PERFORMANCE EVALUATION OF GENERAL INSURANCE CORPORATION (GIC) OF INDIA

by
Chaitra K.S[a] & Savitha.S[b]

Abstract

Insurance does play the role of risk bearer in case of uncertainty of life and business. It helps the people in hedging their risk for the lives and property. The concept of Insurance is not new to the business world, history says that it is been in practice since thousands year. During the ancient civilisations such Romans, Babylonians etc a c., crude form insurance was in existence which provides security to the vessels which used to transfer goods from one country to another country.

Insurance industries in India in the present Scenario have taken a giant shape especially after Privatisation and also the establishment of Insurance Regulatory and Development Authority of India. General Insurance Corporation of India has been one of the Giant players in the field of general insurance since 1972. In the year 2000 it has been notified as the Indian Re-insurer. This paper is an attempt to study the importance and the performance of GIC in the last five years (2008-09 to 2013-14). It also analyses its performances after releasing its hold on the four Subsidiary Companies. This paper also analyzes the major source of income i.e., Premium of the sampled unit and the major components of expenses i.e., Claims, Commission and Operating Expenses of GIC to measure its operating efficiency.

Key Words: GIC, Performance Evaluation, Premium, Claims.

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1. Introduction:

Insurance is a contract between people where one person agrees to share the risk of loss of the other for the payment of premium. Insurance contracts other than life insurance contracts are called general insurance. The different forms of general insurance are fire, marine, motor, accident and other miscellaneous non-life insurance. Tangible assets can be subjected to damages and hence needs to be protected. General insurance products provide protection against unforeseeable contingencies like damage and loss of assets.

General insurance in India came as a gift of British administration. The first general insurance company in India was Triton Insurance Company limited which was established in 1850 in Calcutta. 1907 witnessed the establishment of Indian Mercantile Insurance limited which was the first company to handle all class of general insurance in India. In 1957 General Insurance Council a wing of Insurance Association of India enacted a code of conduct to insurance companies for fair conduct and sound business practices. In 1972, General Insurance business (Nationalisation) Act was passed for nationalisation of general insurance companies in India and accordingly, 107 insurers amalgamated into 4 major companies i.e., National Insurance Company, New India Assurance Company, Oriental Insurance Company and United India Insurance Company.
About General Insurance Corporation:

General Insurance Corporation of India (GIC) was incorporated on 22 November 1972 under the Companies Act, 1956 as a private company limited by shares. GIC was formed for the purpose of superintending, controlling and carrying on the business of general insurance. As soon as GIC was formed, GOI transferred all the shares it held of the general insurance companies to GIC. Simultaneously, the nationalised undertakings were transferred to Indian insurance companies. After a process of mergers among Indian insurance companies, four companies were left as fully owned subsidiary companies of GIC:

- National Insurance Company Limited
- The New India Assurance Company Limited
- The Oriental Insurance Company Limited
- United India Insurance Company Limited.

The next landmark happened on 19th April 2000, when the Insurance Regulatory and Development Authority Act, 1999 (IRDA) came into force. This Act also introduced amendment to GIBNA and the Insurance Act, 1938. An amendment to GIBNA removed the exclusive privilege of GIC and its subsidiaries carrying on general insurance in India. In November 2000, GIC was renominated as the Indian Reinsurer and through administrative instruction, its supervisory role over the four subsidiaries was ended. With the General Insurance Business (Nationalisation) Amendment Act 2002 (40 of 2002) coming into force from March 21, 2003; GIC ceased to be a holding company of its subsidiaries. The ownership of the four erstwhile subsidiary companies and also of the General Insurance Corporation of India was vested with Government of India. GIC Re is a wholly owned company of Government of India.

2. Statement of the problem:

The Statement of Problem is “Performance Evaluation of General Insurance Corporation (GIC) of India”.

