

A Study on Socio-Economic Impact of PM-JAY Health Insurance Scheme on Indian Households

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ABSTRACT

Ayushman Bharat-Pradhan Mantri Jan Arogya Yojana (AB-PMJAY) scheme was launched on September 23, 2018 by the government of India. This study explores the socio-economic impact of the PM-JAY scheme on Indian households, emphasizing its effectiveness in reducing out-of-pocket (OOP) healthcare expenditures, enhancing access to medical services, and strengthening overall financial protection. Additionally, it evaluates the scheme's coverage across different Indian states by analysing state-wise enrolment patterns and beneficiary penetration levels. The study also investigates hospitalization trends and examines variations in morbidity and mortality among beneficiaries to gain deeper insights into the broader health outcomes associated with PM-JAY implementation. The study draws on secondary data obtained from the annual reports of the National Health Authority (NHA), as well as various academic journals and research articles. The findings reveal that PM-JAY has played a significant role in reducing instances of distress financing and enhancing healthcare accessibility, particularly among rural and low-income households. Furthermore, the broadened hospital network and the surge in admissions under PM-JAY point to improved access to quality healthcare, increased hospitalization rates, and a likely reduction in mortality. The study concludes that while PM-JAY has made meaningful progress toward universal health coverage (UHC), sustained efforts in strengthening implementation, monitoring, and public awareness are essential to ensure equitable and long-term socio-economic benefits for all Indian households.

Keywords: PM-JAY, Ayushman Bharat, health insurance, socio-economic impact, out-of-pocket expenditure, Indian households.

INTRODUCTION

The Indian Healthcare system is a combination of commercial companies, non-governmental organisations and multiple levels of government that are involved in decision-making and service delivery. The accessibility to adequate and quality medical care has become a significant issue in India.¹ The majority of Indians are not covered by any kind of health insurance, resulting in high-out-pocket expenditure. This makes it difficult for individuals to secure funds for their medical needs, adversely impacting their socio-economic well-being and pushing them below the poverty line. In September 2018, Ayushman Bharat Pradhan Mantri Jan Arogya Yojna (AB-PMJAY) health insurance scheme was launched by government of India to provide access to adequate and quality healthcare to Indian families. It provides financial healthcare coverage for nearly 50 crore individuals and covers Rs.5 lakhs per family per year for secondary and tertiary care hospitalization across public and private empanelled hospitals in India.² AB-PMJAY scheme is mainly implemented with a goal to minimize out-of-pocket expenditure, which is a main barrier in Indian healthcare system. The scheme has a major influence on the lives of many beneficiaries, particularly on the disadvantaged segments of the population providing financial protection against catastrophic healthcare costs. This study aims to assess the coverage of the PM-JAY scheme across various Indian states by measuring state-wise enrolment rates and beneficiary penetration levels. It further evaluates the scheme's effectiveness in reducing out-of-pocket

healthcare expenses, mitigating catastrophic health spending and preventing poverty among low-income households. Additionally, the study examines hospitalization rates and analyses trends in morbidity and mortality among scheme beneficiaries to understand the broader health outcomes associated with PM-JAY coverage. The research gap addressed in this study lies in the limited evidence on how the PM-JAY scheme's improvements in health insurance coverage and reductions in out-of-pocket and catastrophic healthcare expenditures translate into broader socio-economic outcomes. While the scheme has shown promise in financial risk protection, there is a lack of comprehensive analysis on its impact across different socio-economic groups. This study seeks to bridge that gap by analysing the socio-economic impact of PM-JAY on Indian households, with a focus on changes in savings, levels of debt and shifts in poverty status.

Overview of PM-JAY Achievements as of 2024

Metric	Statistic
Ayushman Cards issued	Over 41 crore (410 million).
Hospital admissions	Over 9.84 crore
Amount authorized	Over ₹1.40 lakh crore
Lives saved from poverty	Prevents approximately 6 crore Indians
Out-of-Pocket Expenditure (OOPE)	₹1.25 lakh crore saved in out-of-pocket expenses. Reduced OOP from 62.6 percent (FY2015) to 39.4 percent (FY2022) as a share of total health expenditure.
Empanelled hospitals	31,466 hospitals, including 14,194 private ones.
Gender equity	49 percent of Ayushman Cards issued to women. 48 percent of hospital admissions utilized by women.

(Source: <https://nha.gov.in/PM-JAY>)

The table presents an overview of PM-JAY's key achievements, including the number of Ayushman cards issued, hospital admissions, government funds authorized for beneficiaries, lives protected from poverty, reduction in out-of-pocket healthcare expenses, number of empanelled hospitals, and progress toward gender equity under the scheme.

