

Reimagining Economies and Businesses in an Aging World: An Indian Perspective

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ABSTRACT

Societies worldwide are entering a new demographic phase as populations age, transforming longevity from a potential liability into an asset. This paper employs secondary research to analyse demographic trends in India and globally. It underlines how age structures are changing and the “longevity economy” is growing faster due to declining fertility and rising life expectancy. With India’s older population projected to multiply by 2050, the nation faces the challenge of a large youth cohort and rapid aging. Nonetheless, it is becoming a market with a lot of potential for investment.

The paper examines the economic impacts of a population aging, the rise of the longevity (silver) economy, and sectoral shifts in healthcare, technology, and senior living. By examining these patterns and issues, the paper offers practical insights for supporting robust and equitable economic growth in the aging economy.

Keywords: Economy, Healthcare, Innovation, Investment, Longevity

Introduction

Over the past century, the world’s population has seen a significant demographic shift due to increased life expectancy and declining fertility rates. Global life expectancy rose from 34 years in 1913 to 72 years in 2022, as seen in Figure 1, and this trend is predicted to continue. At the same time, since 1970, fertility rates have decreased in every nation, changing the age distribution of societies all across the world.^{1,2}

The World Population Prospects 2024 study projects that throughout the following five to six decades, the world population will continue to increase from 8.2 billion in 2024 to a peak of 10.3 billion in the mid-2080s before progressively falling to 10.2 billion by 2100. By the late 2070s, the number of individuals aged 65 and over is projected to reach 2.2 billion, surpassing the

population of children under 18. Figure 2, shows the population trend across various age groups from 1950 to 2100. The percentage of elderly people is predicted to rise sharply over the next several decades, even in nations with high birth rates now.³

More than one in four people worldwide already reside in nations where population growth has peaked, according to World Economic Forum research, making this change already apparent.⁴

Figure 1: Graph showing total fertility rate (left) and life expectancy at birth (right) worldwide²

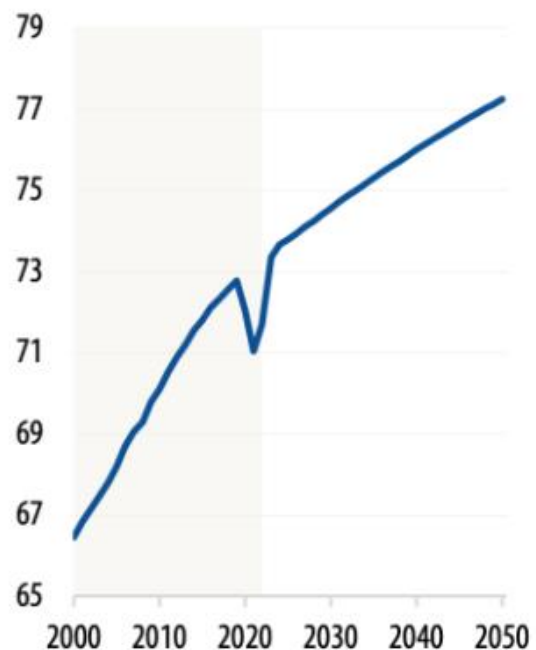
Aging population

People are living longer and having fewer children, leading to a greater proportion of elderly in the population.

Total fertility rate, worldwide
(births per woman)

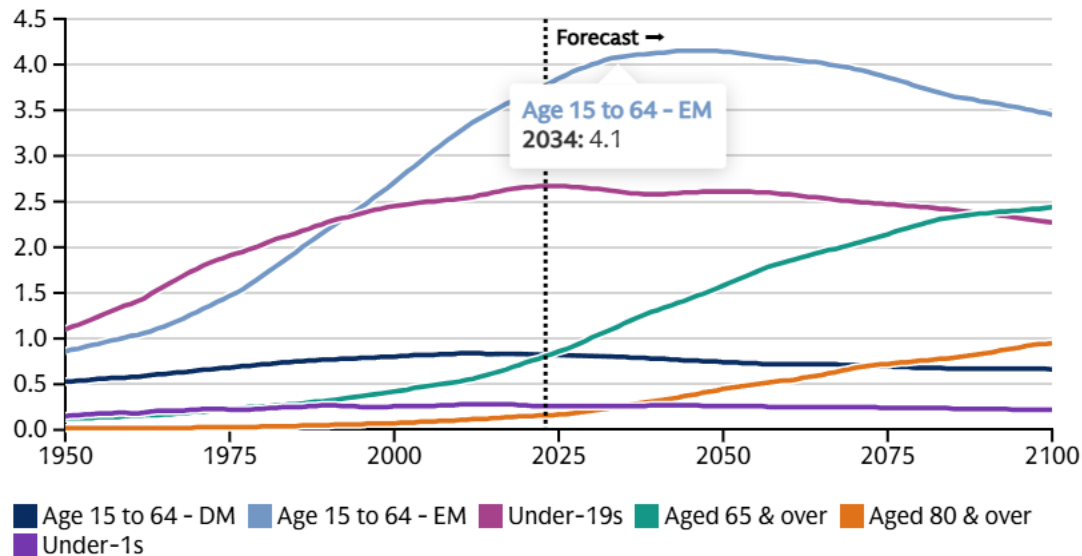


Life expectancy at birth, worldwide
(years of life expectancy)



