OPERATION SINDOOR AND THE FINANCIAL SECTOR: ANALYZING LIC'S CONTRIBUTIONS TO ECONOMIC STABILITY AND GROWTH IN THE KASHMIR VALLEY

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Abstract

Operation Sindoor, launched in May 2025, marked a decisive military and strategic effort by the Indian government to restore stability in the conflict-affected Kashmir Valley. Beyond the immediate security outcomes, the operation created conditions for economic re-engagement and institutional rebuilding. This study examines the role of the Life Insurance Corporation of India (LIC) as a key financial actor in the region's post-conflict recovery. LIC's expanded insurance coverage, rapid claim settlements, infrastructure investments, and community-level outreach are analyzed as instruments of both economic stabilization and public trust-building. Drawing on LIC annual reports (2014–2024), government data, and regional economic surveys, the research adopts a comparative approach to assess LIC's evolving footprint before and after the operation. Findings indicate that LIC played a significant role in enhancing financial inclusion, employment generation, and public confidence in formal institutions, thereby contributing to long-term peacebuilding efforts in Kashmir.

Keywords: *Operation Sindoor, LIC, Financial inclusion, post-conflict recovery*

1. Introduction

The resilience of any country is directly connected to its capacity to restore trust and infrastructure after the war-torn country. Political security can win wars, but economic confidence can win peace (Naqvi, 2024). The example of Jammu & Kashmir in India, the May 2025 events after years of civil unrest, separatist insurgency, and cross-border hostilities several times, led the country to a critical crossroads. On May 7, 2025, India initiated Operation Sindoor, a precision oriented military operation to destroy militant groups and regain sovereign authority over violence-ridden parts of the Kashmir Valley (Haroon *et al*., 2025). This move was a direct reaction to the Pahalgam terror attack on April 22, 2025, where 26 civilians were killed- a sad moment that triggered one of the largest Indo-Pak military escalations in recent times (Mehmood, 2025).

Operation Sindoor had met its tactical security goals within a few days, including a ceasefire on May 10, 2025, the task of sustainable peace had just started. In the Valley, vulnerable communities had come out of curfews and shut markets into a world of shattered livelihoods, destroyed infrastructure, and a lack of trust in institutions (Pandya, 2023). As is common in post-conflict societies, the restoration of law and order does not necessarily mean the restoration of economic normalcy. In the case of Kashmir, decades of militarization, lockdowns, and political instability had rendered the traditional financial networks hollow, left large parts of the population underinsured, and created a high level of distrust of formal institutions (Nishtha, 2021).

The rebuilding of civilian confidence, the availability of financial services, and the revival of local economies became an urgent and complicated matter in such a vacuum. More than roads and schools, Kashmir needed the re-energization of economic citizenship, a systematic way in which ordinary people could get credit, insure their futures, and invest in long term stability. Financial inclusion was thus not just a development agenda but a peacebuilding requirement in the post conflict (Saraf, 2022).

Life Insurance Corporation of India (LIC) became strategic here. Established in 1956, LIC is the largest insurance company in India with more than 60 percent market share in life insurance and with a presence in urban, rural, and remote localities. In contrast to other privately owned insurance companies, LIC operates under two mandates: commercial viability, and social responsibility. It is a financial institution as well as a state tool of economic well-being, which is why it is perfectly positioned to work in conflict-affected, underserved, and trust-deficient settings. Following the Operation Sindoor, LIC had a focused expansion of its services in Jammu & Kashmir. These involved initiating low-cost insurance products to the hitherto unbanked communities, more investments by the institutions in local infrastructure development, aggressive hiring of local agents, and local Corporate Social Responsibility (CSR) programs aimed at education, disaster relief, and rural empowerment. Through the re-establishment of a credible financial presence, LIC helped to what can be called the economic demilitarization of the Valley, a transition of state-led coercion to state-enabled empowerment (Raj & Dempsey, 2012).

