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### [Role Of Insurance Sector In Budget 2024-25](#)



Budget 2024-25, presented by Union Minister of Finance Minister Nirmala Sitharaman marks a significant milestone in India's journey towards 'Viksit Bharat'.

With a strong focus on inclusive growth, economic resilience, and sustainable development, this Budget sets the stage for transformative changes across various sectors of the economy. The Budget's emphasis on employment and skilling is a standout feature, with the allocation of Rs 1.48 lakh crore for education, employment, and skilling initiatives. This significant investment is a testament to the government's commitment towards empowering the youth. The introduction of schemes aimed at providing a one-month wage to new entrants in the workforce, and incentives for job creation in the manufacturing sector are expected to benefit millions of young Indians. The insurance sector, as one of the largest employers in the country, is well-positioned to contribute to this job creation, fostering a more robust economic environment.

The agricultural sector has also received a significant boost with provisions for releasing new high-yielding and climate-resilient crop varieties, promoting natural farming, and enhancing support for shrimp production and export. These measures are geared towards increasing productivity and ensuring the resilience of our agricultural practices in the face of climate change. Infrastructure development continues to be a priority, with a substantial allocation of ₹11.11 lakh crore, representing 3.4 per cent of the gross domestic product (GDP).

The Budget outlines a plan for developing industrial parks, expanding urban housing under the PM Awas Yojana Urban 2.0, and make significant investments in water supply, sewage treatment, and solid waste management projects. These initiatives will enhance citizens' quality of life and create a conducive environment for business growth.

From an insurance industry perspective, the Budget presents numerous opportunities. The expansion of digital public infrastructure and the emphasis on financial inclusion will enable the insurance sector to reach new markets and enhance penetration. The Budget's provisions for life insurance companies include the inadmissibility of non-business expenditure in computing profits and gains, amendments to the CGST Act that exempt co-insurance and re-insurance transactions from GST, and the inclusion of taxes withheld outside India as deemed income for better tax management . Elsewhere, the reduction in TDS rates from 5 per cent to 2 per cent for insurance commission payments will ease the financial burden on agents and streamline the deduction process for insurance companies.

Additionally, the reduction in TDS rates from 5 per cent to 2 per cent for life insurance policy payments will benefit policyholders by reducing the tax burden on payouts. The development of digital public infrastructure (DPI) applications in areas, such as credit and insurance will enhance productivity, create business opportunities, and drive innovation within the insurance sector.

The Budget has laid out substantial provisions for various sectors which can indirectly benefit the insurance industry by stimulating overall economic growth and stability. The allocation of Rs 89,287 crore towards the health sector can boost health insurance demand, while the Rs 1.48 lakh crore for education and skilling initiatives aims to improve human capital, thus leading to higher life and health insurance penetration. Significant investments in infrastructure projects, including the National Industrial Corridor Development Programme, are likely to drive economic growth and increase the demand for various types of insurance.

In conclusion, Union Budget 2024-25 lays a strong foundation for sustainable growth and development. The insurance industry is poised to play a crucial role in this journey, partnering with the government and other sectors to safeguard the economic well-being of our citizens. As we progress, the insurance sector will continue to be a pillar of support, driving resilience and prosperity in the Indian economy.