



Micro Insurance And Pradhan Mantri Insurance Schemes As Dual Pillars Of Financial Protection: A Comparative Analysis Of Their Role In Reducing Vulnerability Among Economically Weaker Sections In India.

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Abstract: Insurance serves as a vital mechanism for financial security, particularly for the economically weaker sections (EWS) of society who are most vulnerable to unexpected risks. Micro Insurance and the government-sponsored Pradhan Mantri Insurance Schemes, specifically the Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and the Pradhan Mantri Suraksha Bima Yojana (PMSBY), have become two important parts of India's efforts to make people less financially vulnerable and more socially protected. This study conducts a rigorous evaluation of these two frameworks to comprehend their collective role in enhancing financial resilience among low-income households. The research focuses on analysing key features of both Micro Insurance and the Pradhan Mantri Insurance Schemes, including coverage benefits, premium affordability, claim settlement efficiency, and outreach. It also examines the performance trends of these schemes, highlighting a notable increase in enrolment under PMJJBY and PMSBY, while noting a concerning decline in the microinsurance sector's growth rate. The study emphasises the need for deeper awareness, improved service delivery, and policy alignment to maximise the impact of these schemes. This article aims to enhance the discourse on financial inclusion by providing a comparative and performance-based review, delivering insights into how different insurance schemes might be optimised to secure the financial future of India's economically vulnerable communities.

Keywords: Micro Insurance, Pradhan Mantri Insurance Schemes, Financial Protection, Economically Weaker Sections, Financial Inclusion, Vulnerability Reduction

1.1 INTRODUCTION

A large number of people in India, especially those in economically weaker sections (EWS), are still at risk of financial shocks caused by health problems, accidents, or the death of a major earning person of the family. These people generally can't afford traditional insurance products, don't know about them, or can't get to financial services easily. The Indian government has started targeted insurance schemes aimed at providing economic security to the underserved people.

The Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and the Pradhan Mantri Suraksha Bima Yojana (PMSBY) are two well-known schemes in this area. PMJJBY started in 2015 and offers life insurance coverage of Rs. 2 lakhs for an annual premium of Rs. 436. It is available to anybody aged 18 to 50 who has a bank account. PMSBY, on the other hand, covers accidental death and disability up to Rs. 2 lakh for anyone aged 18 to 70 years for an annual premium of Rs. 12. Both schemes are meant to be easy to use and economical, which will help low-income people have access to financial services.

Microinsurance has become an important means of providing insurance coverage to low-income individuals in addition to government-backed programs. Micro insurance products offer inexpensive premiums and straightforward claim processes, designed to meet the needs of low-income individuals. Many groups, such as NGOs, cooperatives, and microfinance institutions, offer these products to safeguard people from health problems, agricultural failures, and other unexpected events.

Even if these schemes are available, it is still hard to get full coverage for all the sections of society. The potential impact of these insurance initiatives is restricted by problems including low awareness, bureaucratic obstacles, and low penetration in rural areas. Consequently, a thorough evaluation of the synergistic impact of microinsurance and Pradhan Mantri Insurance Schemes is necessary to ascertain their efficacy in mitigating financial vulnerability among the economically weaker sections of households.

The current study seeks to rigorously analyse recent developments in microinsurance and Pradhan Mantri insurance schemes, emphasising their outreach, efficacy, and claim settlement percentages. It also wants to find out the compound annual growth rate and the year-on-year growth rates of these insurance schemes to gain insights into their progression and sustainability.

1.2 Review of Literature

A thorough examination of the current literature is necessary to comprehend the role of insurance programs in enhancing financial security, especially for economically disadvantaged groups. Previous studies have investigated the evolution, dissemination, and constraints of microinsurance models and government-supported efforts, including the Pradhan Mantri Jeevan Jyoti Bima Yojana and the Pradhan Mantri Suraksha Bima Yojana. This Section conducts a critical analysis of this research to appraise their findings, critique methodological frameworks, and identify significant knowledge gaps. The observations from this review serve as the foundation for the conceptual framework of the present study.

1.3 THEMATIC REVIEW OF LITERATURE

1.3.1 Role of Micro Insurance in Financial Protection

Microinsurance has been recognised as an essential tool for providing cost-effective financial security to low-income demographics. Seena (2021) highlighted its potential to alleviate financial risks in rural India, pointing out the scarcity of service providers and awareness in these areas. Devarakonda (2018) also said that microinsurance can assist people in avoiding falling into poverty traps, but it is still not used enough because of problems with price, product design, and settling claims. Jayakumar and Almeida (2018) also said that big insurance companies should do more to teach people who don't have a lot of money about money.