Objectives:

The objectives of the study are:

- To assess the coverage of the PM-JAY scheme across different states of India.
- To analyse the impact of the PM-JAY scheme on the socio-economic status of beneficiaries
- To study health outcomes linked to PM-JAY coverage.

REVIEW OF LITERATURE

A number of studies have examined various dimensions of the Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB-PMJAY), particularly its impact on awareness, utilization, and financial protection. However, despite growing literature, several gaps remain regarding regional disparities, beneficiary experiences, and the effectiveness of awareness mechanisms.

Sweety Patel (2024)¹ found that AB-PMJAY significantly reduced out-of-pocket (OOP) expenditure by providing financial security, expanding access to healthcare, and standardizing treatment costs. Similarly, **Deborah Warren (2025)³** reported a measurable decline in OOP expenditures and catastrophic health spending among beneficiaries in Assam, especially in public hospitals. These studies collectively demonstrate the scheme's financial protection benefits. However, they primarily focus on the economic impact, leaving gaps in understanding awareness levels, utilization behaviour, and administrative challenges influencing these outcomes.

Research on awareness and utilization has shown substantial regional and demographic variation. For instance, **Raghav Dixit et al. (2025)²** found that rural beneficiaries in Gautam Buddha Nagar district displayed higher awareness and utilization due to targeted campaigns and healthcare worker outreach, while urban residents lacked proper guidance about the scheme. Likewise, **Kamalpreet and Sonali Beri (2024)⁵** observed moderate awareness and usage levels, with government campaigns and healthcare providers being key information sources. Despite these initiatives, enrolment and utilization remained low, particularly for non-hospitalization services. These findings point to a gap between awareness creation and effective utilization, suggesting that informational efforts are insufficient without proper follow-up and guidance.

Sona Ojha and Gopal Prasad (2025)⁴ explored the policy implementation challenges of PM-JAY in rural Uttar Pradesh, noting that systemic inefficiencies, such as weak beneficiary identification, limited infrastructure, and poor interdepartmental coordination restricted the scheme's success. Similarly, **Vemuri Sailaja Vani (2024)⁶** found moderate awareness and enrolment rates in Andhra Pradesh but a utilization rate of only 40 percent, with many still incurring out of pocket expenses. These studies underscore implementation and operational barriers that limit the scheme's effectiveness, but few have examined how these challenges vary across rural-urban contexts or among different beneficiary groups.

At the national level, **Divya Parmar et al. (2023)⁷** and **Bigi Thomas et al. (2023)⁸** reported that while PM-JAY contributed to reduced catastrophic health expenditures and encouraged greater use of private hospitals, a substantial proportion of beneficiaries continued to face out of pocket costs even after enrolment. These persistent expenditures suggest limitations in coverage awareness and hospital compliance, areas that remain underexplored.

During the COVID-19 pandemic, **Pallavi Omkar Sawant and Ashok Luhar (2021)⁹** demonstrated that AB-PMJAY acted as a crucial safety net for underprivileged populations, preventing deeper impoverishment. However, **Akshay et al. (2021)¹⁰** showed that in specific sectors like oral healthcare, awareness remained as low as 30 percent, and utilization was minimal. These findings indicate sector-specific underutilization and uneven knowledge of benefits, especially for specialized care.

RESEARCH METHODOLOGY

The study is based on secondary data sourced from the annual reports of National Health Authority (NHA), various journals, articles, and websites of NHA and PM-JAY. Literature searches were performed using google scholar and research gate. The data covers the period from 2018-2019 to 2023-2024.

Data Analysis And Interpretation

Table 1 State-wise coverage of PM-JAY health insurance scheme in India

State/UT Name	No. of families covered	Percentage of families covered
Andaman and Nicobar Islands	23,785	0.02
Andhra Pradesh	1,41,78,220	9.30
Arunachal Pradesh	98,844	0.06
Assam	56,34,138	3.69
Bihar	1,21,10,525	7.94
Chandigarh	79,226	0.05
Chhattisgarh	64,70,172	4.24
Dadra and Nagar Haveli and Daman and Diu	1,88,657	0.12
Goa	41,098	0.03
Gujarat	95,47,134	6.26
Haryana	29,93,557	1.96
Himachal Pradesh	5,32,396	0.35
Jammu & Kashmir	25,05,626	1.64
Jharkhand	61,50,000	4.03
Karnataka	1,15,00,000	7.54

