

**Date:** 31.1.2018

**Publication:** Business World.in

### [If I Were The Finance Minister, The Union Budget Would Be](#)

One of the most important issues that the budget needs to address is lack of awareness about insurance in India. Insurance plays an important role in providing support to an individual/business/company in case of any unfortunate event

31 January, 2018 by Tapan Singhel

There are many expectations and speculations around the Union Budget 2018 with the impact of Goods and Service Tax (GST), a welcome move by the government whose real effect will be seen in the time to come and the GDP growth showing signs of slowdown estimated at 6.5% this year compared to 7.1% last year. The fiscal deficit stood at Rs 5.25 lakh crore by end of October, touching 96% of the full-year, raising concerns of slippage in the current financial year.

I feel, a budget with several welfare schemes will be announced to raise the overall consumer and investor sentiments with the impending General Elections in 2019. Infrastructure projects with short gestation period can fuel the growth of the economy. Apart from that, a hike in the income tax exemption limit with some changes in the tax slabs for both individuals and corporates will lighten the burden of the taxpayers. However, there needs to be a right mix which ensures the tax burden is not much and at the same time, there are enough resources to mobilize towards infrastructure development.

One of the most important issues that the budget needs to address is lack of awareness about insurance in India. Insurance plays an important role in providing support to an individual/business/company in case of any unfortunate event. The financial stability of the society, in turn, contribute towards the economic stability and growth of the country.

I have noticed that countries with high penetration of health insurance, have citizens who have higher life expectancy compared to the citizens of those countries who have poor health insurance. Due to lack of awareness and inappropriate infrastructure, penetration of health insurance in India is still a topic of concern which can be addressed by introducing various measures in the Union Budget. Firstly, the government can make it mandatory for the employers to provide health insurance to all their employees. They can introduce a health insurance scheme for the masses which will help reach out the benefits of health insurance in remote areas. Lastly, there's a need to increase the tax exemption limit under Section 80 D as it doesn't match with the medical inflation which is increasing by at least 15% - 17% each year.

Current losses due to natural catastrophes that recently happened in places like Chennai, Bengaluru, etc., the uninsured losses belong to the lower strata of society. The low penetration of home insurance wipes away the entire lifetime savings which is as big as a worry as failing health is in old age. It is also rather disheartening to see that incurred losses or damage is much more than the insured loss. A home insurance scheme in association with insurance companies can be implemented that would cover losses to property due to catastrophic events. An index based policy can be announced which will compensate for the damage caused by the natural catastrophe where the triggers of the Nat-Cat event will be predefined. The premium of the same can be collected while taking property tax and once the claim is triggered, it can be directly transferred to beneficiary's Jan Dhan Account linked to the home insurance policy.

These initiatives will not only improve the penetration of insurance in the country, but will also ensure that citizens have access to good healthcare and their assets are secured. Participation of insurers in these initiatives will certainly reduce the impact of such catastrophic events on the Government.