1.3.2 Challenges in Micro Insurance Implementation

Much research shows that microinsurance operations still face many problems. Gautam (2018) talked about how microinsurance helps rural women and fights poverty, but problems like delays in claims and poor administration make it less effective. Anand (2018) discovered minimal demand for microinsurance, attributing this to financial illiteracy and inadequate service delivery, particularly the limited physical presence of insurers in rural regions. These results show that microinsurance won't work until access, awareness, and service quality are all improved in a systematic manner.

1.3.3 Pradhan Mantri Insurance Schemes and Financial Inclusion

Government-backed programs like PMJJBY and PMSBY have greatly increased insurance coverage for people who are poor. Azad et al. (2020) observed that these schemes moved a lot of people who didn't have bank accounts or insurance into the mainstream of finance. Rajalakshmi et al. (2021) and Kumar & Sharma (2028) observed that these schemes, when combined with programs like PMJDY, promote long-term growth and make it easier for women and rural workers to get social security. But there are still gaps in knowledge and uneven enrollment, which shows that we need to find additional ways to reach out to everyone.

1.3.4 Performance of Scheme and Claim Settlement Trends

R. Reddy and B. Reddy (2018) suggested enhancing cost efficiency through distribution channels. Rao et al. (2016) examined the execution of various schemes, identifying problems such as digital illiteracy and inadequate client retention, which may impact claim success rates. Vidyashree and Rathod (2015) stressed that even while the schemes are growing, they still aren't doing a good job of getting benefits to the people who really need them.

1.3.5 Resilience, Empowerment, and Long-Term Impact

Microinsurance and government programs also help low-income families become more resilient in a bigger way. Etrata & Trinidad (2020) and Gabrah et al. (202) discovered that these schemes provide social security, encourage saving behaviour, and facilitate asset accumulation in low-income contexts. The literature underscores their significance as social safety nets in contexts when traditional social services are inadequate. However, the long-term viability and adaptability of these initiatives to specific local contexts require additional investigation.

1.4 RESEARCH GAP

Although there is a lot of research on microinsurance and PM insurance plans, not many studies look at how they compare and how they affect financial vulnerability in terms of claim settlement rates, enrollment growth trends, and overall impact. Additionally, few empirical studies look at the Year-on-Year (YoY) and compound Annual Growth Rate (CAGR) performance of both schemes. This study aims to address this gap by evaluating the scope and efficacy of microinsurance and PMJJBY/PMSBY as complementary mechanisms for financial inclusion.

1.5 RESEARCH METHODOLOGY

The present study follows an analytical and ex-post facto research design using exclusively secondary data. The design enables an evaluation of year-on-year growth, trends in enrolment, claim settlement performance, and comparative assessment of PMJJBY, PMSBY, and microinsurance schemes. The study relies on secondary data collected from government reports, press releases, the Jan Suraksha portal, annual reports published by the Insurance Regulatory and Development Authority of India (IRDAI), and publications from the Ministry of Finance.

1.5.1 Objectives of the Study

1. To examine trends in enrolment, outreach, and growth patterns of Micro Insurance, PMJJBY, and PMSBY from 2015 to 2023.
2. To analyse the claim settlement efficiency of these insurance schemes by evaluating claim settlement ratios (CSR) and unresolved claims.
3. To compare the Performance of Micro Insurance with PMJJBY & PMSBY in terms of accessibility, affordability, and effectiveness.

1.5.2 Period of Study

The researcher studied the period from 2015 to 2023 to understand the trends of Micro Insurance Business and Pradhan Mantri Insurance schemes enrolment.

1.6 DATA ANALYSIS

1.6.1 Performance of Micro Insurance Business

Table 1.1: Table Showing the Micro Insurance Performance

Year	Micro Insurance(Individual Category) (in lakhs)	Premiums(in lakhs)
2015-16	910946	3171.73
2016-17	956161	3821.5
2017-18	839011	4703.83
2018-19	865097	3209.87
2019-20	1028392	22665.71
2020-21	1069664	35527.12
2021-22	8,77,000	2,97,14,000
2022-23	4,50,000	2,00,19,000
2023-24	3,41,000	1,52,57,000
CAGR (%)	-10.34%	-0.6102

Interpretation: The performance analysis of the microinsurance sector under the individual category between FY 2015-16 and FY 2023-24 presents a mixed trajectory marked by early growth, a sudden spike, followed by a concerning decline. This trend is evident both in terms of the number of policies issued and the premiums collected. There is a steady increase in policy numbers in the initial half of the review period (2015-2021) from approximately 9.1 lakh to 10.7 lakh- suggesting growing awareness, improved outreach, and possibly greater institutional support for the microinsurance mechanism. However, the post-2020-21 period witnessed a sharp decline in policy subscriptions, decreasing to 3.41 lakh by 2023-24.

