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Low Awareness and Product Gaps Hinder Livestock Insurance Coverage, Says Finhaat CEO

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Livestock insurance in India remains significantly underutilized due to a combination of low awareness, weak distribution networks, and limited product relevance for rural customers, according to Finhaat CEO Sandeep Katiyar. Finhaat, a digital platform focused on rural

financial inclusion, has observed that a vast number of farmers are unaware that insurance options for their animals even exist.

Katiyar emphasized that livestock serves as a crucial asset for rural households, often acting as their primary source of livelihood. However, the lack of knowledge and poor accessibility have created major barriers to insurance adoption. “Even when people are aware of livestock insurance, they find it difficult to purchase policies or make claims due to the absence of local agents or digital tools in remote areas,” he noted.

Adding to the challenge, Katiyar said many existing livestock insurance policies are not designed to meet the real needs of smallholder farmers. Policies frequently exclude common diseases and impose complex terms, making them unattractive and difficult to use. He also pointed out that rural connectivity issues and a lack of trust in insurance companies discourage farmers from enrolling.

Despite the pressing need for such coverage, India’s insurance penetration remains low at just 3.7 percent of GDP in FY24, compared to the global average of around 7 percent. This leaves many rural families financially vulnerable when disasters strike, such as disease outbreaks or weather-related livestock deaths.

To address the issue, Katiyar suggested a three-pronged approach: raising awareness through community-level engagement, simplifying insurance products to cover typical risks like illness and theft, and strengthening last-mile distribution through trusted local networks and digital solutions.

He concluded that for livestock insurance to gain ground in India, insurers must design inclusive and accessible products and invest in long-term trust-building with rural communities. Without urgent reforms, millions of families will continue to face economic uncertainty each time their animals fall sick or die.