REVERSE MORTGAGE ROUTE FOR SELF-SUSTENANCE OF SENIOR CITIZENS— AN INDIAN PERSPECTIVE

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Abstract

Reverse Mortgage Loans (RML) as a way to provide financial stability and support during their sunset years, has become imminent in India.In India, a developing economy - economic prosperity and improving standard of living is leading to higher proportion of senior citizens in the total population. These people may face a financial crisis in their later years accompanied by many health problems which may further put a drain in their resources.Under such circumstances, to ensure financial independence, the need for Reverse Mortgage Loans (RML). This

Introduction

In a developing country like India, the growing economic prosperity and improving standard of living is leading to higher proportion of senior citizens population. These people may face a financial crisis in their later years accompanied by many health problems which may further put a drain in their resources. India, has set out on the path of Globalisation and Liberalisation in the early 1990s, opening up multiple opportunities—both elsewhere in India and abroad. The society is also undergoing important changes with eroding family values and increasing nuclear families. Being well educated, children tend to get settled abroad or in another part of the country, thus staying away from parents. Parents, on the other hand having grown and worked in a place, tend to get settled in their native place or a location closer—basically in a familiar society. Thus, they tend to stay alone, and sometimes having spent their substantial earnings to the care and education of their children, they are left with fewer sources to fend for themselves. Under such circumstances, to ensure financial independence, the need for Reverse Mortgage Loans (RML)

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India Population—Ageing Perspective:

The demographic profile of elders in India between 2011 & 2016 have shifted as follows :

Age group	Population 2011 million	Population 2016 million
60-69 years	56.8	68.9
70-79 years	32.0	35.8
80+ years	9.6	13.2
Total population of Senior citizens	**98.4 (8.25% of total population)**	**117.9 (9.29% of total population)**
All Ages total population	**1192.5**	**1268.9**

As per India Population and Ageing studies, (like, UNFPA, Status of the Elderly by Helpage India-2014 & Future Population of India-2007), the population of Elders in India in 2014 was 100 million. By 2050, it is projected to become 324 million (about 20% of the total population).

The increase in the population of Elders in absolute numbers and as a ratio of the total population is due to the increase in life expectancy over the same period from 67.9 to 68.35 years. Life expectancy was 62.5 in 2000 which is projected to be 72.7 years by 2031-36.

While the population of senior citizens is steadily increasing as explained above, it will be increasingly difficult for the Government to keep providing for this section of the population by way of budgetary allocations. The Government of India, for its employees has successfully phased out the Government Pension—to a Contributory Pension system, which does not entail fixed annual budgetary allocations to provide for Pensioners.

To ensure that the Elders are duly cared for by the members of the family, the Government came out with the Act—Maintenance and Welfare of Parents and Senior Citizens Act, 2007. This Act will act as a deterrent to the affordable wards of elders who would otherwise refuse to support their parents/senior citizens. However, it is possible that a sizeable population could not afford this, or even if they could afford regular maintenance, the sudden expenditure that might arise due to any serious ailment or medical condition at old-age could not be met. Hence, there was a requirement for making suitable provisions for such an eventuality.

Government of India, Ministry of Finance has in the recent past foreseen the financial requirements of Senior Citizens during their sunset years and announced various

measures to launch and promote Reverse Mortgage in India. The National Housing Bank of India (NHB) was assigned the task of designing of Reverse Mortgage based financial products (Srinivasan, 2012).

Reverse Mortgage loans are devised as sources of liquid assets for senior citizens. They facilitate the transformation of the homes of older people into a steady source of cash flows to continue their lives with dignity and comfort until death (Krishnarao and Ukey, 2014). Most countries of the world provide schemes to senior citizens with reverse mortgage loans, also known as Home Equity Conversion Mortgage (HECM) in some countries. However, in India the concept has still not gained popularity, as per Krishnarao and Ukey (2014). The Reverse Mortgage Loans sanctioned in India amount to Rs.1800 crores only despite the market for RML roughly being of around Rs. 20,000 crores, impressing upon the fact that reverse mortgage loans are either not popular in India or there is little awareness about such financial products amongst the potential buyers (Krishnarao and Ukey, 2014).