Sources: United Nations Department of Economic and Social Affairs, Population Division, World Population Prospects, 2022 Revision.

Figure 2: Current population by age demographic (billion), forecast after 2023 ⁵



Source: UN Population Prospects 2024



Why Aging Matters?

The upward shift in the age distribution has profound effects on social systems, labor markets, economic growth, and fiscal sustainability. Due to slower labor force growth and possible productivity decreases, aging populations generally have a negative impact on GDP and GDP per capita.⁶

A 2023 S&P survey of 81 countries found that fiscal policy will be greatly impacted by population aging. Average government deficits might increase from 2.4% of GDP in 2025 to 9.1% in 2060 if reforms are not implemented. Longevity risk rises at the same time, and many people, especially women, run the risk of outliving their retirement funds by as much as 20 years.⁷

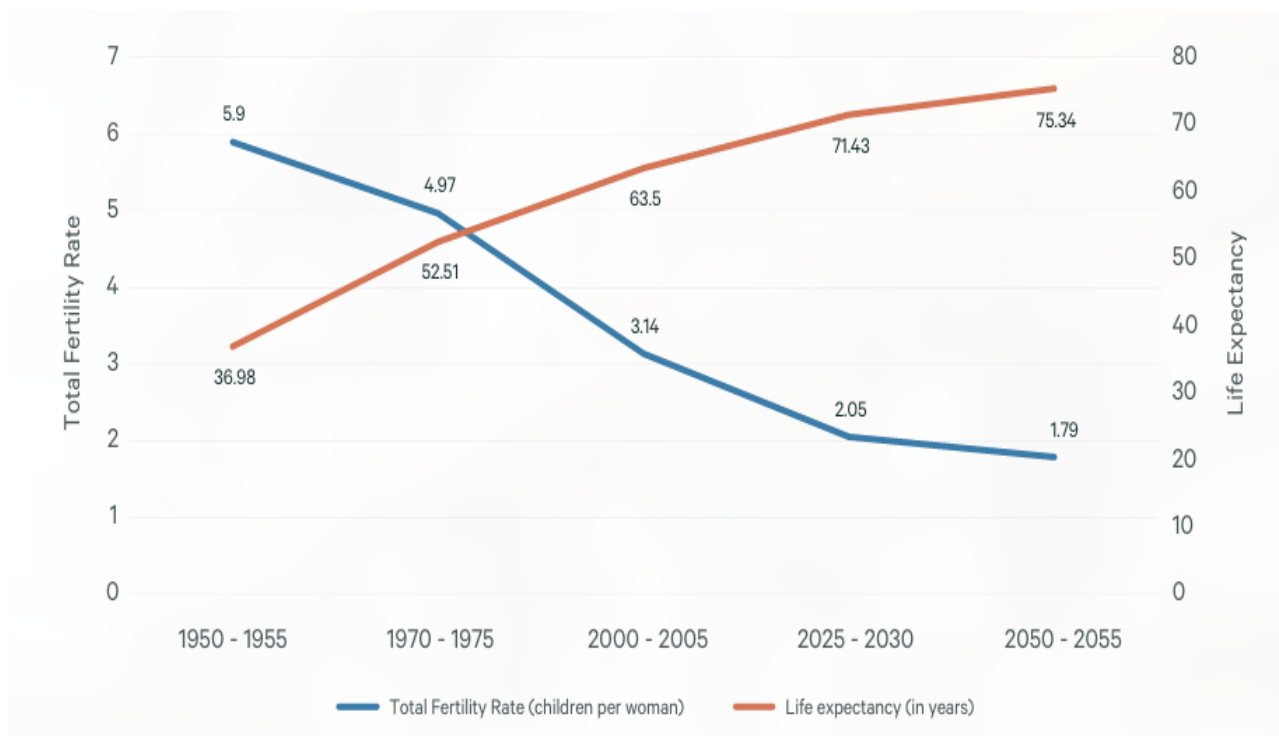
Financial preparation is important, but a more comprehensive social response is needed to address the effects of population aging. To address interrelated issues such as decreased fertility, age-related discrimination, labor force participation, healthy aging, retirement security, and the growing risk of social isolation among older persons, comprehensive methods are required in addition to financial measures.¹