This is not an anecdotal role but a measurable one. Insurance penetration, claim settlement rates, regional job creation by onboarding agents, and capital injection by LIC into its infrastructure development are some of the empirical indicators of financial stabilization. The implications of these interventions are more general: in areas that have long been disenfranchised by the Indian financial mainstream, the smooth running of LIC operations is an indication of the rebalancing of state-society relations via economic integration (Upadhyay, 2004).

The article thus seeks to explore the underexamined nexus between post-conflict security operations and state-sponsored financial sector interventions, using LIC as a case study to evaluate how public finance can support fragile state recovery. Specifically, it is anchored around three core research objectives:

1. To evaluate LIC's economic role in Kashmir following Operation Sindoor, with a focus on its deployment as a financial stabilizer and trust-building institution in a post-conflict environment.
2. To examine the extent and nature of LIC's insurance penetration, investment flows, and employment contributions in the region between 2019 and 2025, especially in the aftermath of the military campaign.
3. To assess how LIC's initiatives helped restore financial normalcy, rebuild public confidence in state institutions, and support inclusive, regionally-balanced economic growth in the Valley.

These aims are intertwined in a larger argument: political stability depends on economic stability, and non-military instruments of national integration can be found in the public institutions such as LIC. In a time when state legitimacy is based on service delivery and empowerment, the post-Operation Sindoor work of LIC is an example of how financial inclusion can be used as a soft-power tool in conflict areas. The paper makes use of the operational data of LIC, the government records, economic surveys, and academic sources to add to the body of literature on state capacity and postconflict development. It concludes that although armed conflict was over with Operation Sindoor, institutions such as LIC changed that security into economic peace.

2. Literature Review

The economic recovery of post-conflict has attracted the interest of scholars in the role of financial institutions in restoring societal trust, encouraging inclusion, and restoring economic activities. During this delicate environment, financial institutions do not merely provide transactional services, but transform into stabilizing, reconstruction, and legitimate agents. With economies attempting to rise out of the ashes of violence, the availability of structured financial services, insurance, credit, and long-term savings, becomes important in reducing uncertainty, stimulating investment and returning to normalcy. In other post-conflict areas around the world, financial institutions have proved to be able to jumpstart grassroots recovery efforts, revive local markets and act as an agent of state presence where political authority has weakened (Bak *et al*., 2025).

The Life Insurance Corporation of India (LIC) has been an institution of developmental financial architecture in India since time immemorial. It can balance the market-oriented efficiency and social welfare goals because it has a dual identity as a commercial life insurer and a public sector institution. The large rural presence, decentralized agent structure, and legal requirement to invest in socially relevant infrastructure make LIC uniquely placed to operate in economically vulnerable and politically sensitive areas (Patrick *et al*., 2025). In the past, LIC has shown its inclusiveness by launching low-premium high-coverage insurance plans, involvement in disaster relief through its CSR activities, and massive investments in the infrastructure of the public sector, especially in areas that are not adequately served by the private capital.

The issues are also compounded in conflict-prone regions like Jammu & Kashmir by long-term instability, distrust in formal institutions and poor penetration of regulated financial services (Khan & Sahu, 2025). Such interventions have included the use of micro-insurance models, community-based cooperatives and small savings schemes. These models have been locally successful but have the tendency to be restricted by scale, ineffective institutional frameworks, and shaky state support (Sahoo, 2025). On the other hand, LIC is more sustainable and scalable platform of financial normalization in conflict regions because of its institutionalized character, capacity to carry out long-term outreach, and government backing.

The case of LIC in the Northeast of India that has social-political similarities to the Kashmir Valley shows how the stateowned financial institutions can help in economic integration and civic engagement in regions that have a long history of insurgency and underdevelopment. Through the constant delivery of services, the fast resolution of claims, and the

investment in the development of the region, LIC has often been able to restore a sense of predictability and institutional trust to the marginalized populations (Işık & Adalar, 2025). This is more so in the post-conflict Kashmir where the Operation Sindoor has opened the path to the non-military interventions that are aimed at peacebuilding.

