



SIGNIFICANT STRIDES MADE IN PENSION AND INSURANCE COVER PROVIDING SOCIAL SECURITY OVER THE YEARS

WITH A CAGR OF 9.5 PER CENT AS OF 31st DECEMBER, NPS SUBSCRIBERS GROW TO 211.7 LAKH UPTO DECEMBER 2025

PFRDA FOCUSES ON WIDENING SOCIAL SECURITY NET UNDER NPS e-SHRAMIK MODEL TO ENCOMPASS INDIA'S VAST INFORMAL WORKFORCE INCLUDING GIG WORKERS

STRUCTURAL SHIFT IN THE 'NON-LIFE' INSURANCE SEGMENT; HEALTH INSURANCE ACCOUNTS FOR 41% OF GROSS DOMESTIC PREMIUM

22,076 INSURERS' OFFICES AND NETWORK OF 83 LAKH DISTRIBUTORS DRIVING INSURANCE COVERAGE

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Significant strides have been made in providing social security cover to citizens in terms of pension and insurance, highlighted the Economic Survey tabled by Union Minister for Finance and Corporate Affairs Smt. Nirmala Sitharaman, in Parliament today. India's regulatory bodies for insurance and pension - IRDAI and PFRDA – have advanced reforms to deepen financial inclusion and extend protection to underserved segments, the Survey added.

Pension Sector

The Survey highlights that the Pension Fund Regulatory Development Authority (PFRDA) has laid the groundwork for a vibrant pension system, offering a range of options for its users and covering a broad population bracket. India's pension landscape features a multi-tiered system dominated by the market-linked National Pension System (NPS), government backed Unified Pension Scheme (UPS) launched in 2025, and other schemes like the Employees' Provident Fund (EPF) and Atal Pension Yojana (APY) for broader coverage.

As of 31st December 2025, there were 211.7 lakh subscribers to NPS and managed assets worth ₹16.1 crore. Over the past decade (FY15 to FY25), NPS subscribers have grown at a CAGR of 9.5 per cent, and the assets under management (AUM) have rapidly increased at a CAGR of 37.3 per cent. Similarly, since

its inception in 2016, APY subscriptions have grown at a robust CAGR of 43.7 per cent, and AUM has shown exemplary growth at a CAGR of 64.5 per cent, the Survey informed.

The Survey observes that the PFRDA has focused on widening the social security net to encompass India's vast informal workforce. Launched in October 2025, the NPS e-Shramik model targets platform (gig) workers and integrates them into mainstream retirement savings. Further, PFRDA is partnering with Farmer-Producer Organizations (FPOs) and MSMEs to bring pension coverage to more workers in the agriculture sector, including farmers, FPO members, and participants of self-help groups through the NPS and APY.

The Survey notes that persistent awareness gaps prevail, with low-income and rural households maintaining limited exposure to long-term retirement products. Recent efforts, such as simplified onboarding, NPS Lite variants, APY outreach campaigns, e-NPS, Digital KYC, flexible contribution structures and targeted products for minors, gig workers, and farmer groups, demonstrate the progress being made in closing these long-standing coverage gaps.

The Survey prescribes that way forward for India's pension ecosystem lies in a calibrated expansion of both contributory and non-contributory schemes. Engagement with state governments, cooperatives, farmer networks, and gig-platform companies can ensure last-mile reach. An area for further progress is regulatory coherence. The Survey quotes Studies that highlight the need for better alignment between EPFO, PFRDA, and state-level pension bodies to reduce fragmentation, enhance portability, and streamline governance.

The Survey further adds that expanding interoperability across NPS, APY and other schemes will support seamless portability as workers shift sectors or migrate. Strengthening actuarial capabilities, improving risk-modeling frameworks, and promoting long-duration investment channels can enhance both resilience and returns. With sustained institutional strengthening, India is well-positioned to develop a pension system that is inclusive, future-ready, and anchored in global best practices, it noted.

Insurance Sector

The Indian insurance sector is undergoing a significant transformation, driven by the vision of 'Insurance for All by 2047'. The Economic Survey highlighted that the Insurance Regulatory Development Authority of India (IRDAI) has transitioned towards a principle-based framework that consolidates regulations, reduces compliance burdens, and provides insurers with greater flexibility to innovate. Meanwhile, the Sabka Bima Sabki Raskha (Amendment of Insurance Laws) represents its commitment to digitizing the insurance ecosystem and democratizing coverage.

The Survey further states that structural shifts are evident in the 'non-life' insurance segment, where health insurance, accounting for 41 per cent of the gross domestic premium, has overtaken motor insurance as the leading business line. In the 'non-life' sector, net incurred claims escalated by over 70 per cent since FY21 to ₹1.9 lakh crore in FY25, primarily driven by the Health and Motor segments. While, life insurance segment dominates the landscape, holding 91 per cent of the total AUM and contributing approximately 75 per cent of the premium income. Life insurers paid benefits totaling ₹6.3 lakh crore in FY25, the Survey pointed out.

All 26 life insurers, 26 non-life insurers, seven health insurers and two specialised insurers are active and supported by a network of over 83 lakh distributors. The total number of insurers' offices stood at 22,076 as of March 2025. Complementing this physical reach, the distribution network—comprising agents, point of sales persons, and institutional partners—grew significantly from approximately 48 lakh in FY21 to nearly 83 lakh in FY25, the Survey added.

The Survey points out that exemption in GST on life insurance and individual health insurance policies has provided substantial relief to policyholders and made insurance services more affordable. The enactment of ‘Sabka Bima, Sabki Suraksha Act, 2025’ will usher in the much-awaited reforms in the insurance sector. An increase in the FDI limit to 100 per cent, accompanied by other amendments, paves the way for ease of doing business and enables the expansion of the sector, it added.

The insurance sector stands at a pivotal juncture, as it remains constrained by a ‘low-penetration, high-cost’ equilibrium driven by a high-cost distribution model that has inflated the cost of protection. The Economic Survey prescribes that the path forward necessitates decisive shifts, wherein, insurers must prioritize the digitization of distribution to rationalize acquisition costs and restore ‘value for money’ to the policyholder.

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