

## **Growth of Health Insurance in Rural Areas, India**

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**Abstract:** *While India has made significant strides in terms of improving its health indicators - demographic, infrastructural and epidemiological, the country continues to grapple with low growth rate of health insurance in rural areas.*

*For most rural Indians, continuously face challenges like illiteracy, poor sanitation, clean drinking water and low household income. Unsurprisingly, growth rate remain low. This paper will understand, what are Health Insurance Products & Services, Challenges & Opportunities, and Government & Private Initiatives to make healthier and insured society to live in Rural India.*

**Keywords:** *Health Insurance, Health Care, Health Scheme, India, IRDA, Census of India, Wellness,*

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### **I. Introduction**

#### **What is Health Insurance?**

Health insurance means ‘an individual or group purchasing health care coverage in advance by paying a fee called premium.’ In its broader sense, Health insurance is a contract between the insurance company and the insured person to cover the medical cost that might arise from illness, accidental injuries, surgeries and other medical complications incurred by individuals and households.

Health Insurance in INDIA got huge potential for expansion. But it continues to grapple with low growth rate of health insurance in rural areas. Nearly 68% of India's population resides in rural areas. But percentage of persons having covered under any health insurance scheme is 14.1% in rural and 18.1% in urban areas, Health Minister Shri Jagat Prakash Naddasaid in a written reply in the Lok Sabha.

He said that according to information received from Insurance Regulatory and Development Authority of India (IRDAI), 28.80 crore people were covered under health insurance policies provided by public sector and private sector during 2014-15

#### **What is Urban and Rural Area?**

Census of India 2011 for Census purposes broadly classified total geographical area in to RURAL and URBAN in which constituents of Urban Area are Statutory Towns, Census Towns and Outgrowths and all areas other than urban as Rural.

#### **Definitions of Urban Area:**

**Statutory Towns (ST):** All places with a municipality, corporation, cantonment board or notified town area committee etc.

**Census Towns (CT):** Places that satisfy the following criteria are termed as Census Towns. i) A minimum population of 5,000 ii) At least 75 per cent of the male main workers engaged in non-agricultural pursuits iii) A density of population of at least 400 per sq.km

**Out Growth (OG):** Out Growth should be a viable unit such as a village or part of a village contiguous to a statutory town and possess the urban features in terms of infrastructure and amenities such as pucca roads, electricity, taps, drainage system, educational institutions, post offices, medical facilities, banks, etc. Examples of OGs are Railway colonies, University Campuses that may come up near a city or statutory towns outside its statutory limits but within the revenue limit of a village or villages contiguous to the town or city.

**Urban Agglomeration (UA):** It is continuous urban spread constituting a town and its adjoining urban outgrowths (OGs) or two or more physically contiguous towns together and any adjoining urban out-growth of such towns.

#### **Definitions of Rural Area:**

All areas other than urban are rural. While rural areas may develop on the basis of agriculture and fauna available in a region.

**Urban and Rural Population of India 2011:**

According to the provisional data released by Census India, below is the trend of **Urban and Rural Population** of India

- ✓ Rural Population in India: 68.84%
- ✓ Urban Population in India: 31.16%

Country	Total Population	Rural Population	Urban Population	Rural Pop Percentage	Urban Pop Percentage
INDIA	1,21,01,93,422	83,30,87,662	37,71,05,760	68.84%	31.16%

**Table 1: India Population: Census India 2011**

**While overall GDP growth (2016) was commendable at 7.9%, nearly 68% of India's population still resides in rural areas and needs to feel its positive impact.**

**Health Insurance in India:**

Health insurance in the form of healthcare financing (Mediclaim) was introduced in India in 1986-1987 by four subsidiaries of General Insurance Company (GIC) to support the ailing healthcare industry. They are,

- The New India Assurance Company,
- Oriental Fire and Insurance Co.,
- National Insurance Co., and
- The United India Insurance Co.

There has been a liberalization of the Indian healthcare sector to allow for a much-needed private insurance market to emerge. Due to liberalization and a growing middle class with increased spending power, there has been an increase in the number of insurance policies issued in the country. In 2001 with entry of various private Insurance companies now the customers have choice of buying this insurance from various Insurance companies.