Kerala	44,21,292	2.90
Ladakh	40,758	0.03
Lakshadweep	12,523	0.01
Madhya Pradesh	1,08,61,653	7.12
Maharashtra	93,05,910	6.10
Manipur	4,07,593	0.27
Meghalaya	6,88,551	0.45
Mizoram	2,16,584	0.14
Nagaland	3,50,453	0.23
Puducherry	1,92,082	0.13
Punjab	34,99,970	2.29
Rajasthan	66,37,371	4.35
Sikkim	44,228	0.03
Tamil Nadu	1,42,42,194	9.34
Telangana	90,10,000	5.91
Tripura	5,49,554	0.36
Uttar Pradesh	1,80,47,024	11.83
Uttarakhand	19,49,364	1.28
Total	15,25,30,482	100

(Source: National Health Authority – Annual Report – 2022-2023)

The above table depicts the coverage of PM-JAY Health Insurance scheme across different states of India. The top 3 states benefiting from the scheme are Uttar Pradesh which ranks first with 1,80,47,024 families covered (11.83 percent), followed by Tamil Nadu with 1,42,42,194 families (9.34 percent) and Andhra Pradesh cover 1,41,78,220 families (9.30 percent).

Some of the States/Union Territories like Andaman and Nicobar Islands, Arunachal Pradesh, Chandigarh, Dadra and Nagar Haveli and Daman and Diu, Goa, Himachal Pradesh, Ladakh, Lakshadweep, Manipur, Meghalaya, Mizoram, Nagaland, Puducherry, Sikkim and Tripura covered less than 1 percent of families under PM-JAY Health Insurance scheme.

STATE-WISE COVERAGE OF PM-JAY HEALTH INSURANCE SCHEME IN INDIA

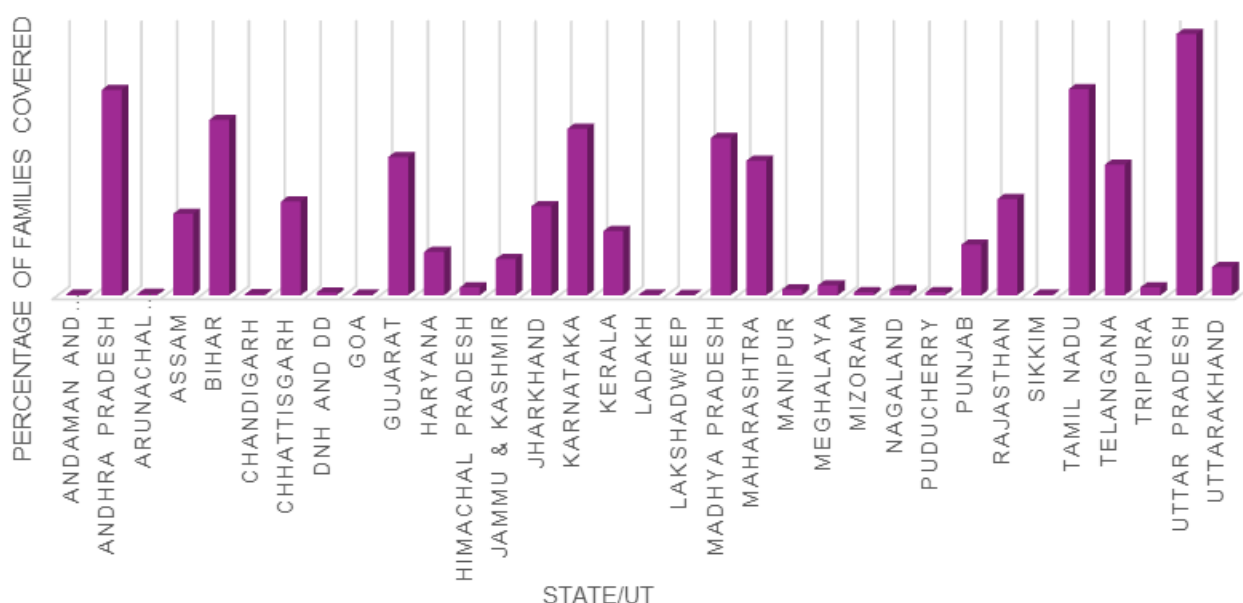


Table 2 Utilization of PM-JAY health insurance scheme

Financial year	Funds released/utilized (Amount in crore)	Percentage of change in funds released/utilized
2018-2019	1,965	-
2019-2020	3,129	59.24
2020-2021	2,636	-15.76
2021-2022	3,066	16.31
2022-2023	6,048	97.26
2023-2024	6,554	8.37
2024-2025	4,365	-33.40

(Source: <https://www.mohfw.gov.in> - Annual Report – 2024-2025)

From the above table it is observed that the funds released/utilized have showed an upward trend, rising from Rs.1,965 crore in 2018-2019 to Rs.6,554 crore in 2023-2024, before witnessing a dip in 2024-2025. The utilization percentage increased from 59.24 percent in 2019-2020 to 97.26 percent in 2022-2023. However, it dropped sharply to 8.37 percent in 2023–2024 and further declined to a negative 33.40 percent in 2024–2025.