Concept of Reverse Mortgage Lending (RML)

Reverse Mortgage is a unique Home Loan based financial product that allows Senior Citizens to convert a portion of their home equity into income or cash without having to sell the home, give up the title, or take on any additional monthly mortgage payments. Reverse Mortgage Loans (RML) also known as Home Equity Conversion Mortgage (HECM), allows Home owners to defer the mortgage or loan instalments (both Interest and Principal) until they sell, die or move out of the home property. Under this RML scheme, the unpaid Interest or loan mortgage instalment is added to the loan balance at the end of every month.

In RMLs the trigger of a "maturity event" that would cause the Loan (with capitalized Interest/Instalments) to become due and payable would be :

- When the last remaining borrower on the loan or the non-borrowing spouse living in the Home dies or leaves the home.
- When the home is sold.
- When the borrower doesn't meet the obligations to pay property taxes, homeowner's insurance or other statutory fees applicable, or fails to maintain the home or meet other conditions of the loan terms.

A Home-owner can tap into the equity using any of the following options :

- Single Lump-Sum advance;
- Line of Credit allows members to draw on available funds whenever necessary;
- Annuity –Term or Tenure; Fixed regular monthly income payments to the member;
- OR a combination of ALL the options above.

Reverse Mortgage is a home loan based financial product designed to suit the requirements of older homeowners or senior citizens with special features that envisages, inter alia, no monthly mortgage payments. Reverse Mortgage Loans (RML), allow the older home owners to defer the mortgage or loan instalments to avoid making payment until they sell, die or move out of the home property. Under this scheme, the unpaid interest or loan mortgage instalment is added to the loan balance at the end of every month while also allowing the home owner to access the home equity they have accumulated till date for the property mortgaged (CFPB, 2012).

Reverse Mortgage has developed as a financial product for the elderly population in the Western welfare oriented developed economies, but is still to gain popularity in the Indian context. The primary concern of the Indian Government in this scenario is the growing elderly population in India along with the added scope for defining and designing innovative financial products which are retirement oriented and annuity based (Srinivasan, 2012).

If the value of the home appreciates after a reverse mortgage has been availed on it, further reverse mortgage loan (RML) on the increased equity may also be possible. Generally, a reverse mortgage must be the only mortgage on the property. If there is an existing mortgage, it will be paid off with part proceeds from the reverse mortgage loan. Further, if the home increases in value as the mortgagee ages and qualifies for more money, the reverse mortgage may be refinanced to borrow more against the increased equity.

RMLs are popular in developed countries such as USA, Canada, UK, Australia, etc. In India, it was introduced in 2007-08, but the product has remained largely unpopular.

Conventional Mortgage vs Reverse Mortgage :

The following table shows the salient differences between the Conventional (Forward) Mortgage and Reverse Mortgage :

	Attributes	Conventional (Forward) Mortgage	Reverse Mortgage
1	Purpose of Loan	To Purchase/Upgrade a House.	To get Cash from a Residential asset to be used to meet expenses.
2	Eligible Borrowers	Creditworthy Borrowers with Regular Income and Repayment capacity.	House Owning Senior Citizens. Borrowers need not have income or Repayment capacity.
3	Asset Ownership at the time of Origination.	Borrower may not own a house. Hence has no equity in the house.	Borrower owns the house and has substantial equity in the house.
4	Loan Disburse-ments	As per the schedule of purchase Agreed / progress of construction.	Received payments from the Lender on periodic basis, or as a Line of Credit or as Lump sum or a combination of these.
5	Status of Loan during the Loan Tenure	• Borrower makes repayments during the loan tenure; • Outstanding Loan balance reduces; • Borrower's Equity grows;	• Borrower does not make any repayments to Lender during his/her lifetime or till he/she is alive or occupies the property; • Outstanding Loan balance increases; • Borrower's Equity decreases;
6	Repayment of Loan	Through monthly repayments of Interest and Principal made by Borrower to the Lender;	• Sale proceeds of House property used to settle the loan dues, on Borrower's demise or giving up the house (sale); • Bullet repayment of Principal and accumulated Interest; • Borrower/Heirs have option to prepay or settle the loan dues without sale of property; • Senior citizen (Owner-Borrower) is not required to repay the loan.
7	Age Restriction	No restriction.	Age at entry 60 years or above.
8	Recourse to Lender	Lender can fore-close in case of default	Loan cannot be foreclosed by the lender as no monthly payments are required or due, until the 'maturity event' which is the death of borrower or sale of the house.
9	Occupation status	Self-occupation of house by borrower is not mandatory.	Borrower's self-occupation of property is mandatory. In fact, borrower's exit from the house for more than 12 months is generally considered a 'maturity event' or trigger for the amounts being due to be paid.
10	Term of Loan	Generally upto 30 years if the borrower has income-earning ability for this term or upto attainment of 70 years.	Term for disbursement is 15-20 years, but the principal and interest will become due on the happening of the 'trigger event'.