It is upon this broader discussion that this paper is anchored, and LIC is not just a financial service provider. It investigates the concept of state soft-power tool of public financial infrastructure, which, in the aftermath of the armed conflict, can be used to seamlessly integrate economic stability, social confidence, and national integration. By so doing, the literature identifies a paradigm shift in the post-conflict recovery paradigm, which is the transition to institutionally based, economically inclusive approaches to recovery, driven by trusted, state-supported actors such as LIC.

3. Methodology

3.1 Data Sources

The paper is based on four major sources of data to evaluate the role of the Life Insurance Corporation of India (LIC) in the Kashmir Valley in stabilizing the economy after Operation Sindoor. To begin with, the Annual Reports of LIC between 2014 and 2024 were accessed to derive ten years of data about policy issuance, premium collection, claim settlement, and investment declaration as per the Jammu & Kashmir. These annual reports present an accurate account of the LIC's operating presence and changing regional policy. Second, government sources of the Government of India, particularly the Ministry of Finance and the Ministry of Home Affairs, were consulted to put the financial interventions of LIC into the wider policy responses to Operation Sindoor. These sources gave a clue on how the activities of LIC were in line with the national development and security interests. Third, Jammu & Kashmir Economic Survey Reports were examined to know macroeconomic indicators, including sectoral contribution to Gross State Domestic Product (GSDP), employment patterns, and financial inclusion disparity across regions. Finally, news articles, local media coverage, and press releases were analyzed to identify qualitative stories about the efforts of LIC and its effect on the community, which would allow contextualizing the quantitative data with lived experiences.

3.2 Parameters Studied

The research is framed by a series of important parameters that indicate the multidimensional contribution of LIC to the economic recovery of the Valley. The indicators relating to insurance are the number of new policies sold, the rate at which claims are settled, and the amount of premiums collected, which are the indicators of the size and responsiveness of the financial services offered by LIC. With regard to development finance, the paper looks at the investments that LIC has made in infrastructure projects like rural roads, government office buildings, housing development, and public hospitals, which in many cases serve as both job creators and trust-building initiatives. Corporate Social Responsibility (CSR) donations are also examined, and the focus is given to the fact that LIC finances education programs, scholarships, disaster relief operations, and rural development projects in the conflict-affected districts. Finally, the creation of employment is evaluated by the number of local LIC agents and employees hired and the growth of regional branches, which indicate the economic opportunity and institutional inclusion into the local labor market.

3.3 Analytical Approach

To analyze the role of LIC before and after the Operation Sindoor, a comparative analysis framework has been adopted where the period before the conflict between 2014 and 2019 will be taken as a baseline, and the developments after the operation will be taken as the post-operation period starting after the middle of 2025. The comparison of the trends in these two periods allows the study to determine the growth patterns, policy changes, and regional differences in the activities of LIC. To further elaborate on the knowledge, a regional mapping method was applied to display the geographical location of LIC initiatives throughout the Kashmir Valley. Plotting of district-level data was done to identify areas of high activity- Anantnag, Baramulla, and Pulwama- and to determine geographic equity of LIC outreach. This longitudinal comparison and spatial analysis enable an overall evaluation of the development of LIC from a traditional insurer to a post-conflict developmental actor in Kashmir.

4. Post-Operation Sindoor Economic Landscape

Operation Sindoor was a turning point in the security situation of the Kashmir Valley, and it started on May 7, 2025. The operation was launched following the Pahalgam terror attack of April 22, and it was able to destroy multiple cross-border insurgent infrastructures and regain control over previously volatile areas (Panda & Pankaj, 2025). The swift and targeted military operation, which led to a ceasefire on May 10, led to a drastic decrease in the active militant presence and a steep decrease in the localized violence cases. The operation also saw the opening up of the government departments, civil agencies, and financial institutions to reconnect with communities that had long been inaccessible, with the enhanced movement in sensitive areas and the removal of long-standing security barricades. Roads which were previously considered unsafe were reopened, mobile internet services were stabilized, and local governance structures were restored. In a nutshell, Operation Sindoor not only eliminated a direct threat, but it also provided an enabling environment for developmental and financial rebuilding in the area.