3. Objectives of the study:

1) To understand the importance of General Insurance in India
2) To study the growth of General Insurance sector in India
3) To understand the working of General Insurance Corporation (GIC)
4) To evaluate the operating efficiency of GIC of India
5) To measure the performance of GIC of India

4. Review of literature

In order to find out the gaps in research, the literature already available pertaining to the problem is to be reviewed. The literature on general Insurance Corporation in India includes books, compendia, study reports and articles published by academicians and researchers in different periodicals. The review of this literature gives an idea to concentrate on the unexplored area and to make the present study more distinct from other studies. The available is presented below:

1) Dr. S. M. Tarjaq Zafar, Ms. Ritika Aggarwal (March 2013) in their article on “financial performance of Indian General Insurance Companies in pre-recession Period” this particular paper analyze their qualitative and quantitative performance and comparatively analyze insurance companies efficiency and profitability position.
2) Mr. Joji Rao and Krishna K Pandey (Sep 2013) in his article “Risk management in General Insurance business In India” has studied the methods of Risk Management in General Insurance Business in India.

3) Srivastava, D.C. and Srivastava, S (2001) in his article on “Indian insurance industry-transition and prospects” discuss analytically the financial significance of insurance industry, its contribution to Indian economy and also the transitory prospects and challenges of insurance industry due to liberalization and the opening up of the sector to private players.

4) Indian Credit Rating Agency (ICRA) 2013, in its Paper titled “Indian General Insurance Industry- Industry Outlook and Performance Review” has reviewed the performance of General Insurance Industry of India.

5) Dr. Sonal Nena (Dec 2013) in her Paper titled “Performance Evaluation of LIC of India” has reviewed the importance, working, Operating Efficiency and Growth of LIC of India”.

6) Mark S Dorfman (2002) in his book on “Introduction to Risk Management and Insurance” Reviews the salient features of the Insurance Industry and also the role played by the private enterprise. The different types of Insurance Intermediaries are also discussed at length with suitable illustration incorporated wherever necessary.


5. Research Methodology

Data Collection: the present study covers secondary data. Data and information have been extracted from Annual Reports of GIC of India. 5 years Balance Sheet and Profit and Loss A/c has been collected. It is also supported by various published Journal and literatures of GIC.

Sampling: the insurance Industry now a day has so many General insurance companies in India. The GIC of India has been selected as a Sample.

Period of the Study: The Period of the study was from 2008-09 to 2013-15 which is of five Years.

Tools and Techniques of the Study: The tools that are used are as per the need and type of study. The information collected has been classified tabulated and analyzed as per the objectives of the study.

Hypothesis:

H_0: There is no relationship between Premium received, Operating expenses, Claims paid and Commission received with Profit earned.

6. Scope of the study

The present study covers secondary data of GIC of India the period of the study. Besides, commission expenses and operating expenses of GIC have also been included for the analysis of operating efficiency

2. LIMITATIONS OF THE STUDY

- The study is restricted only to GIC of India
- It is based on the Secondary data due to the nature of the study.
- The information used for the study is of only Five Years.
- Suggestions and the Conclusion derived are as per the data collected.
3. DATA ANALYSIS

GIC started its business in India from 1972 as a holding company of four companies carrying general insurance business in India. In November 2000, GIC was rennotated as the Indian Reinsurer. With the General Insurance Business (Nationalisation) Amendment Act 2002 (40 of 2002) coming into force from March 21, 2003; GIC ceased to be a holding company of its subsidiaries.

From the information available the major components of income and expenses of the sampled unit has been analysed through statistical measures. Descriptive analysis has also been carried out further in this chapter. Being an Insurance company GIC’s Main Source of Income is Premium and Expenses are Claims, Commission and Operating expenses.