(*Source: NHB Report on Trend and Progress of Housing in India- 2006 & Mahesh Kumar 2013***)**

REVERSE MORTGAGE—GLOBAL PERFORMANCE

United States Of America :

One of the most developed markets in Reverse Mortgages is the U.S. Under their HECM program, loans are provided to senior citizens aged 62 and above to the extent of 20-60% (depending on the age at entry). Federation of Housing Administration (FHA) insures the property collecting premium from the borrowers. The secondary market is also well regulated. They have a National Reverse Mortgage Lenders Association (NRMLA) which has a code of conduct. The uptake of loans which started as a humble 157 cases in 1990 has increased to 54822 in 2012 (peaking in the years 2007-2009). In the year 2009 the number was 114692. The numbers were 48152 in 2016 amounting to $9 billion, with the average principal borrowing being $148,000. (US FHA data). With all these, the total beneficiaries are close to 10 lakh aggregating to $6.13 Trillion by 2016, and it is estimated that only about 3% of the market is covered by HECM schemes in US.

Other Countries :

Canada :

When compared to UK or US markets, the Canadian reverse mortgage market is still in its infancy. But the situation is changing fast. Contrary to the US, reverse mortgage programmes available in Canada are NOT insured by the government, nor are reverse mortgages regulated by specific federal legislation. The growing popularity of the product has meanwhile led some provinces to begin preparing for eventual legislative regulation of reverse mortgages aimed at better controlling this industry, not only with regard to the product itself, but with regard to how it is marketed. Some provinces have established specific laws aimed at reverse mortgages. A consumer who wishes to lodge a complaint must address it to their local Consumer's Bureau.

European Union :

In the European Union (EU), the scheme is popularly known as Equity Release Schemes (ERS) which have 2 types :ERS-Loan Model & Ownership Model. All member states can be grouped into four categories with respect to ERS offerings:

- Countries with significant ERS market: It includes the United Kingdom, Ireland and Spain.
- Countries with less developed loan model market: It includes Austria, Finland, France, Hungary, Italy and Sweden.
- Countries with less developed sale model market: This includes Bulgaria, Germany and Romania.
- Countries with no ERS: This includes Belgium, Cyprus, Czech Republic, Denmark, Estonia, Greece, Latvia, Lithuania, Luxembourg, Malta,

the Netherlands, Poland, Portugal, Slovakia and Slovenia.

(European Commission Study on Equity Release Schemes in the EU, 2009)

Australia

Reverse mortgage is rapidly growing in Australia. It is estimated that by 2031 approximately 21% of Australia's population will be aged 65 years or older. (ASIC Report, 2005). The product is highly regulated. The Reverse Mortgage mortgage had grown to AUS $3.32 billion in 2011. (SEQUAL/Deloitte Reverse Mortgage Study, December 2012).

New Zealand

Reverse mortgages are steadily growing as a retirement financial planning tool as increasing numbers of New Zealand retirees consider equity release products when planning for their retirement. There is a considerable pool of housing wealth in New Zealand that can be utilized to support post retirement lifestyle planning. The reverse mortgage option is becoming increasingly popular in New Zealand, and is based on similar concepts that have been available in the UK, USA, Canada and Australia. Reverse mortgage lending is mostly facilitated by a mortgage broker or financial planner. This shows that New Zealanders are using intermediaries to assist in the borrowing and advice process when it comes to reverse mortgages. The market in New Zealand in 2009 grew to 6613 amounting to $447 million. (SHERPA website: http://www.sherpa.org.nz/).

