

Over the years with persistent Government efforts, the insurance penetration (premiums to GDP) in India increased from 2.71% in FY01 to 5.20% in FY09 but thereafter the level of penetration was declining and reached 3.30% in FY14. In 2015, Government of India launched 2 insurance schemes - Pradhan Mantri Suraksha Bima Yojana (PMSBY) that covers accidental cover of Rs 2 lakh with Rs 12 premium & Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) for life cover of Rs 2-lakh with Rs 330 premium - to provide insurance cover to the mass at a cheaper rate. Subsequently, the insurance penetration has started increasing again from FY15 and is at 4.20% in FY20. The pandemic induced disruption did result in a behavioural change of households with the life insurance industry registering a smart growth, with new premium collections expanding by 7.5% and individuals single premium growing by 36.19% in FY21.

The cumulative number of enrolments under insurance and pension schemes across all entities in India today stand at 68.98 crores, of which there are 10.34 crore persons enrolled in PMJJBY and 23.40 crore persons in PMSBY, with claim servicing ratio of 93.7% & 77.3% respectively. It is interesting to note that the number of people covered through life insurance by insurance companies during May'15 to Jul'21 stands at around 17 crore, while Government sponsored PMJJY scheme has enrolled 10 crore people during the same period.

There has also been a significant progress regarding pension coverage for unorganised sector workers. For example, under APY, 3.13 crore of persons have been enrolled till June 2021 with male to female subscription ratio of 56:44. Apart from APY there are 3 more Government sponsored pension schemes for unorganised sectors which were launched to provide old age protection. The schemes envisage for providing minimum assured monthly pension of Rs 3000 after attaining the age of 60 years. The monthly contribution ranges from Rs 55-Rs 200 depending upon the entry age of the beneficiary. **Currently there are 1.1 crores enrolments under such schemes.** Further, it is interesting to know that the women share in insurance is increasing in India. In FY20, the women share was 32% in terms of number of policies. However, in the Government sponsored schemes, the women shares stands at 37% in PMSBY, which is encouraging.

We recommend that the ambit of providing social security succour to unorganised sector could be further enhanced through 2 simple measures.

First, though MGNREGA has provided Livelihood Security we propose MGNREGA to be also a provider of Social Security. Thus for every 100-day worked, the Government can make a defined contribution of say 10 days for creating a social security. Further, there should be compulsory enrolment of MGNREGA workers in PMJJBY and PMSBY for a payment of only Rs 342 (330+12). **As only 10% of HHs/individuals complete 100 days of work, the cost of compulsory enrolment will be only Rs 400-500 crore that can be borne by the Government and this could immediately benefit at least 1 crore additional people.**

Second, to achieve the Universal Health Coverage, Government has launched Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB-PMJAY) and a total of 16.14 crore Ayushman cards have been issued to the scheme beneficiaries. However, Government should launch an opt-in scheme for health insurance in line with Jan Suraksha schemes. The opt-in scheme may be implemented by auto debit amount from the interest from savings account and paying towards Mediclaim policy. **The approximate size of the health insurance now is Rs 58,572 crore and savings bank interest is at least Rs 1.35 lakh crores. With the number of Jan Dhan accounts at 40 crores, the health insurance unveiled might potentially double the existing Ayushman coverage in one go!**

INSURANCE FOR ALL - "JAN SURAKSHA"

- ◆ In the Union Budget 2015-16, Government announced the introduction of universal social security schemes in the Insurance and Pension sectors for all Indians, specially the poor and the under-privileged, with voluntary subscription to the scheme at a nominal price. Consequently, on 09 May 2015, Government of India has launched 2 insurance schemes - Pradhan Mantri Suraksha Bima Yojana (PMSBY) that covers accidental cover of Rs 2 lakh with Rs 12 premium & Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) for life cover of Rs 2-lakh with Rs 330 premium— in a view to enhance the level of insurance penetration in the country and to provide insurance cover to the mass at a cheaper rate.