### Table (1.1) Major Components of Income and Expenses of GIC

<table>
<thead>
<tr>
<th>Year</th>
<th>Premium %</th>
<th>Claims %</th>
<th>Commission %</th>
<th>Ope. Exp %</th>
<th>P/L %</th>
<th>CAGR %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009-10</td>
<td>9.73,692</td>
<td>6.85,639</td>
<td>1.93,025</td>
<td>7.146</td>
<td>100</td>
<td>8.56%</td>
</tr>
<tr>
<td>2010-11</td>
<td>11.68,127</td>
<td>8.62,578</td>
<td>1.92,635</td>
<td>7.603</td>
<td>106.4</td>
<td>12.04%</td>
</tr>
<tr>
<td>2011-12</td>
<td>13.61,795</td>
<td>13.98,641</td>
<td>2.06,663</td>
<td>10.305</td>
<td>144.2</td>
<td>12.04%</td>
</tr>
<tr>
<td>2012-13</td>
<td>15.08,587</td>
<td>15.99,234</td>
<td>2.90,575</td>
<td>11.214</td>
<td>234,462</td>
<td>132.1</td>
</tr>
</tbody>
</table>

CAGR: 8.56%

The above table shows growth in premium over the years and also the Major components of expenses are Claims, Commission, and Operating expenses. The financial year 2009-10 is used as the base year.

The premium collected during the 2009-10 was Rs.9,73,692 lakhs and it increased to Rs.14,68,012 lakhs with an increased percentage of 150.76 and with a CAGR of 8.56%.

Claims have been showing an upward trend since the base year. The highest amount of Claim settled by the GIC was in the year 2011-12 of Rs. 13,98,641 lakhs. The amount of claim has increased from Rs.6,85,639 lakhs to Rs. 12,10,729 lakhs during 2013-14 with an increased percentage of 176.58% and with a CAGR of 12.04%.

Commission including brokerage shows fluctuations over the years. The highest commission was paid during 2012-13 of Rs. 2, 90,575 lakhs. It has been observed that the lowest claim was in 2010-11 of Rs. 1, 92,635 lakhs which was also lower than Base Year’s claim of Rs. 1,93,025 lakhs. The CAGR of Commission is 4.88%.

Operating expenses has been showing an increasing trend. The highest amount of operating expenses incurred by the company was in 2013-14 of Rs. 17,829 lakhs from Rs. 7,146 lakhs in 2009-10 and the CAGR is 20.06%.

Profits earned in 2009-10 were Rs. 177460 lakhs. It has been observed that there was a loss during 2011-12 of Rs. 2, 46,875 lakhs. The CAGR of profits is 7.89%.
The highest premium was collected in the year 2012-13 i.e. Rs. 15, 08,587 lakhs. The lowest Premium received in the year 2009-10 i.e. Rs. 9, 73,692 lakhs. The Standard Deviation is 223239.94 and the variance is 4.984.The total commission paid is Rs. 11, 27,787 lakhs with standard error of 1.884 and variance of 1.775. The operating expenses have been increased at a higher rate and with the standard error at a very high level of 1915.645. The profits have been fluctuating over the years and its Standard deviation is 200068.55 and with the very high variance of 4.003. The total Claims incurred by the company have been constantly increasing and its variance of 7.931 is also very high as compared to all other variables.
The correlation coefficient has been done to identify the relationship between premium received, commission paid, operating expenses incurred and claims paid with the profit earned by the GIC.

There is a linear correlation between premium collected and profit earned by the GIC. The correlation coefficient is 0.011 and is statistically non significant (p>.05), hence we fail to reject null hypothesis.

There is a linear correlation between Commission paid and profit earned by the GIC. The correlation coefficient is 0.448 and is statistically non significant (p>.05), hence we fail to reject null hypothesis.

There is a linear correlation between premium operating expenses incurred and profit earned by the GIC. The correlation coefficient is 0.238 and is statistically non significant (p>.05), hence we fail to reject null hypothesis.

There is a negative correlation between total Claims paid and profit earned by the GIC. The correlation coefficient is -0.549 and is statistically non significant (p>.05), hence we fail to reject null hypothesis.