Premium collection, while initially stable and growing, recorded an increase in 2021-22 by 2,97,14,000 lakh. The micro insurance sector in the individual category displayed initial growth, but recent years have shown a downturn in both policy and premium collections.

Table 1.2: Table Showing the Number of Death Claims Under Micro Insurance in the Individual Category

Years	Total claim	Total Paid	CSR (%)	Unsettled claims
2015-16	2192.09	2046.88	93.38	145.21
2016-17	2145.2	2021.85	94.25	123.35
2017-18	1596.29	1564.56	98.01	31.73
2018-19	1497.63	1476.56	98.59	21.07
2019-20	1290.18	1271.08	98.52	19.1
2020-21	1999.46	1959.47	98.00	39.99
2021-22	4105.74	4025.97	98.06	79.77
2022-23	4465.47	4351.23	97.44	114.24
2023-24	5271.17	5165.78	98.00	105.39

Interpretation: The table highlights the yearly performance of death claim settlements in the micro insurance segment for individual policies, presenting data on the total claims, claims paid and the claim settlement Ratio (CSR%) for each year. The Claim Settlement Ratio is at an increasing pace, ranging from 93.38% to 98.59%, with the most consistent performance above 98% since 2017-18. A consistently high CSR suggests that insurers are honouring claims promptly and fairly, which is crucial for building and maintaining trust among low-income policyholders. The micro insurance sector, especially in the individual category, has demonstrated strong performance in claim settlement, with high and improving CSR values over the years.

1.6.2 Performance of Pradhan Mantri Insurance Schemes

Table 1.3: Table Showing the Performance of PMJJBY

Year	Cumulative no. of Persons under PMJJBY (in lakhs)	Year-on-Year Growth Rate(%)
2015-16	296	
2016-17	310	4.73
2017-18	533	71.94
2018-19	592	11.07
2019-20	696	17.57
2020-21	1027	47.56
2021-22	1289	25.51
2022-23	1619	25.60
2023-24	2167	33.85

Interpretation: The data presents the cumulative number of persons enrolled (in lakhs) under the PMJJBY along with the year-on-year (YoY) growth. The cumulative enrolment has increased significantly from 297 lakh individuals in 2015-16 to 2167 lakh in 2023-24, highlighting the growing awareness of schemes among the vulnerable section of the society. Growth remained steady thereafter, with another major increase in 2020-21 (47.56%), possibly linked to increased demand for life insurance during the COVID-19 pandemic.

Claim Settlement Ratio Calculation of PMJJBY

Table 1.4: Table showing the Claim Settlement Ratio and Unsettled Claims of PMJJBY

Year	Total No. of claims received	Total No. of claims disbursed	CSR	Unsettled Claim
2015-16	22212	19409	87.38	2803
2016-17	62166	59118	95.10	3048
2017-18	98163	89708	91.39	8455
2018-19	145763	135212	92.76	10551
2019-20	190175	178189	93.70	11986
2020-21	250351	234905	93.83	15446
2021-22	600000	585644	97.61	14356
2022-23	680000	664520	97.72	15480
2023-24	893277	860575	96.34	32702

Interpretation:

The data reflects the performance of the PMJJBY in terms of claim received, claims disbursed, claim settlement ratio and unsettled claims. The CSR improved from 87.38% in 2015-16 to above 97% in recent years, showcasing better administration and faster claim processing. The number of unsettled claims, although reduced proportionally, remains notable in absolute terms, especially in 2023-24 with 32702 pending claims, which indicates improvements in claims settlements

Performance of Pradhan Mantri Suraksha Bima Yojana

Table 1.5: Table Showing the Performance of Pradhan Mantri Suraksha Bima Yojana

Year	Cumulative no. of Persons (PMSBY) (in lakhs)	Year-on-Year Growth Rate(%)
2015-16	941	
2016-17	995	5.74
2017-18	1348	35.48
2018-19	1547	14.76
2019-20	1854	19.84
2020-21	2326	25.46
2021-22	2340	0.60
2022-23	3441	47.05
2023-24	5106	48.39

Interpretation of PMSBY Enrolment Data (2015-16 to 2023-24)

The data shows the cumulative number of persons enrolled under PMSBY in lakhs, along with Year-on-Year (YoY) growth rates. Starting from 941 lakh enrolments in 2015-16, the scheme has witnessed a steady upward trend, reaching 5106 lakh in 2023-24. This indicates a significant expansion in coverage over the years. The YoY growth rate shows fluctuations, with notable spikes in 2017-18 (35.48%), 2022-23 (47.05%), and 2023-24 (48.39%).