Table 3 Financial impact of PM-JAY on Indian households

Metric	Before PM-JAY (Approx. FY 2015)	After PM-JAY (Approx. FY 2022)
National out-of-pocket expenditure (OOPE) (as a percent of total health expenditure)	62.6	39.4
Cumulative OOPE savings (Estimated)	-	Over ₹1.25 lakh crore
Estimated Indians saved from poverty	-	6 crore individuals annually
Health insurance coverage in rural areas (in percent)	26.9	38.6

(Source: <https://nha.gov.in/PM-JAY>)

The table clearly shows that the national out-of-pocket expenditure, which was 62.6 percent of the total health expenditure before the implementation of PM-JAY scheme, has decreased to 39.4 percent after the introduction of PM-JAY scheme. This represents a 23.2 percent reduction in out-of-pocket expenditure following the implementation of the PM-JAY scheme. Following the introduction of the PM-JAY scheme, the cumulative out-of-pocket expenditure savings exceeded Rs.1.25 lakh crore. It is estimated that the scheme has helped to prevent around 6 crore individuals from falling into poverty each year. The health insurance coverage in rural areas was 26.9 percent before the implementation of PM-JAY scheme and increased to 38.6 percent after the introduction of PM-JAY scheme. A difference of 11.7 percent was observed following the introduction of the PM-JAY scheme.

Thus, the PM-JAY health insurance scheme has achieved the primary goal of reducing catastrophic health spending for vulnerable families and it is also successful in preventing poverty caused by health expenses.

Table 4 Maternal and child health indicators

Metric	Non-PM-JAY states (FY 2015–20) (in percent)	PM-JAY states (FY 2015–20) (in percent)
Infant Mortality Rate (IMR) reduction	12	20
Under-5 Mortality Rate (U5MR) reduction	14	19
Women with unmet family planning needs	Decreased by 10	Decreased by 31
Women with HIV/AIDS knowledge	Increased by 2	Increased by 13

(Source: <https://nha.gov.in/PM-JAY>)

The table clearly indicates that the Infant Mortality Rate (IMR) reduction was 12 percent in Non-PM-JAY states and 20 percent in PM-JAY states. The Under-5 Mortality Rate (U5MR) reduction was 14 percent in Non-PM-JAY states and 19 percent in PM-JAY states. The proportion of women with unmet family planning needs declined by 10 percent in Non-PM-JAY states, while PM-JAY states saw a more significant reduction of 31 percent. The percentage of women with HIV/AIDS knowledge increased by 2 percent in Non-PM-JAY states, whereas PM-JAY states experienced a more substantial increase of 13 percent.

Thus, the states that implemented PM-JAY health insurance scheme demonstrated better maternal and childcare outcomes compared to non-implemented states.

Table 5 Hospital network under PM-JAY health insurance scheme

Year	No of empanelled public hospitals	No of empanelled private hospitals	Total number of empanelled hospitals	Percentage increase in total number of empanelled hospitals
2018	3,417	1,941	5,358	-
2019	6,549	5,252	11,801	120.25
2020	11,774	6,931	18,705	58.50
2021	12,898	8,382	21,280	13.77
2022	14,862	10,176	25,038	17.66
2023	15,276	12,077	27,353	9.25

(Source: National Health Authority – Annual Report – 2022-2023)

From the above table it is evident that the number of empanelled public hospitals increased from 3,417 in 2018 to 15,276 in 2023. Similarly, the number of empanelled private hospitals also increased from 1,941 in 2018 to 12,077 in 2023.

The hospital network under PM-JAY scheme, comprising both public and private hospitals, increased from 5,358 in 2018 to 27,353 in 2023. In 2019 alone, the total number of empanelled hospitals rose by 120.25 percent, while by 2023 the growth rate had slowed to 9.25 percent.