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**Table (1.3) Table showing correlation analysis**

<table>
<thead>
<tr>
<th></th>
<th>premium</th>
<th>commission</th>
<th>ope. exp</th>
<th>profit</th>
<th>claims</th>
</tr>
</thead>
<tbody>
<tr>
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<td>Pearson Correlation</td>
<td>1</td>
<td>.813</td>
<td>.745</td>
<td>.011</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.094</td>
<td>.148</td>
<td>.986</td>
<td>.103</td>
</tr>
<tr>
<td>Commission</td>
<td>Pearson Correlation</td>
<td>.813</td>
<td>1</td>
<td>.549</td>
<td>.448</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.094</td>
<td>.338</td>
<td>.450</td>
<td>.543</td>
</tr>
<tr>
<td>Operating Exp</td>
<td>Pearson Correlation</td>
<td>.745</td>
<td>.549</td>
<td>1</td>
<td>.238</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.148</td>
<td>.338</td>
<td>.700</td>
<td>.282</td>
</tr>
<tr>
<td>profit</td>
<td>Pearson Correlation</td>
<td>.011</td>
<td>.448</td>
<td>.238</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.986</td>
<td>.450</td>
<td>.700</td>
<td>.338</td>
</tr>
<tr>
<td>claims</td>
<td>Pearson Correlation</td>
<td>.801</td>
<td>.367</td>
<td>.602</td>
<td>-.549</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.103</td>
<td>.543</td>
<td>.282</td>
<td>.338</td>
</tr>
</tbody>
</table>
4. Findings

The CAGR of the main source of income i.e., Premium has been increased by 8.56%. The CAGR of the major components of expenses are as follows: Claims -12.04%, Commission - 4.88%, operating expenses - 20.06%. It has been noted that the CAGR of income is much lower than the CAGR of the major component of expenses. There has been a drastic increase in operating expenses. Due to the above reasons it is noted that the overall increase in the profits is just 7.89%.

5. Suggestions

1) The GIC has to make efforts to reduce their operating cost which has been constantly increasing over the years.
2) The Company has to make efforts to increase their premium which has been fluctuating from year to year.
3) A comparative Study of performance between GIC and other insurance Companies may help increase the business.
4) A comparative study of operating expenses of GIC and other companies may help narrow down the cost.
5) Find various means of reducing the commission and brokerage.

6. Conclusion

General insurance industry has wide market since the concept of general insurance is gaining a lot of significance in India. The Indian General Insurance Industry has reported strong growth in the past decade, mainly benefitting from the low degree of insurance penetration in the country. Over the past five years, the Gross Premium Written by Indian general insurance industry reported a compounded annual growth rate (CAGR) of 18.1% to ~ Rs 650 Billion in FY 13. The performance of GIC has been constantly good over the years. GIC being one of the significant players in Indian economy has to achieve effective results and ensure good performance.

7. Bibliography

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"Aano bhadraa krathavo yanthu vishwathaha"- "Let the noble thoughts come to all from all directions". Page No.7
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"CSR as a dimension of Corporate Governance in Private Sector Insurance Companies-An analysis of stakeholders’ perception in Mysore City."

By
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Abstract

Insurance is the business which covers the risks through indemnification. This business thrives better on keeping differences between premia and claim. Insurers are the businessmen who are looked high because they pitch in at the time of distress to the needy at the right time. Indeed they enjoy public esteem. Yet, the socio-economic, political and legal environment envisages for spending of certain amount of profit by these companies on CSR. Moreover, the corporate governance model has more significant dimension in CSR. To keep all stakeholders satisfied, the private insurance companies in Mysore are making moderate efforts through CSR initiatives. Adoption of schools, distribution of uniforms, and rehabilitation of underprivileged are few traceable initiatives of these companies. The survey conducted by researches by taking 264 sample respondents in Mysore city has explored that private insurers are good at initiating CSR activities but not so good at implementing and following up.

Key words: Private Insurers, Stakeholders, CSR, Underprivileged, Mysore city.

