



## OUR HERITAGE

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# Pivotal Role Of Health Insurance In Indian Economy

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Health is a crucial asset of every individual. There’s a well-understood summation of good health and the economy of a country. Health acts as a central dogma of life, scatters happiness and well-being in the surroundings. Healthy and happy populations less combat against diseases and live longer life also, they are more productive as compared to others.

In a developing country like India, poor health, and low life expectancy are the significant attributes of economic growth. Getting access to affordable healthcare facilities is the primitive method and the right of every individual. With recent advancements in medical technology and trends, matching the cost of complicated medical treatment is beyond the reach of the common man.

Only well to do individuals from society have accessibility and affordability towards fundamental medical care. Research has shown that around 1.2 billion people in the world come under the poverty line. Ayushman Bharat, Pradhan Mantri Fasal Bima Yojana are some of the plans designed by the government of India to resolve the problems in front of such individuals. These options are like an alternative financing mechanism to over overcome some of the issues in this area.

Besides health, certain factors like personal earnings, employment, occupational choice, job turnover, retirement, and the employment structure, etc. influence individual status as well as the country’s growth capability.

### **Statement of the problem:**

The statement of the problem is, “THE PIVOTAL ROLE OF HEALTH INSURANCE IN INDIAN ECONOMY”.

### **Objectives:**

- i. To find out the issues in the economic growth of the country
- ii. To find out the effectiveness of health insurance as a significant contributor to economic growth

### **Review of related literature:**

From the review of the related literature, it is precise that the title for the present research is different, and no analysis of this type has been done before on health insurance. The current study is novel and



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based on challenges faced by the Indian economy. Also, it takes the support of helpful guidelines responsible for raising the economic status of the country.

### Our findings:

There was a time when health insurance was a less significant segment and highly underdeveloped stage. Based on various reports, India has the lowest health insurance penetration compared to the world. An untapped market of health insurance is going through tremendous transitory phases.

Over the years, the country has made considerable progress in regards to health insurance. However, slight investment in health schemes may ameliorate the circumstances. But nowadays people are becoming more conscious about the primary health services.

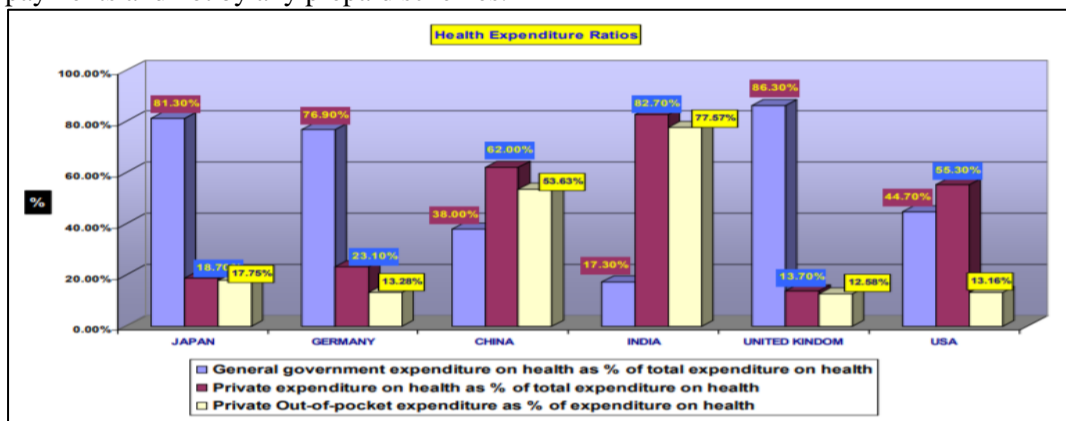
Now, the health insurance segment is emerging as a backup tool to manage the financial needs of people. Also, it is helping people in getting timely medical care, enhance lives, and health. Around 17.5% of the world population is of India, and the country shares 9% of total Asia’s GDP.

The future looks promising for the health insurance industry. The Indian healthcare sector is expected to reach Rs 19,56,920crore by 2020. GDP income by health insurance grew 17.1% y-o-y to Rs. 12443.48crore in 2019. Such type of growth can be achieved by making specific changes in the regulatory framework.

As per the studies conducted by the Insurance Regulatory and Development Authority of India (IRDAI), it is clear that the overall insurance industry will reach US\$ 280 billion by 2020. In the same way, the life insurance industry is expected to grow by 12-15% annually for the upcoming years.

Health insurance is like a contract where an individual purchases health coverage in advance by paying a fee. In the existing health insurance market, there are various schemes available that cover the cost of doctors and hospitals. These schemes are like Voluntary health insurance schemes, Mandatory health insurance schemes, Community based health insurance, Employer-based schemes, etc.

As stated in the 10<sup>th</sup> Global Conference of Actuaries, in India, about 1.1 billion people are covered through health insurance. Among the majority of the people are government servants. Apart from these people, there is a certain percentage of people are facing significant sickness and making pocket payments and not by any prepaid schemes.



The figure represents the nascent stages of health expenditure ratios of India in comparison with other countries. These three factors considered for the calculation purpose, and they are - % of total expenditure on health by the General Government, Private institutes, and Private out-of-pocket



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expenditure. If we consider spending in India, then we can see that over 80% of health financing is private financing, above 75% is out of pocket payments, and less than 20% paid by government schemes.

### Conclusion :

1. Health insurance is like a surgeon or doctor who saves the life of patients either through operation or by treatment.
2. In the same way, health insurance is the option to resolve several contentious issues in the Indian economy.
3. Private health insurance can be a valuable tool to complement existing health financing options only if they are carefully managed and adapted to local needs and preferences.
4. Private health insurance is an alternative or the ultimate solution to address alarming health care challenges in India.

### Recommendations :

1. Specific changes in the insurance investments will change the way the industry conducts its business and engages with its customers
2. Health insurance has a broader scope in the present day and future scope in India. Only it is necessary to provide proper attention and significant efforts to tap the Indian health insurance market
3. To permeate the country's economic growth, we recommend people to invest money into personal customer costs, i.e., insurance policies. As it will be desirable and prioritized investment from the economy point of view.

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