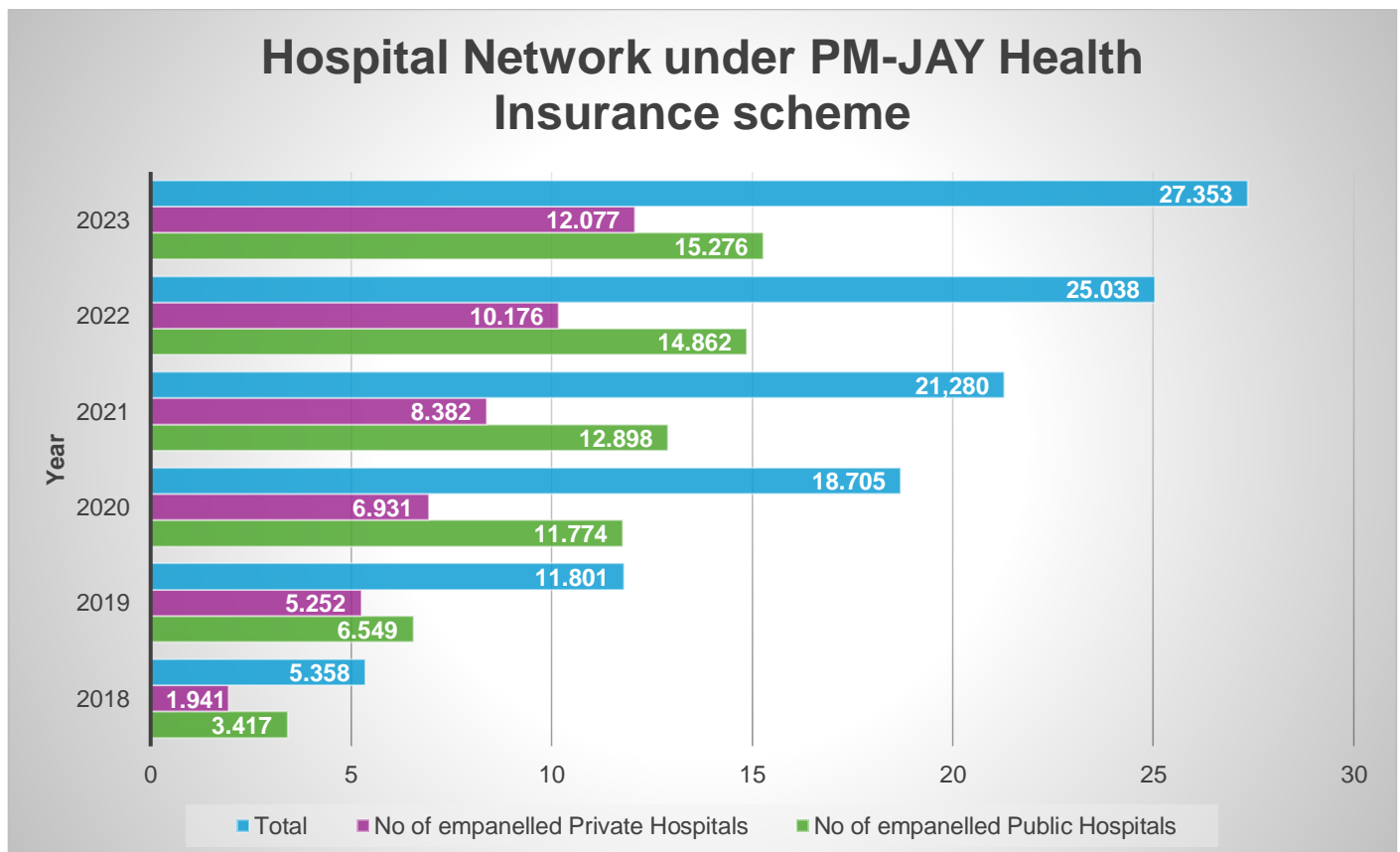


Table 6 In-patient beneficiaries under PM-JAY health insurance scheme

Year	In-patient beneficiaries in Public Hospitals (in Lakhs)	In-patient beneficiaries in Private Hospitals (in Lakhs)	Total number of in-patient beneficiaries (in Lakhs)	Percentage increase in total number of in-patient beneficiaries
2019	18	25	43	-
2020	58	64	122	183.72
2021	105	122	227	86.07
2022	188	208	396	74.45
2023	277	282	559	41.16

(Source: National Health Authority – Annual Report – 2022-2023)

The data indicates that in-patient beneficiaries in public hospitals raised from 18 lakhs in 2019 to 277 lakhs in 2023. Similarly, in-patient beneficiaries in private hospitals also raised from 25 lakhs in 2019 to 282 lakhs in 2023.