The Insurance Regulatory and Development Authority (IRDA) eliminated tariffs on general insurance as of January 1, 2007, and this move is expected to drive additional growth of private insurance products.

**II. Literature Review**

This case-study, Rural and Urban Area geographical wise classification and Population of 68.84% and 31.16% respectively is referred from Census of India 2011, Office of the Registrar General & Census Commissioner, India – Ministry of Home Affairs. Percentage of persons covered under any health insurance scheme, which is 14.1% and 18.1% in rural and urban areas respectively. Health insurance service provider details is referred from Insurance Regulatory and Development Authority of India (IRDA). To understand Government of India initiations with respect to National Health Insurance Schemes for people of India is referred National Health Portal, The Ministry of Health and Family Welfare, Government of India. State Government initiations for their people to improve healthcare access of Below Poverty Line (BPL) and Above Poverty Line (APL) is referred from Wikipedia and jeevandayee websites.

**Identified Problem:**

Nearly 68% of India's population resides in rural areas. But percentage of persons having covered under any health insurance scheme is 14.1% in rural area even though Majority of Indians is more vulnerable to Major ailments.

The Marketing of Health care insurance policy helps people to meet expenses arising out of unexpected illness, accidental injuries, surgeries and other medical complications. It will be a win-win situation for People and Health Insurance Providers of increasing the penetration of health care insurance products.

**Challenges & Opportunities:**

**Challenges effecting penetration of Health Insurance are:**

**Low Literacy Levels:** The literacy rate in the country as a whole is 74.04%. In the rural and the urban areas the literacy rates are 68.9% and 84.9% respectively. Rural people common perception about insurance is ‘not required’ and more focus on savings. **Less Awareness:** Rural people have challenge in accessing to all the health insurance product features / prices available E.g.: online plans. **Income:** Low income groups and High levels of seasonal unemployment. **Poor Infrastructure and Transportation:** Rural India has difficulties in Reaching the village, and setting-up offices. And due to low literacy getting the agents/channels partners is also a challenge. **Relationship Management:** The agents may not have been sufficiently knowledgeable about the different products offered due to which best possible product is not sold to customer and chances of misguiding is huge.

**Opportunities are:**

**Huge untapped Market and Low Competition:** The size of the market is predominantly untapped and lesser in competition. Medical care is unbelievably expensive: Healthcare in rural areas is substantially low compared to urban. Low supply of hospital beds, doctors and other facilities. Medical innovations have resulted in cures are available only to selected cities, which results in high operating expenses. *Saving Habit:* Several studies show that an average rural household saves about one third of their incomes. *Single Family Head:* In rural families, all the family members are financially dependent on key earning member of the family. Hence health insurance of the person is must. *Broad Distribution Network:* Rural areas have extensive network and coverage like District Co-op Banks, Co-op Societies, postal services and micro finance institutions etc.

**Government Initiatives:**

In recent times various Government schemes and initiation has been taken by Government of India. Below are the National Health Insurance Schemes

**Rashtiya Swasthya Bima Yojana (RSBY):** RSBY has been launched by Ministry of Labour and Employment, Government of India to provide health insurance coverage for Below Poverty Line (BPL) families. The objective of RSBY is to provide protection to BPL households from financial liabilities arising out of health shocks that involve hospitalization. Beneficiaries under RSBY are entitled to hospitalization coverage up to Rs. 30,000/- for most of the diseases that require hospitalization. Government has even fixed the package rates for the hospitals for a large number of interventions. Pre-existing conditions are covered from day one and there is no age limit. Coverage extends to five members of the family which includes the head of household, spouse and up to three dependents. Beneficiaries need to pay only Rs. 30/- as registration fee while Central and State Government pays the premium to the insurer selected by the State Government on the basis of a competitive bidding.