Insurance & Pension Schemes: Status So Far (in crore)		
	Scheme	Enrolments
Insurance	PMSBY	23.40
	PMJJBY	10.34
	PMJDY	31.00
Pension	APY	3.13
	PM-SYM	0.45
	PM-KMY	0.21
	NPS-Traders ('000)	44

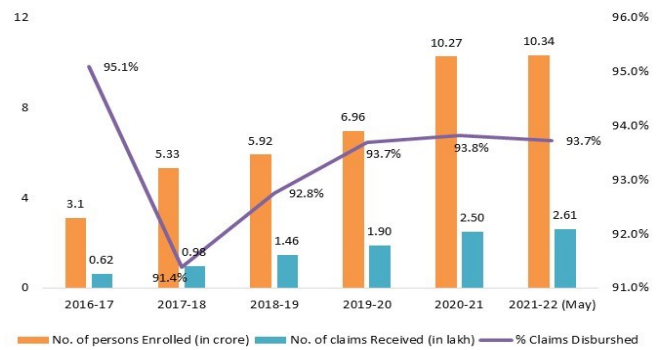
Source: SBI Research

- ◆ Till May 2021, cumulatively there are 10.34 crore persons enrolled in PMJJBY and 23.40 persons in PMSBY, with claim servicing ratio of 93.7% & 77.3% respectively. Apart from the PMJJBY & PMSBY, all the PMJDY account holders with debit card, are covered with inbuilt accident insurance cover of Rs 2 lakh.
- ◆ It is interesting to note that the number of people covered through life insurance by insurance companies during May'2015 to July 2021 stands at around 17 crore, while Government sponsored PMJJY scheme has enrolled 10 crore people during the same period.
- ◆ During FY20, the general insurance industry has covered a total of 156 crore number of lives under Personal Accident insurance, which includes 62 crore through insurance companies, and 94 crore under Government Sponsored Schemes (namely PMSBY: 23.30 crore, PMJDY with Debit Card: 31 crore, and IRCTC Travel Insurance for e-ticket passengers).
- ◆ Further, it is interesting to know that the women share in insurance is increasing in India. In FY20, the women share was 32% in terms of number of policies. However, in the Government sponsored schemes, the women shares stands at 37% in PMSBY and 27% in PMJJBY, which is encouraging.
- ◆ Over the years with persistent Government efforts, the insurance penetration in India has increased from 2.71% in FY01 to 5.20% in FY09 due to liberalisation but thereafter the level of penetration was declining and reached 3.30% in FY14. However, with the Government support and universal insurance schemes, the insurance penetration started increasing again from FY15 and is at 4.20% in FY20.

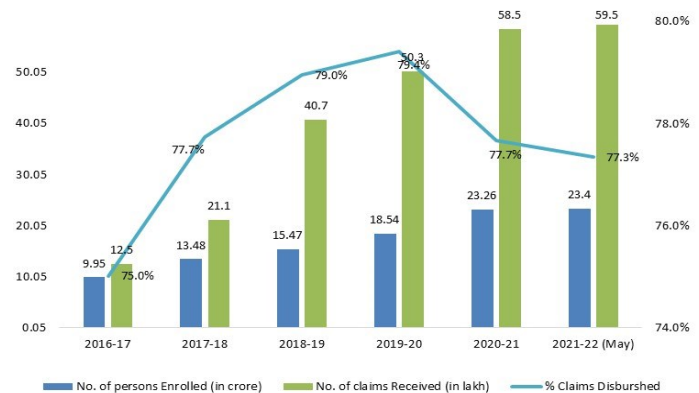
SOCIAL SECURITY SCHEMES BY GOVERNMENT

- ◆ To address the longevity risks among the workers in unorganised sector and to encourage the workers in unorganised sector to voluntarily save for their retirement, who constitute 88% of the total labour force, Government has launched the Atal Pension Yojana (APY) on 9th May 2015. The objective of APY is to deliver old age income security particularly to the workers in the unorganised sector and Government providing guarantee of minimum pension after 60 years of age. Under APY, 3.13 crore of persons enrolled till June 2021 and the scheme has been implemented comprehensively across the country covering all states and UTs with male to female subscription ratio of 56:44.