The economic activities that cater to the needs of the elderly is termed the "silver economy" or "longevity economy".⁸

India is at a crucial phase in its demographic history. The nation is among the fastest-aging in the world, despite the fact that it currently benefits from a young labor force. It’s senior population is expected to grow by 254% by 2050, reaching about 340 million people and making up almost 17% of the aged population worldwide. This change puts India at the forefront of a larger regional trend: by 2030, Asia is predicted to have more than 4.9 billion elderly people, making it the continent with the biggest elderly population in the world.⁹

These numbers highlight the importance of region-specific approaches to address the economic and social effects of aging. At the same time, this change creates new opportunities for innovation and expansion in the developing longevity economy. Especially in sectors like healthcare, financial services, housing, technology, and consumer goods tailored for older adults. Furthermore, creating robust systems that serve both the aging populations and younger generations will propel future growth and manage this transition.^{10, 11}

Figure 3: Life expectancy and total fertility rate, India 1950- 2050 ¹²



Opportunities in the Emerging Longevity Economy

According to a Goldman Sachs analysis, the following three areas are most likely to profit from these shifts:

Healthcare: To cover the needs of older persons, public and private spending will rise, this will lead to expansion of the healthcare market. For example, in the United States, people over 65 account for 36% of all health spending, although they only account for 18% of the population. There is particularly high demand in areas like neurological therapies, cardiovascular care, and the management of chronic diseases. These areas provide room for expansion for medtech businesses, pharmaceutical corporations, and specialty healthcare providers.

Senior living: This segment is also expected to grow. At present, there is a lack of adequate facilities and capacity deficiency in several nations, including the UK, France, Germany, and Italy. Moreover, the majority of seniors are choosing to age in place. This is driving up demand for home care services and related technologies, such as AI-powered monitoring and telehealth.

Leisure and lifestyle sectors: are equally poised to evolve. With those over 60 years of age making up 47% of recreational vehicle use in the United States and one-third of cruise reservations worldwide. This shows that the older consumers are changing the travel and leisure sectors.

The longevity economy is creating new markets while intersecting with broader societal change. It's essential to rethink workforce models and economic participation, as they are shaped by factors like aging, climate change, and the rise of artificial intelligence. Consequently, businesses and governments will increase female workforce participation, encourage immigration, expand adult learning and upskilling programs, and invest in robotics to assist in addressing the challenges, including labour shortages. The longevity economy is positioned by these new realities as both a demographic challenge and a dynamic investment frontier that will influence the creation and distribution of wealth at every stage of life.⁵

Broadly, a rethinking of economic involvement and financial resilience at every stage of life is required as a result of these demographic changes. Moreover, the two defining factors of the twenty-first century that is the rapid development of artificial intelligence and the intensifying effects of climate change will play a important role in evolution of this economy .¹³

Methodology

This paper adopts a qualitative analytical approach. It uses secondary data from various sources, such as reports from the international development banks, national policy think tanks, academic research, and investment bank to compare demographic, economic, and healthcare indicators. The work further integrates insights from these secondary data on market opportunities and longevity-driven business models in sectors such as healthcare, finance, and consumer goods. The study aims to provide an extensive overview of the current status along with key issues in this field and identify emerging trends by assimilating findings from diverse sources.

Discussion

By 2050, approximately 340 million people, or 19% of the population, will be 60 years of age or older. Strong demand is being created by this change for services related to everyday support, housing, insurance, and healthcare.

India's silver economy is valued at about USD 8.8 billion, and it is predicted to expand quickly. Even though the senior care industry alone is worth USD 7 billion, there is still a lack of service coverage, highlighting the potential for market disruption through targeted services and products.¹⁴

The healthcare industry is particularly profitable and looking for solutions for challenges. For example, although health-related expenses account for about 31% of senior spending, access to high-quality treatment is still restricted.

According to the Longitudinal Aging Study of India (LASI) 2021, a India wide survey,

- 75% of elderly suffer from one or more chronic conditions.
- Almost one in three report depressive symptoms.
- 70% rely on others to meet their daily needs.
- Only 18% of people have any kind of health insurance coverage.¹⁵

Despite growing demand, gaps in services, infrastructure, and insurance coverage remain high. Due to administrative or procedural obstacles, the majority of senior persons do not receive pension support and have a difficult time obtaining their benefits.¹⁴

Senior living facilities

Senior living is one important area of expansion. Growing awareness, an increase in chronic health concerns, and a growing demand for specialized care have all contributed to the sharp rise in senior home developments in India over the last ten years. In contrast to nations like the US, UK, Japan, and Australia, which have built systems of assisted living, retirement homes, and home-based care services, the sector is still in its infancy.¹⁰

The key players in the industry across worldwide are depicted in Figure 4.