**Employment State Insurance Scheme (ESIS):** Employees’ State Insurance Scheme of India is a multidimensional social security system tailored to provide socio-economic protection to worker population and their dependents covered under the scheme. Besides full medical care for self and dependents, that is admissible from day one of insurable employment, the insured persons are also entitled to a variety of cash benefits in times of physical distress due to sickness, temporary or permanent disablement etc. resulting in loss of earning capacity, the confinement in respect of insured women, dependents of insured persons who die in industrial accidents or because of employment injury or occupational hazard are entitled to a monthly pension called the dependents benefit.

**Central Government Health Scheme (CGHS):** The “Central Government Health Scheme” (CGHS) provides comprehensive health care facilities for the Central Govt. employees and pensioners and their dependents residing in CGHS covered cities. Started in New Delhi in 1954, Central Govt. Health Scheme is now in operation in Allahabad, Ahmedabad, Bangalore, Bhubhaneshwar, Bhopal, Chandigarh, Chennai, Delhi, Dehradun, Guwahati, Hyderabad, Jaipur, Jabalpur, Kanpur, Kolkatta, Lucknow, Meerut, Mumbai, Nagpur, Patna, Pune, Ranchi, Shillong, Trivandrum and Jammu. The Central Govt. Health Scheme provides comprehensive healthcare to the CGHS Beneficiaries in India. The medical facilities are provided through Wellness Centres (previously referred to as CGHS Dispensaries) /polyclinics under Allopathic, Ayurveda, Yoga, Unani, Sidha and Homeopathic systems of medicines.

**Aam Aadmi Bima Yojana (AABY):** Aam Aadmi Bima Yojana, a Social Security Scheme for rural landless household was launched on 2nd October, 2007. The head of the family or one earning member in the family of such a household is covered under the scheme. The premium of Rs.200/- per person per annum is shared equally by the Central Government and the State Government. The member to be covered should be aged between 18 and 59 years.

On natural death	Rs 30,000
On death due to accident / on permanent disability due to accident ( loss of 2 eyes or 2 limbs )	Rs 75,000
On partial permanent disability due to accident( loss of one eye or one limb )	Rs 37,500

**Table 2: Aam Aadmi Bima Yojana (AABY) Scheme**

**Janashree Bima Yojana (JBY):** JBY was launched on 10th August 2000. The Scheme replaced Social Security Group Insurance Scheme (SSGIS) and Rural Group Life Insurance Scheme (RGLIS). 45 occupational groups have been covered under this scheme

No.	Occupation	No.	Occupation
1	Beedi workers	23	Power loom workers
2	Brick kiln workers	24	Hilly area woman
3	Carpenters	25	Food stuffs like khandsari/Sugar
4	Cobblers	26	Textile
5	Fisherman	27	Manufacture of food products
6	Hamals	28	Manufacture of paper products
7	Handicraft Artisans	29	Manufacture of leather products
8	Handloom Weavers	30	Printing
9	Handloom & Khadi weavers	31	Rubber and coal products
10	Lady Tailors	32	Chemical products like candle manufacture
11	Leather Tannery workers	33	Mineral products like earthen toys manufacture
12	Papad workers attached to SEWA	34	Agriculturists
13	Physically handicapped self-employed persons	35	Transport drivers association
14	Primary milk producers	36	Transport karmacharis
15	Rickshaw pullers/Auto Drivers	37	Rural poor
16	Safaikarmacharis	38	Construction workers
17	Salt growers	39	Fire crackers workers
18	Tenduleaf collectors	40	Coconut processors
19	Scheme for urban poor	41	Aanganwadi Workers/Helpers
20	Forest workers	42	Kotwal
21	Sericulture	43	Plantation workers
22	Toddy tappers	44	Woman associated with SHG
		45	Sheep breeders

**Table 3: JanashreeBimaYojana Scheme**

**Note:** AamAdmiBimaYojana and JanashreeBimaYojana have been merged into one scheme. It is renamed as “AamAdmiBimaYojana”, effective from 01.01.2013.