Singapore is the latest country to enter in the Reverse Mortgage space.

Thus, it can be seen that Reverse Mortgage as a viable financial solution to the Senior Citizens is gaining popularity across the globe and it may be a matter of time before India catches up in a big way.

Reverse Mortgage - Indian Perspective

RMLs are popular in developed countries such as USA, Canada, UK, Australia, etc. It was introduced in India by National Housing Bank in 2007 by issuance of Operational Guidelines for RML to Banks/HFCs. However, the product has remained largely unpopular.

Typical Reverse Mortgage Scheme :

The Finance Minister, while presenting the Union Budget, 2007-08, had announced that the National Housing Bank (NHB) will introduce a reverse mortgage scheme for senior citizens. NHB is the principal financial institution for housing, established under an Act of the Parliament, as a wholly owned subsidiary of Reserve Bank of India. NHB is also the regulator of housing finance companies. NHB issued the "Reverse Mortgage Loan (RML): Operational Guidelines" in 2008. The scheme is presently implemented by 42 Banks and 2 HFCs.

Some of the salient features of the Operational guidelines on reverse mortgage as announced by NHB and certain generic features of Reverse Mortgage Loans (RML) are enumerated herein:

Eligibility	1.	In India, the borrower must be at least 60 years of age in India while the spouse should be minimum 55 years old.
	2.	RML is extended against self-occupied home property, which is the principal residence of the borrower.
	3.	There are no minimum income or credit history requirements.
Home ownership	1.	Borrower remains owner.
	2.	Borrower responsible for paying the property taxes, property insurance and for repairs and maintenance of the home.
Loan Amounts	1.	The amount of RML a person can get depends on the specific reverse mortgage plan or program selected. It can be a lump sum, or equities or a combination of these.
Loan Payoff	1.	Reverse mortgages generally must be "first" mortgages, that is, they must be the primary Loan against the home.
	2.	Property must be debt-free before RML is given
Loan Limit	1.	Up to 45% of the market value of the property (house, apartment, estate) - If the borrower‟s age group is between 60- 70 years. Up to 50% of the market value of the property (house, apartment, estate) - If the borrower‟s age group is between 71- 75 years. Up to 55% of the market value of the property (house, apartment, estate) - If the borrower‟s age group is between 76- 80 years. Up to 60% of the market value of the property (house, apartment, estate) - If the borrower‟s age group is above 80 years. The borrower's dues under a reverse mortgage loan equals all the loan advances he/she receives, including any amount used to finance the loan or to pay off prior Loan plus all the interest that is added to the respective loan balance. If this amount is less than the assured value of the home, when the borrower wants to repay the loan, then the surplus is given to the borrower or legal heirs of the borrower in case of his/her demise.

Repayment on the trigger of the 'Maturity Event'	1.	The borrower will not make any monthly mortgage repayments to the lender during the life of the loan. The loan would be repaid when the borrower ceases to occupy the home as a principal residence. The loan may be repaid by the borrower or the heirs/estate, with or without a sale of the home. The repayment obligation cannot exceed the home's value or sales price. All reverse mortgages are due and payable when the last surviving borrower dies, sells the home, or permanently moves out of the home. Reverse mortgage lenders can also require repayment at any time if the borrowers: • fails to pay their property taxes; • fails to maintain and repair their home; or; • Fails to keep their home insured. On a reverse mortgage, however, lenders generally have the option to pay for these expenses by reducing the loan advances and using the difference to pay these obligations. Other default conditions on most home loans, including reverse mortgages, include: • Declaration of bankruptcy; • Donation or abandonment of the home; • Perpetration of fraud or misrepresentation; • If a government agency needs borrowers property for public use Changes that could affect the security of the loan for the lender can also make reverse mortgages payable. For example: • Renting out part or all of the home; • Adding a new owner to home's title; • Taking out new Loan against the home. • Changing home's zoning classification;

Payment Options	1.	A reverse mortgage would allow a borrower to receive cash in a number of ways. • The cash being provided in one single payment. • The loan being offered as regular monthly cash advances. • The reverse mortgage could also be paid as a credit-line account which gives the borrower an opportunity to withdraw a required amount of cash whenever required. • The mortgage loan may also be made available as a combination of monthly cash advances as well as "credit-line account".