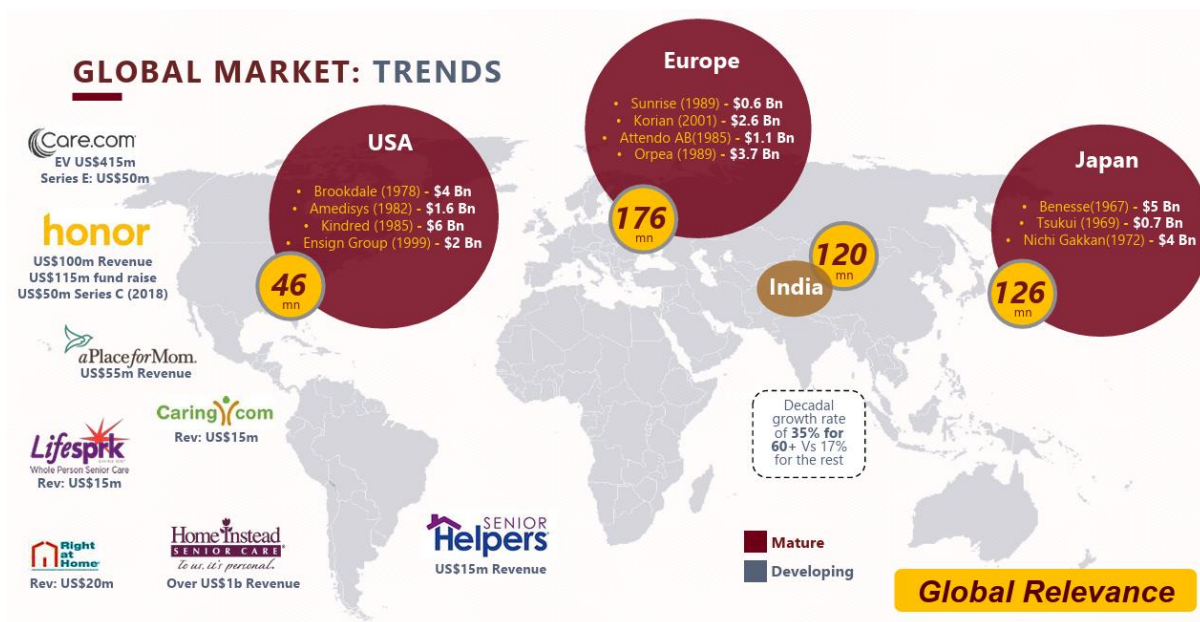
These international examples—from technology-driven models in the US to community-based care in Japan to individualized services in Australia, highlight exemplary practices that India might implement. India can create a varied, scalable, and inclusive senior living industry by

taking inspiration from these nations, particularly from models that are reasonably priced for middle- and low-income populations.¹⁶

Technology will be crucial, especially AI and health technology. By facilitating remote diagnostics, automating screening, and improving preventative health, AI-powered systems can aid in closing gaps in access to care. One example is India's Aravind Eye Care System, which uses AI to test millions of people for diabetic retinopathy in order to solve the lack of specialists in the nation.^{13, 17}

Developers and investors have an opportunity to create an innovative, inclusive silver economy that combines housing, technology, and healthcare in ways that serve the requirements of an aging population as demand rises.

Figure 4: Global trends with respect to mature markets for the silver economy¹⁸



Conclusion

It is no longer true that aging populations represent a resource drain. Seniors and pre-retirees (those between the ages of 45 and 64) are one of the most financially influential groups in the world, and this holds true in India, too. More than 13% of Indians will be over 60 by 2031, and by 2050, that number will have increased to about 19%.^{13, 19} There are strategic opportunities as well as limitations associated with this demographic transformation. The key is to create institutions that, while guaranteeing financial security and healthy aging, assist people in making

contributions to the economy at all phases of their lives, whether through long-term employment, entrepreneurship, caregiving, or mentoring.

Global initiatives like the UN Decade of Healthy Aging, prioritize emotional, social, and functional well-being in addition to physical health. In order to create conditions that allow older persons to be active and independent for longer, these initiatives are essential.¹²

India has started to act by implementing certain policy changes and reforms. But much more can be done to develop scalable solutions in areas like healthcare, housing, insurance, and lifelong learning that keep up with the rate of demographic change.¹⁴

The silver economy is a developing sector for entrepreneurs, investors, and innovators. Age-responsive infrastructure, services, and technologies are becoming more and more in demand. By transforming longevity into a competitive advantage, nations like India that take immediate action stand to benefit socially and economically.

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