The number of in-patient beneficiaries in both public and private hospitals increased substantially from 43 lakhs in 2019 to 559 lakhs in 2023. The year-on-year increase hit 183.72 percent in 2020, before falling to 41.16 percent by 2023.

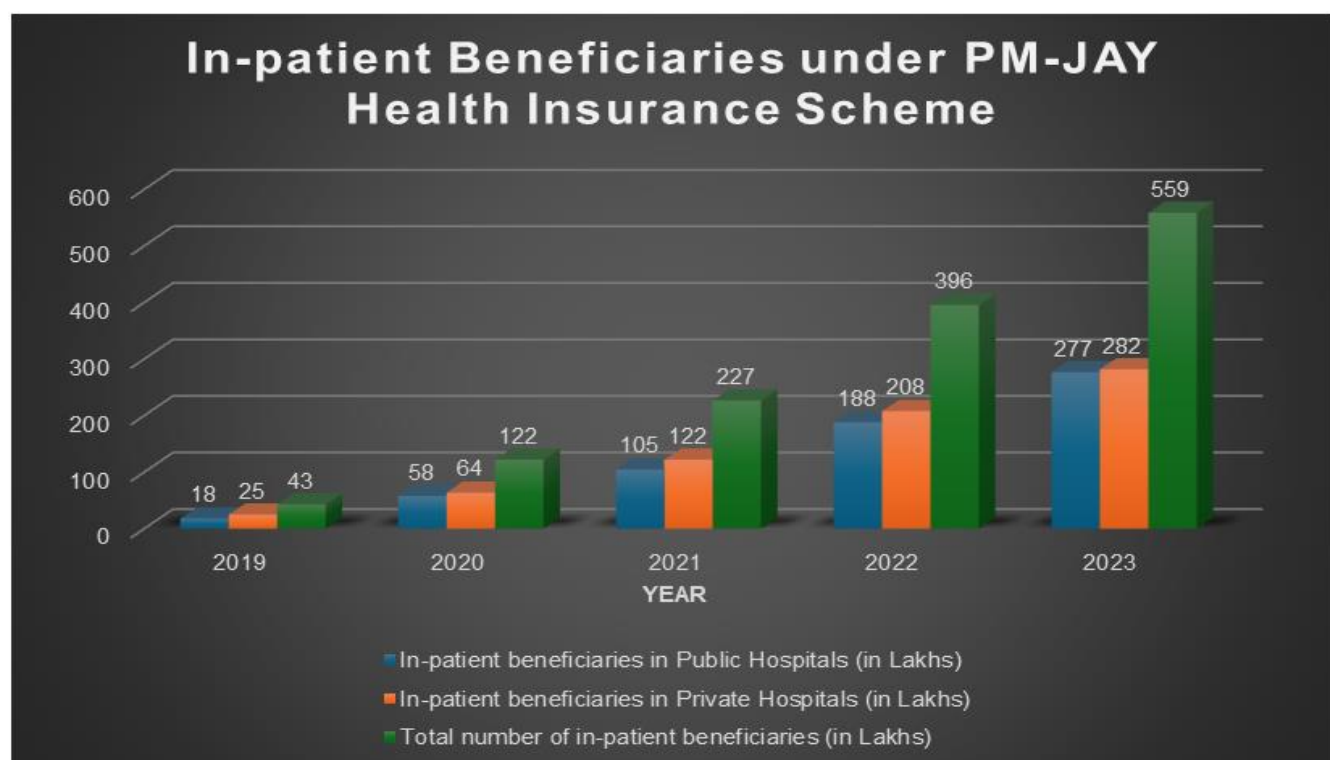


Table 7 Utilization of public healthcare facilities under PM-JAY health insurance scheme (In terms of count)

Year	Percentage of utilization of public healthcare facilities (In terms of count)
2019	42
2020	47
2021	46
2022	48
2023	50

(Source: National Health Authority – Annual Report – 2022-2023)

The table indicates that the utilization of public healthcare facilities in terms of count increased from 42 percent in 2019 to 50 percent in 2023.