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1. Introduction

Corporate governance model is the conduit through which business houses get connected with the society, besides, enriching their own self socio-economic interests. The governance model of business houses is geared up thoroughly in delivering products and services to the maximum advantage of all stakeholders. Management of business houses exhibit their multi-faceted skills in discharging service with utmost duty consciousness. The Companies Act of 2013 has made it obligatory to the companies to spend 2% of the net profit to their Corporate Social Responsibility (CSR) activities as included in schedule VII of the Act. All CSR activities fall under corporate governance. The primary stakeholders in CSR are the general public. As the beneficiaries of CSR, they perceive differently about the companies, owing to individualistic differences and absence of standard, implementation tools and measurement of outcomes. Private insurance companies have transformed the monopoly market to oligopoly as such there is very close and keen competition between few players. In the process of outsmarting the competitors and grabbing higher market share private insurers are giving thrust on CSR. Moreover, insurance as a matter of solicitation thrives better only when there is strong edifice of public confidence. Perhaps CSR is the most potent tool in gaining and sustaining public confidence.

In Mysore city 10 private insurers are operating. They are practicing CSR activities with earnest interest. There are activities like adoption of schools, free supply of uniforms, supply of benches and tables, slum clearing activities, and beggars’ rehabilitation.
2. Review of literature

Dahlsrud, (2008): A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.

Gutierrez & Jones (2005): There has been a myriad of CSR definitions by numerous scholars, but there is no universally accepted definition of CSR. One of the primary reasons is that CSR is an evolving concept, which over the years has been used to describe an increasingly wider range of corporate activity (Gutierrez & Jones, 2005).

Campbell (2006): CSR sets a minimum behavioral standard that aims at doing no harm to stakeholders and if it has happened then rectifies it as soon as it is identified.

Garriga and Mele (2004): CSR as an obligation of the firm to use its resources in ways to benefit society, through committed participation as a member of society, taking into account the society at large, and improving welfare of society independently of the direct gains of the company.

Matten and Moon (2008): There are two distinct elements to CSR-the implicit and the explicit. Explicit CSR refers to the corporate policies that assume and articulate responsibility for some societal interests. They normally consist of voluntary programs and strategies by corporations that combine social and business value and address issues perceived as being part of the social responsibility of the company. Implicit CSR refers to corporations’ role within the wider formal and informal institutions for society’s interests and concerns. Implicit CSR normally consists of values, norms, and rules that result in mandatory and customary requirements for corporations to address stakeholders’ issues and that define proper obligations of corporate actors in collective rather than individual terms.

European Communities (2001): Companies depend on the health, stability and prosperity of the communities in which they operate. Therefore, an organization has to be responsible for the welfare and development of the community around itself.

In referring to CSR, Holme and Watts (2000), use the following definition: “Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.”

3. Statement of the problem

The concept of corporate governance is multi-dimensional. One of the dimensions of corporate governance is CSR. The theories of corporate governance clearly emphasizes that every business entity is to be managed with utmost honesty and integrity and provide utilities to all stakeholders in an equitable manner. The insurance companies have a unique advantage of touching the social chord of the policy holders. The provision for risk coverage whether life related or property related impresses the policy holders very much. Further, in the present day knowledge society several policy holders look towards insurance as investment portfolio. Hence, they naturally look into commercial principles of investment; liquidity, profitability and security. Measuring up to the diversified expectations of the policy holders is indeed a herculean task. Yet, some shrewd insurers are able to keep the momentum of growth steady. With the consumer awareness increasing and societal expectations about contributions by business units towards public welfare warrants the insurers to incline towards society as well. It is, at this point only, CSR emerges. CSR being a generic activity lacks with specific standards. Some CSR initiatives may not be well received by the community, if they are taken up with no feasibility study and beneficiary analysis. In the process, some CSR activities go unnoticed. In some cases, the conduit carrying the CSR funds becomes
porous and end users gets negligible utility from such initiatives. Ultimately, the stakeholders are likely to have negative perception about CSR activities.