Claim Settlement Ratio Calculation of PMSBY

Table 1.6: Table showing the Claim Settlement Ratio and Unsettled Claims of PMSBY

Year	Total No. of claims received	Total No. of claims disbursed	CSR	Unsettled Claim
2015-16	4566	2757	60.4	1809
2016-17	12534	9403	75.0	3131
2017-18	21137	16430	77.7	4707
2018-19	40749	32176	79.0	8573
2019-20	50328	39969	79.4	10359
2020-21	58540	45472	77.7	13068
2021-22	59500	45958	77.2	13542
2022-23	193964	147641	76.1	46323
2023-24	202106	152333	75.4	49773

Interpretation of PMSBY Claim Settlement Data (2015-16 to 2023-24)

The data highlights the number of claims received, claims disbursed, the claim settlement ratio, and the volume of unsettled claims under PMSBY over a nine-year period. Although there has been a sharp increase in enrolments, the claim settlement ratio has also improved from **60.4% to 79.4%**, indicating a moderate but positive enhancement in the efficiency of claim processing.

However, the number of unsettled claims has risen dramatically—from 1,809 in 2015–16 to 49,773 in 2023–24. This steep increase suggests growing operational challenges related to documentation, verification delays, or inadequate follow-up and beneficiary support systems. It may also reflect gaps in awareness among claimants regarding procedural requirements.

Overall, while PMSBY has achieved wide coverage and successfully reached a large segment of the population, the rising backlog of unsettled claims signals the need for stronger administrative mechanisms and improved beneficiary assistance to ensure timely claim settlement.

1.6.3 Comparative Analysis: Micro Insurance vs Pradhan Mantri Insurance Schemes

Table 1.6: Table showing comparative analysis of selected schemes

Parameter	Micro Insurance (Individual Category)	PMJJBY	PMSBY
Enrolment	There was an increase in enrolment in the time period 2020-21 at 10.7 lakh and a fall to 3.41 lakh by 2023-24	Enrolment grew from 2.96 crore (2015-16) to 21.67 crore (2023-24)	Enrolment grew from 9.41 crore (2015-16) to 51.06 crore (2023-24)
CAGR	The CAGR are (-11.56%) in lives covered	There was Positive growth in enrolment, up by over 27.76%	There was Positive growth in enrolment, up by over 23.24%
CSR Trend (2015-24)	Consistently high, 93% to 98.5%	Improved from 87.38% to 96.34%	Fluctuated between 60.4% and 79.4%
Growth Pattern	Volatile- fell in recent years	Steady, with sharp jumps in 2017-18 and 2020-21	Highly volatile, sudden growth in enrolment after 2021-22
Efficiency	High administrative efficiency; lower claim volume but faster settlement	Improved efficiency in processing; steady increase in CSR	Needs Improvement-high volume of claims with low CSR and high unsettled claims

1.7 MAJOR FINDINGS OF THE STUDY

1. Enrolment Trends

- PMJJBY & PMSBY demonstrated consistent and significant growth in enrolment from 2015 to 2023-24. PMJJBY grew from 2.96 crore to 21.67 crore with a CAGR of 27.76%, and PMSBY grew from 9.41 crore to 51.06 crore with a CAGR of 23.24%.
- In contrast, Micro Insurance (individual category) experienced a negative CAGR of -11.56%, showing a sharp decline in policyholders.

2. Claim Settlement Efficiency

- Micro Insurance displayed a high CSR, ranging from 93% to 98.5%, indicating efficient claim handling.
- PMJJBY improved its CSR from 87.38% to 96.34%, showing positive administrative reforms.
- PMSBY had the lowest and most fluctuating CSR (60.4% TO 79.4%), reflecting challenges in settlement processes.

3. Unsettled claims

- While the number of unsettled claims in PMJJBY & PMSBY increased significantly in absolute numbers, Micro insurance had lower unsettled claims, despite a higher percentage CSR

4. Performance Gap

- Micro Insurance, despite its tailored design, lacks reach, consistency, and promotion.
- PM Schemes benefit from institutional support and government outreach, which Micro Insurance lacks.

1.8 Conclusion

The Study establishes that both Microinsurance and Pradhan Mantri Insurance Schemes are essential in promoting financial security for low-income households. While government-backed schemes have shown remarkable progress in enrolment and improving claim settlement ratios, microinsurance demonstrates strength in efficient settlements but is limited by low awareness, declining policy base, and inconsistent premium growth. However, a holistic insurance ecosystem demands the integration of both these pillars. For

sustainable financial inclusion, it is imperative to strengthen policy synergy, enhance service delivery mechanisms, and drive awareness campaigns to increase participation and trust in these schemes

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