



The Role of Digital Insurance in Strengthening India's Financial Ecosystem: An EBSB Perspective.

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Abstract

Digital insurance, powered by technologies like AI, blockchain, and mobile platforms, plays a vital role in building India's financial ecosystem. This paper explores how it promotes financial inclusion, reduces risks, and supports economic growth from the Ek Bharat Shreshtha Bharat perspective, which emphasizes national unity through cultural and economic integration across states. Despite challenges like digital divides and regulatory gaps, initiatives such as Ayushman Bharat, Bima Sugam, and IRDAI reforms have expanded access to insurance for millions, especially in rural and underserved areas. By leveraging India's digital public infrastructure like UPI and Aadhaar, digital insurance bridges gaps between diverse regions, fostering a unified financial safety net. The study reviews government schemes, InsurTech innovations, and their impact on sectors like health, motor, and crop insurance. Findings show a 32-34% CAGR in India's InsurTech market, positioning it as a global leader. However, achieving "Insurance for All by 2047" requires addressing trust issues, cybersecurity, and last-mile delivery. Through qualitative analysis of policies and trends, this paper recommends public-private partnerships, simplified onboarding, and state-specific adaptations to align with Ek Bharat Shreshtha Bharat's vision of "One Nation, Strengthened Unity." This approach not only strengthens resilience against shocks like health crises or natural disasters but also empowers the "missing middle" the 350 million uninsured Indians driving equitable growth. Ultimately, digital insurance transforms protection from a transactional service into a tool for social security and national cohesion.

Keywords: Digital insurance, financial inclusion, Ek Bharat Shreshtha Bharat, InsurTech, Ayushman Bharat

Introduction

India's financial ecosystem faces persistent challenges like low insurance penetration (around 4.2% of GDP) and vulnerability to shocks, affecting over 350 million in the "missing middle." Digital insurance emerges as a game-changer, using technology to make coverage affordable, instant, and widespread. From an Ek Bharat Shreshtha Bharat lens launched in 2015 to celebrate diversity while building unity this means tailoring digital tools to connect urban tech hubs with rural heartlands, ensuring no state lags behind.



The initiative promotes cultural exchange between paired states, but its spirit extends to economic integration via shared financial tools. Digital platforms like Bima Sugam enable seamless policy purchases across regions, reducing urban-rural divides. Government pushes, including IRDAI's cashless claims and triple agent tie-ups, align with this unity. This paper examines digital insurance's contributions, challenges, and pathways forward.

Ek Bharat Shreshtha Bharat Framework

Ek Bharat Shreshtha Bharat envisions India as a cohesive family, pairing states like Gujarat with Tamil Nadu to foster mutual understanding. In finance, this translates to equitable resource distribution, where digital insurance acts as a unifying thread. For instance, national schemes like Pradhan Mantri Jan Arogya Yojana (PM-JAY) under Ayushman Bharat provide ₹5 lakh coverage to 50 crore people, emphasizing rural inclusion.

Digital tools amplify this by enabling cross-state portability patients from Bihar access care in Delhi via e-cards. Programs like Pradhan Mantri Suraksha Bima Yojana offer low-premium accident cover through UPI, reaching remote villages. This framework counters fragmentation, as seen in blockchain-based crop insurance for farmers in diverse agro-climates. By 2047, it aims for "Surakshit Bharat," mirroring UPI's payment revolution.

Digital Insurance Landscape in India

Digital insurance has exploded, with InsurTech growing at 32-34% CAGR, ranking India fifth globally. Platforms integrate AI for personalized policies, IoT for real-time motor tracking, and blockchain for transparent claims. Key players like Policybazaar and startups offer instant quotes, cutting paperwork.

Government interventions include Bima Vahak for agents and Digital Personal Data Protection Act for secure data handling. Penetration rose post-COVID, with health premiums surging 15%. Motor insurance uses telematics for usage-based premiums, while health apps enable teleconsults. This shift from agents to apps suits India's 1.4 billion digital users.

Strengthening Financial Ecosystem

Digital insurance bolsters stability by mitigating risks. It cuts out-of-pocket expenses (60% of health spends) via PM-JAY's 30,000+ empanelled hospitals. Financial inclusion surges: Jan Dhan linked 50 crore bank accounts to insurance, empowering women and migrants.

From Ek Bharat view, it unifies ecosystems—northern states benefit from southern InsurTech hubs. Cyber risk policies protect digital economies, vital as e-commerce booms. Crop insurance via satellites aids flood-prone east and drought-hit west, stabilizing agriculture GDP (15-18%). Overall, it enhances resilience, with GDP impact projected at 2-3% via reduced losses.



Sector	Digital Innovation	Ek Bharat Impact	Coverage Growth
Health	PM-JAY e-cards, AI claims	Cross-state portability	50 crore beneficiaries
Motor	Telematics, UPI payments	Urban-rural access	15% premium rise
Crop	Blockchain, satellite data	Regional risk pooling	5 crore farmers
Life	Micro-policies via apps	Migrant worker inclusion	Doubled digital sales

Challenges and Barriers

Despite progress, hurdles persist. Digital divide affects 40% rural without smartphones; low trust delays adoption. Cybersecurity threats loom, with few tailored policies. Regulatory silos hinder data sharing across states.

Implementation gaps in PM-JAY include staff shortages and delayed reimbursements. The "missing middle" skips coverage due to high premiums. Ek Bharat amplifies this: linguistically diverse states need multilingual apps.

Opportunities and Recommendations

InsurTech offers vast scope: AI chatbots in regional languages, phygital models blending apps with agents. Public-private ties, like UPI-insurance integration, can hit "Insurance for All by 2047".

Recommendations:

- Customize platforms for paired states under Ek Bharat, e.g., Gujarat-Maharashtra health corridors.
- Boost literacy via YouTube campaigns in local tongues.
- Mandate cyber coverage for SMEs.
- Scale Bima Sugam for one-stop digital marketplaces.
- Use Aadhaar for instant KYC, cutting onboarding to minutes.

These steps align digital insurance with national unity, targeting 75% penetration.

Future Outlook



By 2030, digital insurance could cover 80% Indians, fueled by 5G and data analytics. Ek Bharat ensures balanced growth no state left out. With reforms, it cements India's financial fortress, echoing "Surakshit Bharat 2047".

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