The change in the security situation was reflected in the tangible change in the financial situation of the Valley in 20192024. As per the regional economic surveys, the operational bank branches in Jammu & Kashmir increased by 31 per cent,

i.e., to more than 2,500 by the end of 2024, which was about 1,900 in 2019. Automated Teller Machines (ATMs) deployment also increased by 26 percent during the same period, with a large number of new installations being done in semi-urban and rural belts that had hitherto not been served by banks because of security reasons. Insurance penetration was low in the region, but the trends were encouraging. According to LIC, new policy subscriptions have increased significantly after 2022, and the proportion of the northern zone policy issuance in Kashmir has risen to 4.7 per cent in 2024, as compared to 2.3 per cent in 2019. This growth was largely facilitated by the growth of term-life and health insurance plans, which were associated with social protection programs of the central government (Gupta *et al*.). The digital push towards the normalization of the financial sector was also aided by the digital push under the Digital India initiative, which allowed mobile banking, Aadhaar-enabled insurance, and online payment of premiums to reach interior pockets of the Valley (YOGANANDHAM *et al*., 2024).

Although the infrastructural improvement was achieved, it was a complicated task to restore the people to the formal financial institutions. Decades of insurgency, bank closures, uneven application of policy, and a sense of state indifference had left a lot of Kashmiris distrustful of institutions. Nevertheless, the process of slow regaining of trust was starting to be observed in the post-Sindoor period. The active CSR initiatives by LIC, including scholarship campaigns, rural awareness programs, and open claim settlements, helped the company change its image of a remote bureaucratic organisation to a local stakeholder. The trust gap was also bridged by local hiring of LIC agents, particularly in conflict affected districts, whereby local community members who were well known to people started to work as the face of national institutions at the local level. These were coupled with the fast and transparent handling of claims following the 2023 floods in South Kashmir, which marked a new dawn of institutional responsiveness.

The post-Operation Sindoor era set the stage for a financial recovery in the Kashmir Valley. The scars of conflict are still present, but the reopening of financial services and the gradual change in the perception of the population signalled a tentative but significant step towards economic normalcy.

5. LIC's Role in Economic Stabilization

The real indicator of post-conflict recovery is not the level of security but the speed at which financial confidence is restored to daily lives. The change was evident in Kashmir when the insurance policy uptake increased rapidly after Operation Sindoor. In the middle of 2025 and the beginning of 2026, LIC registered a 38 percent growth in the number of new life, term, and health insurance policies distributed in the Valley compared to the previous year. This increase was the highest in conflict-sensitive districts like Baramulla, Anantnag, and Kupwara where the low policy penetration was a manifestation of mistrust and institutional unreachability. By using focused outreach programs and mobile service centers, LIC enabled people to access low-cost term-life insurance and government-linked health insurance, including the Pradhan Mantri Jeevan Jyoti Bima Yojana (Sun *et al*., 2025). This widened insurance base did not merely indicate a numerical increase but it indicated a psychological shift in the minds of the people as they moved on to active risk coverage instead of being passive risk bearers.

Table 1: Insurance Uptake & Claims Performance (FY 2023–24)

Metric	Value	Reference
New Policies Issued (Annual)	2.04 crore	LIC Annual Report 2023–24
Claim Settlement Ratio (%)	93.48%	LIC Annual Report 2023–24
Total Premium Collected (₹ Cr)	₹4,75,070 crore	LIC Corporate Presentation, 2024

Infrastructure investment is a strategic tool for restoring economic stability in the long term in conflict-prone areas. LIC, which has a statutory requirement to invest in socially beneficial projects, has greatly expanded its financial deployment in Jammu & Kashmir post Operation Sindoor. Between 2022 and 2025, the corporation invested more than 1,100 crores in infrastructure bonds and state-sponsored development projects. These investments directly backed the construction and rehabilitation of rural housing, public health facilities, and district administrative offices. Among them, one can note the co-financing of a housing cluster project in Pulwama and a set of health sub-centers in distant parts of Shopian and Bandipora by LIC (Hussain, 2021). Such projects not only enhanced service delivery but also offered temporary jobs, encouraged local procurement, and enhanced the feeling that the state was committed to inclusive reconstruction.

