United International Journal of Multidisciplinary Research (UIJMR) An International Peer-Reviewed and Refereed Multidisciplinary Journal
ISSN: 3048-6726 Impact Factor:6.934(SJIF)Volume-3, Special Issue-10

Health Insurance as a Pillar of Social Security in India: Challenges, Opportunities and the Way Towards Viksit Bharat@2047

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DOI:10.37854/UIJMR.2026.310.425

ABSTRACT
Health plays a major role in a country's economic and social development. People currently struggle to manage healthcare costs due to rising medical inflation, lifestyle changes, and unexpected medical emergencies. Health insurance helps people and families manage healthcare costs and protects them from unexpected financial burdens.

India has made significant progress in raising awareness and expanding health insurance coverage through government-backed schemes such as Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB-PMJAY), Ayushman Arogya Mandirs, and state government schemes like Telangana Rajiv Arogya Sri Scheme, Andhra Pradesh's Dr YSR Arogyasri, and Karnataka's Yashwini health scheme. It has also taken steps to improve financial protection and reduce out-of-pocket healthcare expenditure, and has expanded public and private health insurance programmes to reach every individual with a customised policy. Lack of awareness, complex terms, high private-insurer premiums, concerns about claim processing, and unequal access to quality healthcare continue to affect the effective use of health insurance and remain major hurdles. This paper examines the opportunities and challenges of expanding health insurance and its role as a key part of our country's social security. This paper draws on secondary data collected from government reports, insurance-related reports, research studies, and other reliable sources. To achieve Viksit Bharat@2047, it suggests focusing on better infrastructure, affordable health protection, simple claim processing, using local languages for policy documents, and clearer explanations of terms and conditions and access to healthcare

services, rather than simply increasing the number of insured people. This paper focuses on awareness, affordability, digital technology, rural coverage, consumer protection, public-private partnerships, and improved healthcare infrastructure.

Keywords: Health Insurance, Social Security, Financial Protection, Health Coverage,Digital Health, Viksit Bharat@2047, India

Introduction:

The country needs its citizens to be healthy. A Healthy population earns more and contributes to the economy, supporting the country's development. In India, rising healthcare costs and other hospitalisation expenses are putting lower- and middle-income families under financial strain. This may lead them to spend their savings, sell their assets, and take loans.

Health insurance is one of the main waysto help people avoid this financial trouble. Health insurance covers your expenses according to the terms of the policy. It may offer cashless treatment at network hospitals and reimburse expenses you incur. As the healthcare sector grows, the importance of health insurance has also increased. In India, there are

public health programmes mainly for underprivileged sections of the country, and private insurers that offer insurance to individuals, families, employees, and senior citizens.

Health insurance alone does not ensure social security. People may have insurance yet still face Challenges such as lack of awareness, exclusions, waiting periods, deductibles, co-payments, inadequate sum insured, limited hospital availability, and difficulty understanding policy conditions. So, the discourse needs to shift from “How many people are insured?” to “How effectively are people financially protected when they need healthcare?” This issue is particularly important in the context of Viksit Bharat@2047, which aims to build a developed, inclusive and economically strong India by 2047.

The central idea of this paper can be represented as follows,

Health Insurance ⇨ Financial Protection⇨Access to Healthcare⇨Reduced Household Financial Burden⇨Greater Economic Security⇨Stronger Social Security ⇨ Inclusive Economic Growth⇨Viksit Bharat@2047.

Concept of Health Insurance:

Health insurance is a financial agreement where the insurer offers financial protection against specified healthcare expenses in return for a premium. Depending on the policy type, the insurer may cover hospitalisation expenses, surgery expenses, pre- and post-hospitalisation expenses, day-care procedures, emergency treatment, certain preventive health services, and critical illness; it also determines whether the policy is cashless or reimbursement-based.

❖ **Health Insurance and Social Security:**

Social security refers to strategies that protect individuals and families against major economic threats such as illness, disability, old age, unemployment, and loss of income.Health insurance is a key part of social security because illness can affect both health and income. Health insurance can reduce emergency medical expenses and indirectly strengthen a family's overall financial security.Therefore, health insurance contributes to social security in several ways:

- Protection from high medical expenses and emergency expenditure.
- Insurance can improve access to hospitals and medical treatment, particularly where cashless services are available.
- Government health schemes can protect economically weaker households and other identified groups.
- Support for economic stability, i.e., health insurance, is closely connected with social security and inclusive economic development.