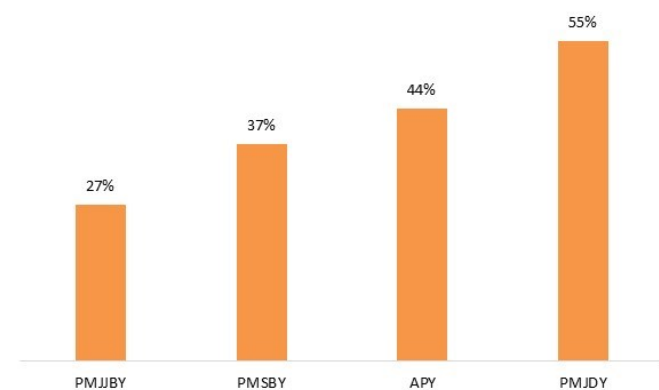
Progress of PMJJBY



Progress of PMSBY



Financial Empowerment of Women



India's Insurance Penetration & Density Trend



Source: IRDAI, DFS, PMJDY, SBI Research

- ◆ Apart from APY there are **3 more Government sponsored pension schemes** for unorganised sectors which were launched recently: **(1)** Pradhan Mantri Shram Yogi Maan-Dhan Yojna, (PM-SYM), a pension scheme for the Unorganised Workers. **(2)** National Pension Scheme for the Traders and Self Employed Persons (NPS-traders) to provide old age protection to them. As of today 45.1 lakh people have enrolled for PM-SYM and 44,200 for NPS-Traders. **(3)** Pradhan Mantri Kisan Maandhan Yojana (PMKMY) for old age protection and social security of Small and Marginal Farmers. Currently there are 21.42 lakh farmers enrolled in this scheme. The schemes envisage for providing minimum assured monthly pension of Rs 3000 after attaining the age of 60 years. The monthly contribution ranges from Rs 55-Rs 200 depending upon the entry age of the beneficiary.
- ◆ Despite Governments sustained efforts, social security still remains a challenging issue for addressing the rapidly increasing aging population of India. Going forward, there is a need to increase the pension coverage as only 5% of the eligible population has been covered under APY.

NEED FOR HEALTH INSURANCE FOR ALL: IN LINE WITH JAN SURAKSHA SCHEMES

- ◆ To achieve the Universal Health Coverage, Government has launched Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB-PMJAY) on 23rd September 2018. As on 20.07.2021, a total of 16.14 crore Ayushman cards have been issued to the scheme beneficiaries.
- ◆ However, Government should launch an opt-in scheme for health insurance in line with Jan Suraksha schemes. The opt-in scheme may be implemented by auto debit amount from the interest from savings account and paying towards Mediclaim policy. The approximate size of the health insurance now is Rs 58,572 crore and savings bank interest is at least Rs 1.35 lakh crores. The Government might also consider exempting retail and health focused products from GST.

PROVIDING SOCIAL SECURITY TO MGNREGA WORKERS

- ◆ The MGNREG Act 2005 provides enhancement of livelihood security, giving at least 100 days of guaranteed wage employment in every financial year to every household (HH), whose adult members volunteer to do unskilled manual work.
- ◆ The data indicate that during FY21, 7.55 crore HHs (or 11.19 crore individuals) worked under MGNREGA as compared to 5.48 crore HHs (or 7.88 crore individuals) worked during FY20.

Saving Deposits of ASCBs (Mar-20)				
Population Group	Number of Accounts	Amount	Average balance per a/c	Interest earned @3.0%
	in crore	Rs lakh crore	Rs	Rs lakh crore
Rural	63.6	8.1	12677	0.24
Semi-urban	53.9	10.4	19247	0.31
Urban	27.1	10.3	37900	0.31
Metropolitan	28.3	16.4	58021	0.49
ALL-INDIA	173.0	45.2	26109	1.35

Source: RBI; SBI Research

Households (HHs) Completed 100 days of work under MGNREGA			
In Crore	Total HHs Worked	HHs Completed 100 days	% of HHs Completed 100 days
FY13	5.0	0.52	10.4%
FY14	4.8	0.47	9.7%
FY15	4.1	0.25	6.0%
FY16	4.8	0.49	10.1%
FY17	5.1	0.40	7.8%
FY18	5.1	0.30	5.8%
FY19	5.3	0.53	10.0%
FY20	5.5	0.41	7.4%
FY21	7.6	0.72	9.5%
FY22 (till 11 Aug)	5.1	0.06	1.2%

Source: SBI Research

- ◆ Even in FY22, 5.06 crore HHs worked so far under MGNREGA. However, the number of HHs who completed 100 days of work is around 10% of total HHs. During FY21, 72.0 lakh HHs completed 100 days of work as compared to 40.6 lakh in FY20.
- ◆ Though MGNREGA has provided **Livelihood Security** we propose MGNREGA to be also a provider of **Social Security**. Thus for every 100-day worked, the Government can make a defined contribution of say 10 days for creating a social security like APY/PM-SYM. Further, there should be compulsory enrolment of MGNREGA workers in PMJJBY and PMSBY for a payment of only Rs 342 (330+12), which can be bought by the Government. As only 10% of HHs/individuals completed 100 days of work, the cost of compulsory enrolment is only Rs 400-500 crore that has to be borne by the Government (we assume that in FY22 ~12-13 crore individual will work under MGNREGA).
- ◆ In principle, a comprehensive database of a basic social security framework for migrants, preferably through a simple interstate self-registration process that can be authenticated through SMSs, may be developed. This could be enhanced to include migrant children in the annual work plans of the Sarva Shiksha Abhiyan and even access to skill programmes.

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