In Mysore city out of 20 private sector insurers and 5 public sector insurers only 15 are operating. Naturally, there is dominance of private sector insurers. These public and private sector insurers are actively involved in CSR. The city of Mysore being heritage city is having, more than 60% of households belonging to bourgeois class. The expectations of majority stakeholders in this city are mainly hover around health, education, sanitation, drinking water, transportation and promotion of art and culture. Any insurer who is able to understand the feelings of stakeholders and act upon it would be a champion in CSR. However, no such champion insurers would be seen in Mysore city.

4. Need for the study
Perception of stakeholders about CSR activities in private sector insurance companies is studied through empirical analysis. This type of empirical analysis is hardly found on the concurrent issue. The researchers have put earnest efforts in quantifying the opinion of policy holders with the help of a measured scale, about CSR initiatives, intensity of their implementation and efficacy of such initiatives. This research being an original one, has explored new dimensions in CSR and hence this work is claimed to be an addition to the literature on CSR by insurance companies.

5. Objectives
Following are the objectives of the study:
1) To study the brief overview of CSR activities in insurance companies.
2) To study the brief profile of CSR activities initiated by insurers in Mysore city.
3) To study the stakeholders’ perception about CSR initiatives, implementation and efficacy with reference to private sector insurance companies.
4) To suggest improvement in CSR programmes to be adopted by insurance companies.

6. Research Methodology

Hypothesis
CSR activities in private sector insurance companies are effective.

Scope of the study
The present study is confined to the city of Mysore in Karnataka state.

Research design
This is a descriptive cum exploratory study. Secondary data regarding private insurers, their core services and ancillary services are obtained from published and unpublished resources. Web data is also depended upon. Primary data is obtained for exploring perceptions of stakeholders. A structured pilot tested questionnaire was administered to a sample of 264 policy holders in the city of Mysore. Observation method is also adopted to witness the CSR activities kept in motion. Data collected is subjected to analysis by using SPSS 16 package. Tools of analysis are averages, ratios, simple frequencies, percentages and chi square tests. The interpretations are made under inductive basis.

7. Limitations
1) Primary data from the small sample size may not be true representation of population.
2) Secondary data used in the study may be inaccurate.
3) Interpretations made in this research work cannot be generalized.
8. Findings

A BRIEF OVERVIEW OF CSR IN INSURANCE BUSINESS

Insurance companies are the business houses in the service sector. They render the most important socially useful service of offering social and economic security through coverage of risks. They touch the human chord gently and give soothing effect to the aggrieved persons. They also provide investment portfolios to those who combine social security with economic empowerment. The recent developments in the socio-economic, legal and political environment there is heightened demand for manifestation of societal concern on the part of business houses. The insurers as businessmen need to coexist with the society through serving the society. For this purpose and also under the obligations under the law they are scheming CSR activities. Important CSR activities heralded by insurance companies include education for underprivileged children, support towards underprivileged citizens, promoting health care measures, contributing towards environmental conservation, rehabilitation programmes for beggars, rural development, self defense and health awareness workshops, infrastructure development and contributing towards social causes, sustainable livelihood and the like.

CSR BY PRIVATE INSURERS IN MYSORE CITY

Mysore city with a population of 9.65 lakhs as per 2011 census is the second largest city in Karnataka district. This city was the capital city of Mysore state for quite sometime before naming Bangalore as capital city. During pre-independence period it was the capital city of wodeyars of Mysore. It has larger population belonging to middle class. It has well known educational institutions like University of Mysore, the second oldest University in Karnataka, Global Training Center of Infosys, Mysore Medical College, JSS Educational Institutions, Karnataka State Open University, Central Institute of Indian Languages, All India Institute of Speech and Hearing. There are eminent research institutes like Central Food Technology Research Institute, Defense food research laboratory, central sericulture research and training institute, Central Government institutes like RBI Printing Press, Rare Material Project (RMP) and post of nationalized bank branches are operating in Mysore city. Major industry houses like JK tyres, Falcon tyres, Automotive Axels, Triton walls, Reid and Taylors, TVS Motors are also working in the city and its peripheries. There is ample scope for private business houses to carry out CSR activities in the city. Some private business houses are making genuine efforts towards CSR. Donating to schools and colleges, supply of uniforms and books to children, development and maintenance of parks, contributing to road safety measures are ostensible in the city. The private insurers are showing their meek presence in this endeavor.
Demographic Profile: The demographic profile of the respondents is summarized and analyzed in table 1.