According data from National Housing Bank as on 30th June 2011 on Reverse Mortgage loans, the Banks in India had provided 8903 loans Sanctioning Rs.1740.03 crores and Disbursing Rs.672.01 crores. The prominent lenders in this area were State Bank of India, State Bank of Hyderabad, State Bank of Mysore, State Bank of Travancore & Central Bank of India. (Mahesh Kumar, 2013).

The regulatory, legal and taxation related issues require to assess the entry restrictions under the banking and insurance laws. Also, legal protection must be ensured for the lenders of reverse mortgages from other creditors of secured loans under the insolvency laws. Provision of counselling for potential borrowers is also required to protect them from adverse publicity from legal suits. The absence of secondary markets and mortgage backed securitization and insurance of the reverse mortgage loans also present a challenge in the successful adaptation of these kinds of financial services in the country (Pahuja and Sanjeev, 2016). Further, reverse mortgages have risk mitigating as well as risk expanding properties depending upon the specification of the mortgage conditions such as the Cash rich/poor households and Home-rich/ poor households. Cash-rich and Home-rich households have better expected utility while Home-rich and Cash-poor households have lower expected utility in expanding their risks in case of early exit (Michelangeli, 2010).

Reverse Mortgage - Studies in the Indian context :

Reverse Mortgage is in the early stages of development in India and there are not many studies in this area. However, it is observed that there are 3 Research studies (Source : Shodhganga) related to Reverse Mortgages in India which

have been done, and we shall discuss the findings of the 3 studies, briefly :

1. Dinesh Dadasaheb Borse, 2014, Reverse Mortgage as a potential financial planning tool and its inclusion in financial plans of urban population of Maharashtra.

Research was based on primary data collected through Structured questionnaire from 400 individuals in the age group 30-60 years who have taken home loans from 2007 to 2013 in the cities of Mumbai, Pune and Nashik.

Key Findings:

- Individual's self-awareness about current status of his financial planning is related to adequate retirement planning.
- Individuals considering reverse mortgage loans as useful financial tool for retirement planning will be interested in buying second house.
- Individual's feeling that they have inadequate retirement planning, will be related to their view that RML is good financial shelter, during old age.
- It was observed that reverse mortgage has similar risks to that of bonds, small savings and fixed deposits; but it gives better returns than those products. Reverse mortgage can be a very good option considering risk and return analysis. It also does not need to invest any amount in the initial stages.

2. Sanjiv Kumar Saraswati, 2014, Reverse Mortgage Opportunities And Challenges- A Study of Indian Banking Sector.

This Research based on primary data collected through Structured questionnaires from 200employeesof 5 Banks& 500 Account holders from Delhi, Haryana & Noida (who did not have prior experience in Reverse Mortgage loans).

Key Findings:

- Proper publicity of RML products should be made.
- The dealing employees should be properly trained.
- The product should be included in the list of priority sector advances keeping in view its social importance.
- Rate of interest should be reduced so that the borrower gets more loan value.
- Legal bottlenecks should be removed by making required changes in rules
- Process should be so designed that the initial cost is not as high as it is today.
- To encourage the banks in popularizing the loan, RBI/ NHB should make refinance against these loans to support the banks.

- Regulators like RBI and NHB should closely monitor the progress made in disbursement of this product.

3. Mahesh Kumar, 2013, Reverse Mortgage As A Retirement Planning Tool: An Evaluation.

This Research and analysis based on primary data collected from eligible senior citizens (196 respondents) of age sixty years and above, having residential house property in their name and living in four important metro cities of Delhi, National Capital Region (Gurgaon, NOIDA and Faridabad), Jaipur and Tri sector of Chandigarh, Mohali and Panchkula. The questionnaire was framed keeping research objectives in mind and convenience of future data analysis.

