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### [India: Insurers welcome Federal Budget for 2026-27](#)



India's Union Minister for Finance and Corporate Affairs, Mrs Nirmala Sitharaman, yesterday presented the Union Budget for the financial year 2026-2027 in Parliament. Reacting to Mrs Sitharaman's nearly 90-minute-long Budget speech, the Indian insurance industry describes it as one that lays out the government's economic roadmap anchored in growth, investment and fiscal stability.

Asia Insurance Review spoke with several industry leaders for their views on the Budget for the fiscal year starting on 1 April 2026 (FY2027) and its implications for the Indian insurance industry.

Bajaj General Insurance MD and CEO and General Insurance Council Chairman Dr Tapan Singhel said, "The focus on the fundamentals that make growth more broad-based is encouraging. Stronger cashflows for micro, small and medium-sized enterprises (MSMEs), deeper formalisation, and sustained investment in skills and healthcare capacity are what was required.

"For the insurance sector, this translates into a larger base of insurable assets and a wider opportunity to expand protection and bolster the country's resilience across projects, enterprises, and households. We also welcome Bharat-VISTAAR, a multilingual AI advisory tool for farmers, which can help reduce uncertainty and support more resilient outcomes in agriculture."

Insurance Brokers Association of India President Narendra Bharindwal said, "The Union Budget for 2026-27 is a strong enabler for deepening insurance penetration by addressing the root causes of under-insurance. These include income volatility, informalisation, climate risk and infrastructure gaps.

"The sustained thrust on capital expenditure, infrastructure creation, and urban renewal will directly expand the insurable asset base. Large-scale investments in roads, logistics parks, ports, renewable energy, and affordable housing automatically translate into higher demand for engineering, property, liability, motor, and workers' compensation covers, making insurance a natural companion to growth, not an afterthought."

Mr Bharindwal said this Budget "moves insurance from being optional to being embedded. Equally important is the emphasis on climate resilience, disaster preparedness, agriculture, and rural infrastructure."

“Investments in irrigation, climate-adaptive farming, and disaster mitigation open the door for the wider adoption of crop insurance, parametric covers, and catastrophe protection, especially in regions that are currently underinsured but highly vulnerable.”

He said, “Insurance penetration rises most sustainably when growth is broad-based and resilient. This Budget clearly moves India in that direction.”

Universal Sompo General Insurance MD and CEO Sharad Mathur said, “The focus on infrastructure development, MSME expansion, and climate-resilient actions is heartening as it lays a strong foundation for sustained economic stability in the long run.

“As India moves ahead on the path of resilient infrastructure, stronger financial systems, and greater digital adoption, the general insurance sector will assume a more significant role in protecting assets, facilitating business continuity, and contributing to the long-term economic development of the country.”

IndusInd General Insurance CEO Rakesh Jain said, “The Union Budget 2026–27 creates strong tailwinds for the general insurance sector. The MSME-focused measures, including the INR100bn (\$1.9bn) SME Growth Fund, additional support for the Self-Reliant India Fund, and many more such welcome moves, expand formalisation and improve liquidity for small businesses.

“These steps broaden the base of insurable enterprises and support the wider adoption of property, liability, marine, cyber and employee health insurance in the country.”

“The reforms related to motor insurance, particularly the exemption of income tax on interest awarded by the Motor Accident Claims Tribunal and the removal of TDS (Tax Deducted at Source), will meaningfully improve claimant outcomes and reinforce trust in the claims process. This will help motor insurance become more customer-centric and responsive,” Mr Jain added.

Generali Central Life Insurance MD and CEO Alok Rungta said, “The Union Budget is one of the most holistic in recent times, with a clear focus on inclusive growth. That said, there was an expectation that tax concessions for life insurance and retirement products would be revisited, as current limits no longer align with rising incomes and evolving life-stage needs. Enhanced and simpler incentives could play a meaningful role in addressing India’s protection gap.”

Mr Rungta said, “The Budget’s push for job creation, healthcare and connectivity is expected to strengthen household incomes. As more families become financially active, this environment underscores the growing need for life insurance not just as protection, but as a practical means to ensure income continuity and long-term financial security.”

PB Fintech Joint Group CEO Sarbvir Singh said, “A strong push towards manufacturing in India anchors the Budget’s growth strategy. This is complemented by people-first measures, such as exempting interest awarded by Motor Accident Claims Tribunals from income tax, ensuring that compensation intended for accident victims and their families is received in full.

“The Budget reflects a careful balance between growth and fiscal prudence, critical for advancing India’s 'Viksit Bharat' ambition.” Viksit Bharat 2027 is the Indian Government's vision to transform the country into a developed nation by 2047.

Mr Singh added, “Looking ahead, the Budget also lays the groundwork for future-ready growth by encouraging innovation, technology adoption and global capital participation. Steps to expand NRI (non-resident Indian) investment limits strengthen India’s capital base, while a growing focus on healthcare and digital infrastructure

addresses foundational needs. Together, these measures position India to build a more inclusive and sustainable financial system for the next decade.”

Law firm Khaitan & Co's Partner Rahul Jain said, “The Government has continued strengthening the tax incentive regime for GIFT City. The tax holiday period on business income earned by a unit in the International Financial Services Centre has been increased from 10 to 20 years (out of a block of 25 years).

“Post the expiry of the tax holiday period, the business income shall be taxed at the lowest rate of 15%. This is a shot in the arm and provides great certainty for clients looking at setting up their base in GIFT City (including fund management entities, investment advisors and service providers).”

He also said, “This incentive boosts the endeavour of the Government to make GIFT City an international financial services centre, in the true spirit, for all the international players.”