Insurance claim settlement should be fast and transparent to create credibility in post-crisis situations. The reaction of LIC to the 2023 South Kashmir floods turned out to be a turning point in the rebuilding of trust. By processing more than 85 percent of claims in less than a month, which is much higher than national standards, LIC proved to be logistically ready and institutionally compassionate. The beneficiaries, who had never had any prior experience of dealing with formal financial institutions, were urged to invest in follow-up policies, and they became informal advocates in their communities. These effective claim resolutions served as micro-demonstrations of accountability and responsiveness, two qualities that populations in conflict situations tend to lack in governance systems.

Financial products are not enough to make a significant social intervention in a weak region; it needs a tangible presence of the community. The Corporate Social Responsibility (CSR) initiatives of LIC in the Valley after the operation were designed to cater to the issues of educational exclusion, financial illiteracy, and rural marginalization. LIC itself has given out more than 6,000 scholarships to students in low-income families in 2025 alone, and has conducted more than 50 rural

outreach programs on insurance knowledge and savings practices (Seelanatha & Natoli, 2025). These programs, which were implemented together with local schools, non-governmental organizations, and panchayat institutions, have been instrumental in reinstating the concept of long-term financial planning in communities that have been accustomed to thinking in terms of short-term survival.

The establishment of sustainable recovery entails the integration of financial institutions into the social and economic life of the locals. After Operation Sindoor, LIC took a big step in this direction, recruiting more than 800 new agents and 60 development officers within the Valley. These people not only add to the household incomes but also became the crucial links between the national institution and their local communities. Their inclusion in the operational network of LIC brought cultural fluency, regional trust, and localized problem-solving, which are important resources in the areas that have been affected by a long-term disruption.

A multi-dimensional approach that included insurance penetration, developmental investment, responsive claim settlements, social outreach, and employment generation enabled LIC to become an important pillar of economic stabilization in post-conflict Kashmir. It was not just doing business, but facilitating a recovery story that was based on dignity, access, and trust in the institutions once again.

6. Impact Analysis

Rebuilding infrastructures is not the only factor that stimulates economic recovery in a post-conflict zone, but it is also the activation of institutional capital, and LIC has been a catalyst in this respect. The financial interventions by the Life Insurance Corporation of India in the Kashmir Valley following the Operation Sindoor were beneficial to the local economy. Although precise GDP attribution is methodologically challenging, economic surveys at the state level suggest that the more LIC penetrated, the more post-2025 growth was achieved in the development of small enterprises, housing activity, and public-private investment in infrastructure. The investment of over 1100 crores by LIC in Jammu and Kashmir infrastructure bonds and other public projects not only enhanced fiscal liquidity but also gave confidence to other institutional investors (Shameem & Rajeswari, 2025). In addition, the active recruitment of more than 800 local agents and 60 development officers by LIC in 2025-2026 directly contributed to the household income and employment diversification in the region, where formal job creation has long been underdeveloped. The agency model also encouraged micro-level entrepreneurship as the agents were local financial educators and service providers.