Percentage of Utilization of Public Healthcare Facilities (In terms of count)

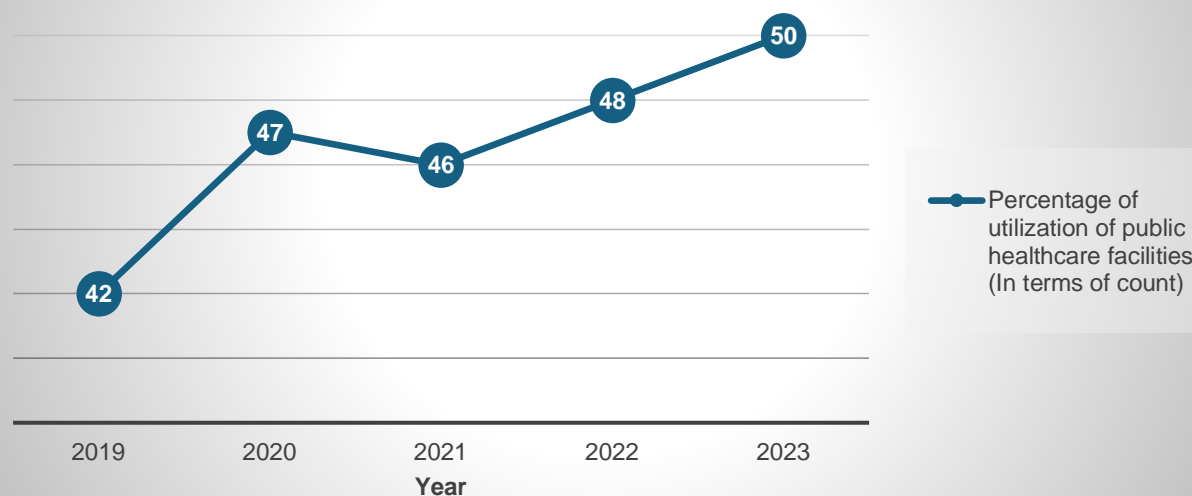


Table 8 Utilization of public healthcare facilities under PM-JAY health insurance scheme (In terms of amount)

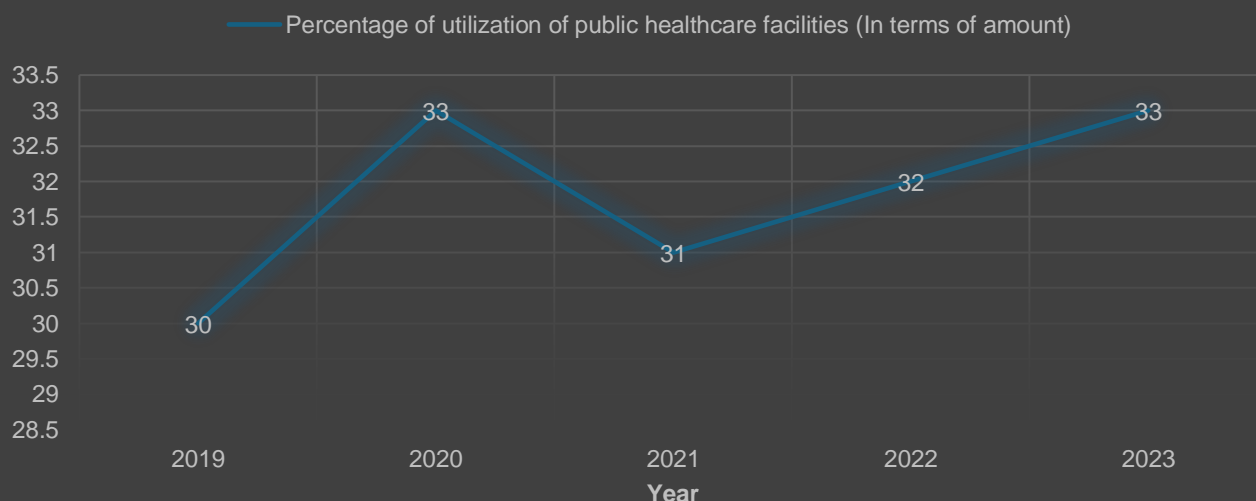
Year	Percentage of utilization of public healthcare facilities (In terms of amount)
2019	30
2020	33
2021	31
2022	32
2023	33

(Source: National Health Authority – Annual Report – 2022-2023)

The table shows that the utilization of public healthcare facilities in terms of amount increased from 30 percent in 2019 to 33 percent in 2023.

The utilization was found to be slightly higher for the public healthcare facilities, compared to private healthcare facilities registering an increase of 8 percent in the number of cases and 3 percent in the amount spent.