**Universal Health Insurance Scheme (UHIS):** The four public sector general insurance companies have been implementing Universal Health Insurance Scheme for improving the access of health care to poor families. The scheme provides for reimbursement of medical expenses upto Rs.30,000/- towards hospitalization floated amongst the entire family, death cover due to an accident @ Rs.25,000/- to the earning head of the family and compensation due to loss of earning of the earning member @ Rs.50/- per day upto maximum of 15 days. The Universal Health Insurance Scheme (UHIS) has been redesigned targeting only the BPL families. The premium subsidy has been enhanced from Rs.100 to Rs.200 for an individual, Rs.300 for a family of five and Rs.400 for a family of seven, without any reduction in benefits.

**Aarogyasri:** Aarogyasri is a program of the Government of Andhra Pradesh (United AP). It covers those below the poverty line. The government issues an Aarogyasri card and the beneficiary can use it at government and private hospitals to obtain services free of cost.

Dr YSR Seva Health Insurance Scheme is the flagship scheme of all health initiatives of the State Government with a mission to provide quality healthcare for the poor. The aim of the Government is to achieve "Health for all". In order to facilitate the effective implementation of the scheme, the State Government set up the Aarogyasri Health Care Trust under the chairmanship of the Chief Minister. The trust is administered by a Chief Executive Officer, an IAS Officer. The trust runs the scheme, in consultation with specialists in the field of healthcare.

The beneficiaries of the scheme are the members of Below Poverty Line (BPL) families as enumerated and photographed in White Ration Card linked with Adhar card and available in Civil Supplies Department database. Financial coverage (Height of Universal Health coverage) the scheme shall provide coverage for the services to the beneficiaries up to Rs.2.50 lakh per family per annum on floater basis. There shall be no co-payment under this scheme. Benefit Coverage (Depth of Universal Health coverage)

After Telangana and Andhra Pradesh State bifurcation, the Andhra Pradesh and the Telangana governments have appointed their own Chief Executive Officers (CEOs) for the ArogyaSri scheme.

**Mahatma JyotibaPhule Jan ArogyaYojana (MJPJAY):** To improve access of Below Poverty Line (BPL) and Above Poverty Line (APL) families (excluding White Card Holders as defined by Civil Supplies Department) to quality medical care for identified specialty services requiring hospitalization for surgeries and therapies or consultations through an identified Network of health care providers.

Erstwhile Rajiv Gandhi JeevodayeeArogyaYojana (RGJAY) has been implemented throughout the state of Maharashtra in a phased manner over a period of 4 years. Government resolution issued on 13th April 2017 regarding the change into the name of Rajiv Gandhi JeevodayeeArogyaYojana (RGJAY) to Mahatma JyotibaPhule Jan ArogyaYojana (MJPJAY) and continuation of the same from 1st April 2017.

### **III. In Conclusion Providing The Following Suggestions:**

Awareness about Health Insurance: Increasing awareness through Local Agents, Doctors, and NGOs, etc. would play a key role in sensitizing the public about such a healthcare system. Relationship Management: After sale support and assistance through local agent will increase trust on health insurance service provider. Education on Need of Health Insurance: Educate rural people on the need of health insurance by Local Agents, Doctors and Community Health Workers may surely create trust. Human Resource Training: Empowering agents, brokers, distributors, etc. with adequate knowledge on Health Insurance product and its features so that in return they can suggest right product to households to minimize chances of misguiding. Distribution Network: Tie-up with Cooperative Banks, Microfinance, Post Services, Healthcare Service Providers (like ASHA Worker, Anganwadi Workers, Doctors, RMPs etc.) Local Bodies to increase reach and create trust. Simple Product: Simple features, which better match the rural people needs. Better Services: Flexibility in premium paying facilities, easy and fast claim settlement process. Infrastructure: Better infrastructure to be given to agents and locals (rural area) insurance company employees for them to reach out to most remote areas also. Wellness: Insurance companies to get involved into Wellness activities, for eg: spreading awareness on better sanitation, vaccinations for kids, precautions taken in case of any ailments or diseases. This helps them in marketing themselves also. Should work on better price for the rural areas that is the pricing, good understanding of the actuarial. Support to Private Sectors: Providing extra benefits to private sectors which will incline them to penetrate in rural area. Government Support: Government to provide special packages for health insurance being sold in rural markets, like tax rebate.

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