Key Findings:

- The demographic factors that had significant bearing on Reverse mortgage were : Household status, Income from investments, Children contribution towards parents maintenance, Annual income.
- The countries of USA, Canada, Australia, New Zealand, UK, Ireland, Spain & Singapore had good and developed markets for Reverse Mortgage products and are well regulated.
- Many Respondents (individuals) wanted the following features : Lower rate of interest, More information on the product, Preferred variable annuity.
- Many Respondents'(individuals) perception/apprehensions about Reverse Mortgage were : It will reduce the value of asset they would leave their children, felt undignified to do this, may use it for medical emergency if it arises, scared of losing the home to this arrangement, the debt may become too high, upfront costs were high.
- Main Apprehensions of the Lenders were : Dealing with psychological aspects of Senior Citizens who are beneficiaries—their dislike for debt at old age and difficulty in understanding the product, Low demand, Risks involving—longevity, title, interest rate, property price fluctuations/valuations, Non-availability of returns on annual basis, Cash flows.

Why is Reverse Mortgage not popular in India :

The reason for Reverse Mortgage not being popular are :

Users/Senior Citizens' perspective :

- Being unaware of the scheme. Lack of wide publicity.
- Senior citizens feel that it is undignified to go for loan mortgaging the property, at an advanced age. This would be viewed by the society that either their children do not take

care of their old parents or they are unable to live within their means.

- Their bequest motive was very strong even in cases where children do not take care of their parents. They feel that taking RML may create tension within the family.
- RM will reduce the value of the property or they will lose the property, which they intend to bequeath to their children.
- Elders feel that their children and society will look down upon them for having created a liability on the Asset meant for the heirs.
- The initial costs like loan processing charges, documentation costs, and inspection and appraisal fees are quite high. Paying such high costs make sense if they are to use the product for its full tenure. Many seniors still prefer to avail and keep RML loan for short term and close it quickly. Initial costs appear too high when the loan facility is to be used for short term.
- The interest rate is high (Generally, the rates of interest for RML, globally, are 1-2% higher than the normal loans).
- The RML process is complicated.
- Due to higher interest rate which is accumulated to the loan until it is to be repaid, many seniors consider selling the property and investing the proceeds in a bank as a better option than reverse mortgage.
- Some seniors have a very high value property. But guidelines cap the total amount to Rs.50 Lacs. Hence, those having high value property are not preferring RML due to lower returns.
- Many senior citizens have not shown interest in the loan, as they are concerned that with maximum tenure of loan being fixed at 15 or 20 years, they could be deprived of the annuity at a time when they need it most. With increased life expectancy, this concern appears genuine. To address this concern, a new version of the product, known as "Reverse Mortgage Loan enabled Annuity" (RMLeA) has been created and being offered. This will provide a life time annuity to borrower. Where annuities are worked out, the annuities are too low compared to the property value (typically, the annuity is 0.2% of the property value).

Lenders' Perspective :

Most of the Banks/Financial Institutions have started the scheme based on the Regulator's directives (RBI/NHB), but they have their own apprehensions :

- Lack of promotion/publicity by Lenders about the RML schemes prominently in their premises or through media is one of the major

factors in RML scheme not taking off to desired levels.

- The employees of Banks/FIs administering the scheme are not aware and are not properly trained to handle the enquiries.
- The Bankers feel that explaining the product to the elderly and making them understand is difficult.
- The idea that loan is given but it does not earn interest until the maturity event which is generally the death of the borrower or his exit or sale of property, is not appealing to Lenders. Thus though the interest accrues, when it gets paid, is uncertain.

Advantages of Reverse Mortgage Loans :

Albeit all difficulties, availing Reverse Mortgage Loans have the following advantages :

- As individuals grow older, the probability of ill-health or suffering from major illnesses is high, resulting in huge medical expenses. The penetration of medical insurance is still very low in India. Also, Medical insurance cover after a certain age is either unavailable or prohibitively costly. In such a scenario most of the elderly are not medically insured post retirement. Reverse mortgage loan comes in handy in such circumstances for the elderly.
- RML can supplement retirement income for senior citizens with little or no pension. Elders can be financially independent.
- As the loan need not be paid back, there are no eligibility requirements like income/ repayment capacity or credit history requirements to avail this loan.
- Borrower gets Cash funds against his home equity, without having to move out
- Payments fall due when the borrower dies or permanently moves out. He thus gets the lifetime right to stay in his own home without any payment obligations.
- No upper age limit for getting this loan. In fact higher the age, more loan eligibility.
- The money received by borrower under RML is tax free.
- There is flexibility to the Borrower to receive the loan money in the form of a lump sum, annuity, credit line or combination of them as per his/her requirements.
- Reverse mortgage loan is a non-recourse loan. The borrower never owes more than the value of the home at the time of loan settlement. If the loan amount with accumulated interest grows to more than the value of house, loss is borne by the Lender.

