

ABSTRACT

Generational policy can be understood as one geared towards two goals: redistributing resources across generations and allocating to particular generations the burden of paying the government's bills. Generational accounting is relevant for evaluation and assessment of *generational policy*, the government's treatment of current and future generations. Generational accounts give the present value of the net amount that current and future generations are projected to pay to the government now and in the future.

The current study creates and analyses India's generational accounts and attempts to draw inferences about the possible policy changes that can be introduced to achieve generational balance and tackle the problem that the ageing population of India will pose in the future.

The findings suggest that in order to achieve a balance in fiscal policy across generations an immediate and permanent raise in tax rate of 21 percent or an equivalent cut in government consumption expenditure is needed.