Table 2: LIC Infrastructure Investment & Employment (FY 2023–24)

Category	Value	Reference
Total Premium Income (₹ Cr)	₹4,75,070 crore	LIC Corporate Presentation, 2024
Number of Agents	13.5 lakh	LIC Investor Presentation, 2023
Branch and Satellite Offices	3,628	LIC Investor Presentation, 2023

In addition to economic indicators, the biggest contribution of LIC may well be the restoration of social balance and institutional confidence in a war-torn society. In Kashmir, where years of turmoil had undermined the faith in government systems, the visible and responsive presence of LIC helped stabilize the situation. The possibility of buying cheap insurance, having the claims settled on time, and being able to join national financial schemes assisted in restoring the sense of belonging and predictability. Where the traditional institutions were regarded with suspicion, LIC provided a humanized interface through its grassroots agents and community outreach programs in the form of a bridge between the formal financial system and the common people. Crisis claim processing (2023 floods, localized disturbances in 2024) was also a severe stress test. The outstanding performance of LIC in such cases generated favorable word-of-mouth, which strengthened the stories of accountability and accessibility in the minds of people. Insurance was, in effect, no longer a financial product but a sign of recovery, stability, and future orientation.

The geographical location of the activities of LIC also highlights its strategic and inclusive regional engagement. The district-level data and service reports indicate that the post-operation presence of LIC was focused on the hitherto underserved yet high-potential areas. In Anantnag, as an example, LIC increased its active policyholders by twofold in 18 months of Operation Sindoor with the help of mobile policy camps and local hiring. There was also a massive increase in the network of agents as well as infrastructure-related investment flows in Baramulla and Pulwama. The new minibranches and service points in the semi-urban pockets were strategically located to reach beyond Srinagar-centric development, and this contributed to the redressal of historical imbalances in access to financial services. The existence of LIC in conflict-sensitive areas was not just a market; it transformed the financial landscape of the Valley by inculcating national institutions where the state presence had been erratic (Upadhyay, 2004).

Collectively, these economic, social, and geographic aspects reveal that LIC was not only an actor in the financial sphere of post-conflict stabilization but also a holistic stabilization agent. Its interventions sparked development, restored civil confidence, and brought remote societies into the national financial mainstream. By so doing, LIC was an illustration of how financial institutions in the public sector may play a much larger role than balance sheets, serving as strategic instruments of peacebuilding and inclusive development in fragile geographies.

7. Challenges and Limitations

Working in a post-conflict setting presents a complex mix of logistical, operational, and institutional challenges that even an experienced actor like LIC cannot fully avoid. Although the situation has changed in favor of better security following Operation Sindoor, Kashmir Valley is a high-sensitivity area where there have been occasional unrest, curfew, and local violence. The new agents and other LIC field workers are usually poorly reached especially in the insurgency prone or inaccessible districts. Inaccessible locations such as Gurez, Karnah, and some parts of Kulgam do not have proper infrastructure, which hinders the expansion of the branches, the movement of the agents and verification of the claims. In addition, critical digital infrastructure is also unbalanced, and internet disruptions, low-quality broadband, and unstable connectivity are obstacles to mobile platforms, Aadhaar-based payments, and real-time assistance. Such limitations reduce the capacity of LIC to provide smooth services in all the geographies it targets.

The decades of mistrust still have an impact on the engagement, even though the outreach is improved. The skepticism of the government-related institutions has been left behind due to the political instability, bureaucratic neglect, and unstable policy delivery. Formal systems are still alienated and feared in most communities particularly the rural and conflictaffected communities. The CSR activities and local hiring by LIC have assisted but the resistance is still there. Religious or informal substitutes to insurance are still common because national institutions are still doubted. The perception needs to be overcome through long-term empathetic interaction far beyond the short-term post-operation period. The methodological issues are that there is no disaggregated and transparent data. The bulk of the information is based on selfreported documents of LIC, and there is no independent verification. The information on the policy issuance, claims, and investments by districts is frequently unavailable in the public space, which restricts the impact evaluation. Credibility could be improved through the introduction of such improvements as public dashboards, third-party audits, and local data integration.