**TABLE: 1 DEMOGRAPHIC PROFILE**

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<td></td>
<td>1-5 years</td>
<td>6-10 years</td>
</tr>
<tr>
<td></td>
<td>Frequency</td>
<td></td>
</tr>
<tr>
<td></td>
<td>110</td>
<td>133</td>
</tr>
<tr>
<td>%</td>
<td>41.7</td>
<td>50.4</td>
</tr>
</tbody>
</table>

Sources: Primary Data

Highlights of demographic profile

8. Majority of the respondents are male comprising 70.5%.
9. Majority of the respondents belong to the age group of 26-35 and 36-45 years.
10. Majority of the respondents comprising 58.7% have degree or diploma as their educational qualification.
11. Half of the respondents comprising 50.0% are professionals.
12. Majority of the respondents have 6-10 years insurance policy.

**Perception analysis**

The research team has made attempts to analyze the perceptions of general public through survey. Assertive statements enlisted below were included in the questionnaire and responses are recorded in measured scale using Likert’s method for quantitative analysis. The statements are as under:

**Statements:**
S1: Insurers are consciously discharging CSR activities.
S2: CSR activities of insurers are schemed properly.
S3: CSR activities of insurers are genuinely society oriented.

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S4: CSR activities are perceivably followed up after initiation.
S5: CSR activities are carried out with the co-participation of local community.
S6: End users of CSR are satisfied about the utilities there from.
S7: Local community won't hesitate in collaborating with insurers in CSR activities.
S8: There is no mismatch between CSR activities portrayed in media and actual scenario.
S9: Funding for CSR activities is never been complaint by the volunteers of the company at this site.
S10: Work progress in the direction of CSR stands testimony to the social commitment of the company.

Perception Analysis: The perception analysis of the respondents is summarized and analyzed in table 2

<table>
<thead>
<tr>
<th>STATMENTS</th>
<th>SA</th>
<th>%</th>
<th>A</th>
<th>%</th>
<th>NS</th>
<th>%</th>
<th>DA</th>
<th>%</th>
<th>SD</th>
<th>%</th>
<th>TOT AL</th>
<th>P VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>S1.</td>
<td>11</td>
<td>4.2</td>
<td>187</td>
<td>70.8</td>
<td>nil</td>
<td>nil</td>
<td>55</td>
<td>20.8</td>
<td>11</td>
<td>4.2</td>
<td>264</td>
<td>0.000</td>
</tr>
<tr>
<td>S2.</td>
<td>198</td>
<td>75.0</td>
<td>nil</td>
<td>nil</td>
<td>22</td>
<td>8.3</td>
<td>44</td>
<td>16.7</td>
<td>nil</td>
<td>nil</td>
<td>264</td>
<td>0.000</td>
</tr>
<tr>
<td>S3.</td>
<td>12</td>
<td>4.5</td>
<td>186</td>
<td>70.5</td>
<td>11</td>
<td>4.2</td>
<td>55</td>
<td>20.8</td>
<td>nil</td>
<td>nil</td>
<td>264</td>
<td>0.000</td>
</tr>
<tr>
<td>S4.</td>
<td>22</td>
<td>8.3</td>
<td>99</td>
<td>37.5</td>
<td>nil</td>
<td>nil</td>
<td>99</td>
<td>37.5</td>
<td>44</td>
<td>16.7</td>
<td>264</td>
<td>0.000</td>
</tr>
<tr>
<td>S5.</td>
<td>23</td>
<td>8.7</td>
<td>208</td>
<td>78.8</td>
<td>nil</td>
<td>nil</td>
<td>33</td>
<td>12.5</td>
<td>nil</td>
<td>nil</td>
<td>264</td>
<td>0.000</td>
</tr>
<tr>
<td>S6.</td>
<td>33</td>
<td>12.5</td>
<td>99</td>
<td>37.5</td>
<td>33</td>
<td>12.5</td>
<td>55</td>
<td>20.8</td>
<td>44</td>
<td>16.7</td>
<td>264</td>
<td>0.000</td>
</tr>
<tr>
<td>S7.</td>
<td>33</td>
<td>12.5</td>
<td>186</td>
<td>70.5</td>
<td>23</td>
<td>8.7</td>
<td>22</td>
<td>8.3</td>
<td>nil</td>
<td>nil</td>
<td>264</td>
<td>0.000</td>
</tr>
<tr>
<td>S8.</td>
<td>11</td>
<td>4.2</td>
<td>78</td>
<td>29.5</td>
<td>22</td>
<td>8.3</td>
<td>87</td>
<td>33.0</td>
<td>66</td>
<td>25.0</td>
<td>264</td>
<td>0.000</td>
</tr>
<tr>
<td>S9.</td>
<td>22</td>
<td>8.3</td>
<td>165</td>
<td>62.5</td>
<td>55</td>
<td>20.8</td>
<td>22</td>
<td>8.3</td>
<td>nil</td>
<td>nil</td>
<td>264</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Sources: Primary Data-Survey and analysis.
Note: SA- Strongly Agree, A- Agree, NS- Not Sure, D- Disagree, SD- Strongly Disagree