❖ **Objectives of the Study:** The main objectives of this paper are

- To study the role of health insurance as a pillar of social security in India.
- To understand the importance of health insurance in providing financial protection to households, and rural and urban inclusion in health insurance.
- To identify the major challenges and examine the opportunities affecting health insurance coverage in India.
- To suggest a roadmap for strengthening health insurance as part of social security towards Viksit Bharat@2047.

- **Methodology of the study:** This study is based on secondary data collected from government reports, insurance-related reports,Government of India reports, IRDAI reports, publications,Ayushman Bharat-related official information, and research papers and academic studies. The study uses a descriptive and analytical approach.

- **Health Insurance Situation in India**

Over the years, India's health insurance sector has expanded considerably. Health insurance is now an integral part of the non-life insurance sector.Health insurance includes both government-supported schemes and private insurance products. Government programmes focus on vulnerable populations, while private insurers offer individual, family, employer-based, and specialised health insurance products. A January 2026 Government release based on the Economic Survey reported that health insurance accounted for about 41% of gross domestic premium in the non-life insurance segment.This shows that health insurance has become a major part of the Indian insurance industry. However, the size of the insurance market should not be measured only by numbers; it should be measured by complete health protection. Insurance coverage, affordability, quality of healthcare, and effective policy use are all important to reach everyone effectively.

- **Health Insurance and Financial Protection:** One of the main reasons for the expansion of the health insurance sector is that it reduces out-of-pocket expenses. The Economic Survey 2024–25 reported that the percentage of out-of-pocket expenditure in total health expenditure declined from 62.6% in 2013–14 to 39.4% in 2021–22.During the same period, the share of government health expenditure increased from 28.6% to 48.0%.This is a Step in the right direction,but households still face substantial healthcare expenses. Therefore, India's social security system needs to continue reducing the financial burden of illness.
- **Consumer Awareness and Insurance Literacy:** Insurance literacy is key for social security. Consumersshould not purchase a policy without fully understanding coverage, Exclusions, Waiting periods, Co-payment, Deductibles, Room-rent limits, Network hospitals, claim procedures, Renewal conditions and Policy limits. Insurance companies, agents, banks, and educational institutions should raise awareness of these terms. Consumers who understand these terms will

choose a policy that suits them better and use it.Suggested awareness activities are

- Village-level insurance awareness camps.
- Policy terms should also be in simple regional language.
- Awareness through self-help groups.
- Digital videos explaining health insurance.
- Financial literacy programmes through banks.
- Special awareness programmes for senior citizens.
- Consumer guidance centres in the local languages.

❖ **Major Challenges:** The expected challenges may be

- A large section of people still does not have enough knowledge about health insurance.
- Private health insurance premiums may be steep for low-income families, senior citizens and people with existing health conditions.
- Network hospital availability in rural areas remains a significant challenge.
- Consumers may find insurance documents difficult to understand and get confused by complicated policy terms.
- Complicated policy terms may be difficult to understand or confuse them.
- Delays, documentation requirements, misunderstandings about coverage, and claim-related issues can affect consumer confidence.
- The sum insured may not meet the growing healthcare costs.
- Limited healthcare infrastructure is less useful if appropriate hospitals and medical facilities are not available.
- Digital insurance services can improve convenience, but people with limited digital knowledge may face difficulties.
- Trust is key in insurance because consumers pay premiums before they know whether they will need to make a claim.

❖ **Opportunities for Health Insurance in India:** Despite these challenges, India has several opportunities to strengthen health insurance.

- Digital platforms have made insurance purchase, renewal, and claim submission easy.
- AI helps in Faster claim settlement, fraud detection, client follow-ups, and customer support.
- Mobile-based insurancecan help consumers purchase policies, receive reminders, submit documents and track claims.

- Growth of internet usage and digital services in rural areas will increase adoption of health insurance in those areas.
- Micro-health insurance schemes are designed to cater for low-income households.
- In organised and formal sectors, employees are provided with health coverage by employers.
- Health insurance that is specifically for women will give them greater attention to their problems, and it is great for women in rural areas.
- Senior citizens need health insurance policies that are affordable and tailor-made for their needs.

Public–Private Cooperation: Government programmes and private insurance companies need not work separately.A strong health protection system can combine the strengths of both sectors.A coordinated approach can strengthen the social security system.