Finally, benchmarking is limited by the lack of comparative data on the private insurers. Although LIC is the top government-linked scheme, there is little transparency on the performance of the private players hence it is difficult to compare its efficiency or inclusiveness. Improved transparency in the private sector and standardized reporting would help to facilitate the wider examination of post-conflict financial recovery. Such constraints explain why strategic and infrastructural changes are necessary to expand inclusion and trust in a region that exists on the edge of stability and fragility.

8. Policy Recommendations

Insurance has to change to enable sustainable recovery in conflict-affected areas by adaptive, inclusive, and future-ready financial models. One of the most important recommendations that can be made based on this study is the need to market green and digital insurance products in the fragile ecosystem such as the Kashmir Valley. The digital platforms have the potential to lower the cost of operation, reach out to distant locations, and offer convenience due to contactless onboarding and claims. Ecological and livelihood risks can be mitigated by insurance products that are climate resilient, including weather-indexed crop insurance, disaster risk insurance, and renewable energy insurance. Policymakers ought to think about providing tax incentives, regulatory fast-tracks and co-financing as a way to encourage innovation in such geographies. To boost the developmental role of LIC in Kashmir, its activities ought to be merged with national recovery programs such as the Prime Minister Development Package (PMDP). Although LIC has been investing in the region on its own, synergy may be achieved by matching with centrally funded infrastructure and welfare programs to multiply the developmental effects. Integrating LIC within PMDP-linked projects e.g. low-cost housing and rural electrification would institutionalize the role of LIC and avoid the situation where its work is seen as token or detached.

Increasing financial penetration in the Valley also needs to go beyond institutional silos by means of public-private partnerships (PPPs). The digital innovation and service agility of the private insurers will be able to supplement the reach and inclusiveness of LIC. Specific PPPs in which LIC would manage required covers and the rest provided by the private sector in terms of niche or technology-based products would diversify the insurance market but maintain access. Efficiency and outreach could be further improved through shared service delivery, claims processes and localized risk mapping. Lastly, the institutionalization of resilience and capacity-building would be achieved by setting up regional insurance innovation hubs in Kashmir. These hubs may produce conflict-sensitive goods, test out digital resources in lowconnectivity areas, and educate local representatives in new technologies. With the support of the IRDAI and central ministries, these hubs would not only turn Kashmir into a policy beneficiary but also a national laboratory to financial innovation in post-conflict settings.

All these measures focus on the transition of reactive service delivery to strategic institution-building, making insurance a means of peacebuilding, resilience, and inclusive development. These policy measures will be able to build on the success of Operation Sindoor and pave the way to a financially empowered Kashmir Valley.

9. Conclusion

The Life Insurance Corporation of India (LIC)'s involvement in post-Operation Sindoor Kashmir serves as a compelling example of how financial institutions can contribute to regional stabilization and national integration. The role of LIC was much more than a provider of insurance services, as the company was a representation of the wider project of institutional rebuilding, financial accessibility and economic optimism within a region that had experienced a long period of conflict. By expanding its policy coverage, faster settlement of claims, investments in infrastructure and hiring locally, LIC gained

credibility and empathy and became part of the social and economic fabric of the Valley. When provided in an inclusive and responsive manner, financial security becomes one of the pillars of peacebuilding. LIC helped people and families to re-enter the formal economic systems, which gave them confidence to plan their future. This shift of uncertainty to financial security was a great step towards social normalization and civic re-integration. LIC was also a soft-power tool of the Indian state, which facilitated development based on service-oriented activity, not the coercive power. Its long-term presence in Kashmir proved the potential of the role of the public financial institutions in post-conflict recovery not only in terms of capital deployment but also in terms of strengthening the public trust in the governance framework. To conclude, LIC is a post-2025 model of conflict-sensitive financial intervention in the Kashmir Valley that can be replicated. It points out the role of state-supported financial infrastructure in facilitating peace, stability, and inclusive growth in fragile territories. The strategy of LIC demonstrates the connection between economic policy and the objectives of governance, proving that the national unity can be reinforced not only by the security operations but also by the long-term and substantial economic interaction.

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