Percentage of Utilization of Public Healthcare Facilities (In terms of amount)



FINDINGS

- The PM-JAY health insurance scheme has provided coverage to **15,25,30,482 families** across various states in India, with **Uttar Pradesh, Tamil Nadu, and Andhra Pradesh** emerging as the top three beneficiary states.
- The consistent rise in funds released/utilized under the scheme from **Rs.1,965 crore in 2018-2019 to Rs.6,554 crore in 2023-2024**, indicates a steady expansion in its coverage and implementation. However, the dip in 2024-2025 may suggest factors such as budgetary constraints, improved fund utilization efficiency or a slowdown in new enrolments and claims.
- Following the introduction of the PM-JAY scheme, there was a **reduction of 23.2 percent in out-of-pocket expenditure**, resulting in **cumulative savings of over Rs.1.25 lakh crore**. Additionally, the scheme has **helped to prevent around 6 crore individuals from falling into poverty each year**.
- The states that implemented the PM-JAY health insurance scheme **showed improved maternal and child health outcomes** compared to those that did not implement the scheme.
- The hospital network under the PM-JAY scheme, encompassing both public and private hospitals, **increased significantly from 5,358 hospitals in 2018 to 27,353 hospitals in 2023**. In 2019 alone, the total number of empanelled hospitals rose by 120.25 percent, while by 2023 the growth rate had slowed to 9.25 percent.
- The number of in-patient beneficiaries in both public and private hospitals **increased substantially from 43 lakhs in 2019 to 559 lakhs in 2023**. The year-on-year increase hit 183.72 percent in 2020, before falling to 41.16 percent by 2023.
- Under the PM-JAY scheme, **public healthcare facilities saw slightly higher utilization than private healthcare facilities**, experiencing an **8 percent increase in the number of cases and a 3 percent rise in the amount spent**.

DISCUSSION

The study found that PM-JAY is associated with reductions in out-of-pocket expenditures and catastrophic health expenditures for eligible households. **(Divya Parmar, e. a. (2023).)** in the survey of around 57,000 eligible people in six Indian states found that the Pradhan Mantri Jan Arogya Yojana (PM-JAY) was linked to a **13 percent drop in out-of-pocket spending and a 21 percent drop in catastrophic health costs**, mainly due to use of private hospitals. Moreover, the “Ayushman Bharat – Pradhan Mantri Jan Arogya Yojana” umbrella scheme is credited in the government’s **Economic Survey 2023-24** with generating **savings of over ₹1.25 lakh crore** in OOPEx and shielding households from micro-economic shocks. Complementing the financial protection effect, by **early 2024** the scheme’s provider network had expanded to encompass nearly **30,000 empanelled hospitals** nationwide, thereby enhancing access and choice for eligible populations.

Suggestions

- Many studies have examined the beneficiaries covered under the PM-JAY scheme; however, limited research has focused on comparing the scheme’s outcomes across states. Future studies could therefore analyse PM-JAY outcomes across regions with differing levels of efficiency to better identify the factors influencing program performance.
- Several states still have relatively low coverage under the PM-JAY scheme; therefore, future studies could explore the barriers to enrolment and access, including limited awareness, low literacy, and documentation challenges.
- There is significant scope for future research to examine how digital platforms such as the PM-JAY IT system and beneficiary database could contribute to enhance the efficiency and transparency of the PM-JAY health insurance scheme.
- Further research could also explore ways to strengthen the PM-JAY scheme to enhance its preparedness and responsiveness during future public health emergencies, such as pandemics or large-scale disease outbreaks, by assessing its capacity for rapid service delivery, financial protection, and coordination with other health systems.

CONCLUSION

The study highlights the transformative potential of the PM-JAY health insurance scheme in improving the healthcare access and financial security of Indian households, particularly those in economically vulnerable sections. Findings indicate that PM-JAY has significantly reduced out-of-pocket medical expenditures for enrolled families, thereby mitigating the risk of catastrophic health spending and indebtedness. The expansion of the hospital network and the rise in hospital admissions under the PM-JAY scheme indicate improved hospitalization rates, enhanced access to quality treatment, and a potential reduction in mortality rates. The main limitation of the study is that it relies on secondary sources, which may not capture all the aspects of household experiences or regional disparities in PM-JAY implementation. The future research could incorporate primary data collection through household surveys and interviews, which would provide a more comprehensive understanding of how PM-JAY impacts households, capturing variations in utilization, satisfaction, financial protection, and regional disparities. Thus, PM-JAY represents a pivotal step toward achieving universal health coverage in India. By reducing financial vulnerability and promoting equitable access to healthcare, it plays a crucial role in fostering social and economic resilience among Indian households.

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