to reap the advantages of technology, there is the need for measures to reduce the digital gap.

The Silver Dividend in Kerala: A Unique Model for an Ageing State

The "silver dividend" is the socio-economic value derived from a healthy, active, and engaged elderly population. While a "demographic dividend" is associated with a large young workforce, the silver dividend redefines the ageing of a population from a burden into an asset. Kerala, with its high life expectancy and declining fertility rates, has the highest proportion of senior citizens in India, making it a crucial case study for realizing this dividend.

Toward Active, Happy Aging

The Silver economy of the state of Keralam is not about dealing with the decline but about seeing aging as a phase of productivity. By promoting the idea of ‘active aging’ where the expertise, skills and connections of elderly people are utilised effectively, the state can transform aging into an opportunity. Keralam can harness the the economic potential of elderly

population through planned investments in health care, community and leisure ad thereby create more inclusive economy.

Conclusion

The demographic transition is happening very speedly across the world. Age structures and demand patterns are changing due to low fertility and increasing life expectancy. This is not a case of burden but can be seen as a strong opportunity for the economies across the globe through the emergence of Silver Economy. It can meet the needs of older people through the industries, services and innovations that meet their requirements.

Kerala stands at a unique position to lead the way. With the highest proportion of elderly citizens in India the state can transform what is often viewed as a demographic barrier into a great opportunity. The state can become a model for the world by focusing on its strength in its social and economic indicators.

The tale of aging population is often told with a concern, but Keralam can make a change in it. As the poet Robert Browning wrote, *"Grow old along with me. The best is yet to be".* This is not just a poetic sentiment but a strategic imperative. The best for Kerala and indeed for India lies in our ability to embrace the silver economy with vision, compassion, and innovation.

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