ABSTRACT

Microinsurance in developing countries is increasingly recognized as key to poverty reduction and social protection. The adverse effects of unexpected events have a significant effect on the income of the poor, as limited resources impede their recovery. A significant potential for microinsurance has been identified as a measure to reduce vulnerabilities among low-income groups, due to little ability to use ex-ante preventive risk management strategies, and mainly rely on informal mechanisms that provide only partial insurance, so that they lack sufficient options to secure against hazards.

The present study is based on field survey covering 100 BPL households of Agra city and study the microinsurance as an emerging risk aversion instrument for economically vulnerable section. The study examines the trends and recent developments of microinsurance for averting the risk of poor people in India and identifies the gap between demand and supply side of microinsurance and investigates the factors which are responsible for slow pace of microinsurance in India.

Keywords: Microinsurance, vulnerability, poverty reduction, hazards.