- No restrictions on the use of funds except that they cannot be used for business or speculative purposes.
- At the macro level, implementation of reverse mortgage schemes could reduce the burden on the Government and employers who are paying pensions.
- As the real estate generally appreciates, and definitely so in a long term of 10-20 years, it is most likely that even after repayment of RML, the legal heirs would be left with funds, which takes care of the desire of elders to leave some inheritance to the children.

Suggested Measures to make Reverse Mortgage Popular in India :

- ✓ The Banks & Financial Institutions (FIs) :
  - Banks/FIs should be encouraged by the regulators RBI & NHB to promote the RML Schemes.
  - Information about RML should be prominently displayed in their websites and in their premises notice boards. Advertisements to be given through media suitably.
  - Train their employees specifically for this purpose in prominent locations—they can also have specialized Departments / Divisions/ Branches looking into RML in every city.
- ✓ The initial cost of processing, legal & technical vetting should be reduced and to be kept to the minimum. Some ideas are :
  - Charging Nominal Stamp Duty (say Rs.1000/-) and Registration Charges (say Rs.500/-) for Registration of Reverse Mortgages.
  - The Union Government can persuade State Governments to incorporate special status/ clauses under their Stamp Acts for Reverse Mortgages.
- ✓ To assuage the feeling of bankers towards uncertainty in the receipt of interest on RML, the following measures are suggested :
  - Funds Advanced (Net) under Reverse Mortgage can qualify, partially or fully to be categorised as part of mandatory expenses under Corporate Social Responsibility—say at least to the extent of 50% of the CSR expenses.
  - Government can provide Refinance to the Banks and FIs at concessional rates to the extent of loans advanced under RML.
  - Banks/FIs' Profit from earnings of loans under RML

schemes should be exempt from Income Tax.

- ✓ RML should be available for patients under prolonged Palliative care at Hospital/Nursing/Care Homes—who cannot get care at their own homes for prolonged periods beyond 1 year. (Presently under RML the borrowers should stay in their homes and if they are away for 12 months or more, then the maturity event is triggered making the entire dues becoming payable)
- ✓ RML to be applicable to properties which are partially rented, with owners staying in a part of the property.
- ✓ Making Mortgage Insurance compulsorily available as in the US HECM model. Though this would increase the cost to some extent, it will give the comfort to the Lenders.
- ✓ There can be a Regulatory authority to monitor RMLs of various Banks/ FIs.
- ✓ The Banking Training Institutes can conduct Certification programmes and the Agents can advocate RML schemes after getting certified.
- ✓ Reverse Mortgage can be a part of curriculum in Financial studies courses like B.Com, M.Com, CA, and in Social Service sectors—Bachelors/Masters Degree in Social Work, etc., so that awareness about RML gets into the society gradually.
- ✓ The people who work for the benefit of Senior citizens exclusively are those from NGOs and Health Care professionals, Hospitals, Clinics, etc. The message and advantages of RML should be carried through by these Agencies.

Conclusion :

It is seen that in the past decade or so, successive Governments have focused on a theme popularly referred as "Inclusive Growth", in which development measures are taken up to ensure that all sections of the society are equally cared for with special focus on addressing the problems specific to that section/community or group.

Reverse Mortgage is the most appropriate method to mitigate the financial difficulties of the Ageing population. However, much work remains to be done in popularizing the scheme. The main players who can contribute in bringing this product to full utilization and ensure financial sustenance to the Elders during their sunset years are :

(1) Government by suitable interventions,

(2) Banks/Financial Institutions—by publicizing the scheme and training their staff &

(3) Senior Citizens who should see and understand the obvious benefits of the scheme.

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