The government sector can provide	**The private sector can provide**	**Digital Transformation can help in**
Basic social protection Supporting vulnerable groups. Public health infrastructure Rules, regulations & control Consumer protection Financial assistance	Product innovation. Leveraging technology. Customer support Broader distribution Networks of hospitals Digital claim services	Compare the policies Purchase insurance online Pay premiums online Access policy documents File claims and check claim status Easily communicate with insurers and avail customer service 24/7
Government Role	Private Sector Role	Digital technology Role
Protect weak groups Develop public healthcare quality infrastructure. Regulate insurers Create awareness Support rural health Consumer protection	Provide different insurance products Develop hospital networks Offer additional coverage	India needs a support model that combines digital services with human assistance. Customer service through local centres, agents, banks, and community

	Improve customer service Provide policy guidance Expand rural distribution Transparent claim processing	organisations should continue to be available alongside digital services.

Health Insurance and Viksit Bharat@2047: Viksit Bharat@2047 is not only about increasing GDP. A developed India also requires a healthy and financially secure population.Health insurance can contribute to this vision in several ways.A healthy workforce supports productivity.Inclusive growth of health protection helps low-income and vulnerable groups participate in economic development.Health, education and income are closely connected. Better health protection can support overall human development.Thus, health insurance should be considered an important part of Viksit Bharat's economic and social foundation. Therefore, the future of health insurance should focus on five important areas and work together as a social security system for Viksit Bharat@2047,

Coverage + Affordability + Awareness + Access + Consumer Protection

- **Proposed the waytowards @ 2047**: The following way or roadmap can help strengthen health insurance as a pillar of social security. Thestages are

- **Stage 1**: Strengthen awareness - improve insurance literacy, conduct rural awareness campaigns. Use local languages, simplify policy information, and increase consumer education over 5 years, from 2026 to 2030.
- **Stage 2**: Improve Affordability.Promote low-cost insurance products,develop products for informal workers, strengthen senior citizen insurance and encourage wider group insurance by 2030–2035.
- **Stage 3**: Improve Digital Services - Expand digital insurance platforms, improve online claims, use AI responsibly, develop simple mobile-based services and strengthen digital consumer support for 2035–2040.
- **Stage 4:** Achieve Wider Inclusion - Reduce rural–urban gaps, improve hospital networks, expand insurance among informal

workers, and increase coverage of women and vulnerable groups up to 2040–2045.

- **Stage 5**:By 2047,move towards effectivehealth protection. India should aim not merely for high insurance enrolment but for affordable health protection, easy claims, strong consumer rights, quality healthcare, wide hospital availability, strong rural coverage, digital and physical access, better preventive healthcare, and reduced financial burden on households.

❖ **The policy can be successful if we accomplish the following activities.**

- Insurance literacy should be included as part of financial literacy.
- The main focus should be on rural consumers by offering specialised policies for them and establishing good distribution channels.
- Policy documents should be clear, simple, and easy to understand. They should also be available in the respective regional languages.
- Claim transparency is important for understanding the status and reasons for decisions relating to their claims.
- Expand the network of hospitals in rural and semi-urban areas.
- Promote affordable products that are designed and customised for different income groups.
- IRDAI and other regulatory bodies should continue to monitor and protect consumers from unfair practices.
- Use of AI and digital tools should improve service without reducing human support.
- Government and private insurers should work together to expand effective health protection.
- Health insurance is not about increasing the number of consumers but about providing timely, affordable healthcare.
- Insurance and health programmes should give greater attention to prevention, health screening and early treatment.

Conclusion:

InIndia's journey towards Viksit Bharat@2047, health insurance playsan important role in providing social security. Medical emergencies create financial burden and stress; health insurance can reduce this by covering healthcare expenses.AB-PMJAY and state-level government programmes have expanded public health

protection, while private insurers offer additional products and services. Health insurance should not be only about coverage,it should also be affordable, with better consumer awareness, easier claim procedures, wider hospital networks, stronger rural coverage, and effective consumer protection.The future approach should therefore align with the 2047 way or roadmap and be based on a simple principle:every citizen should be able to obtain appropriate healthcare without facing serious financial hardship, from insurance coverage to effective health protection.Health insurance will become integral to India's social security when it is affordable, accessible, understandable, transparent, and consumer-friendly. Strengthening these areas will improve health insurance overall, support inclusive growth, and contribute to the larger goal of building a healthy, secure, and developed India by 2047.To achieve this, government agencies, insurance companies, healthcare providers, financial institutions, and consumers must work together.

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