

# Health Insurance Firms Seek Increase In Limit Of Tax Deduction In Section 80D

Budget 2021: The budget allocation for the healthcare sector could be around two per cent to 2.25 per cent of the gross domestic product (GDP), according to Brickwork Ratings

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Budget 2021: Currently, the country's healthcare spending is at 1.29 per cent of GDP

“Due to the Covid-19 pandemic situation, the consumer mind set has undergone a tectonic shift from looking at health insurance as a priority to seeing it as a necessity. Whether it is the government, bureaucracy, industry, media, or common man, we are all now discussing protecting lives and financing for the same in the form of health insurance,” said Mr. Prasun Sikdar, MD and CEO Manipal Cigna Health Insurance Company Limited.

The COVID-19 pandemic has revealed the serious gap between supply-demand imbalances, which is a lingering issue and needs to be addressed with a structural course of action, he explained.

"Health insurance has become an essential commodity and needs to be slotted in the five per cent GST tax slab along with commodities such as food items to make it more affordable for people to get access to quality healthcare care. Also, the increase in the limit of tax deduction in Section 80D of the Income Tax Act can help better penetration of health insurance," added Mr. Prasun Sikdar.

**Budget 2021:** The government spend on the healthcare sector is expected to be around ₹ 50,000-Rs.60,000 crore which in turn, would have a higher share on the budgetary allocation for the sector, rating agency Brickwork Ratings said in its report titled 'BWR Pre-Budget Expectations FY22'. With the current inadequate infrastructure in healthcare segments - specifically, the doctor to patient ratio of 1: 1456 and beds to patient ratio of 131: 100000, the budget allocation for healthcare could be around two per cent to 2.25 per cent of the gross domestic product (GDP), considering the government's policy to increase healthcare spending to three per cent of the GDP by 2022.

Health insurance companies along with medical experts and analysts believe that the government must increase the investment in R&D and equipment to support scientific research, for developing a robust healthcare system. Other experts seek health insurance to come under the ambit of five per cent GST tax slab for better penetration of health insurance scheme for the common man.