Highlights of the perception analysis

- 70.8% of the respondents opine that insurers are consciously discharging CSR activities.
- 75% of the respondents strongly agree that CSR activities of insurers are schemed properly.
- 70.5% of the respondents agree that CSR activities are genuinely society oriented.
- 78.8% of the respondents agree that CSR activities are carried out with the co-participation of local community.
- 70.5% of the respondents agree that local community won’t hesitate in collaborating with insurers in CSR activities.
- 37.5% of the respondents agree that end users of CSR are satisfied about the utilities there from.
- 37.5% of the respondents both agree and disagree that CSR activities are perceivably followed up after initiation.

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62.5% of the respondents agree that funding for CSR activities is never been compliant by the volunteers of the company.
Chi square statistic P value is 0.000 in all 9 perception variables.

1. **Discussion**

CSR activities pave the way to business houses in reaching out to the inner social circles of the market. The present day market oriented economy advocates for societal orientation as one of the success formulae. Several business houses- both from public and private sector are effectively using this formula to carve out their niche in the market. Yet some business houses are still lagging behind in understanding the importance of CSR. The social political legal environment warrants all business houses to mark their presence in the society through CSR. Under these circumstances the present study was undertaken and focus was made towards exploring CSR activities by private insurers in Mysore. Among business houses in service sector perhaps insurance has occupied coveted position because it touches the human chord in a significant soothing way because there is indemnification of loss. People who get consolation while in distress respect such persons who console them at that time. Therefore the very nature of insurance business commands social significance. Moving one step ahead these insurers are sparing a portion of their profits towards CSR activities. The exploratory study conducted by the researchers has thrown open the perceptions of respondents drawn from the public about the CSR initiatives of private insurers. The primary data clearly reveal that private insurers are not lagging behind in exhibiting beginners’ interest. They initiate CSR activities but with the same spirit they are not implementing and following them up. The inferences drawn as per the findings of table 2 uphold this view. Further, chi square test statistic p value maintaining 0.000 all through simply endorse that data are consistent. **Hence, the hypothesis “CSR activities in private sector insurance companies are effective” is partially proved.**

2. **Suggestions**

Following suggestions are made to the insurers’ Government and the general public

- Private insurers are advised to decentralized the CSR activities and allocate funds at different centers rather than concentrating on few areas. These private insurers being big corporate are spending money in different place but not in all places. However, they are making profit from all places. Therefore researchers suggest them to reconsider the decisions and do favor in allocating funds for CSR at local levels.
- It is advisable to insurers to collaborate with NGOs and volunteers in carrying out CSR activities
- The enthusiasm shown at initiation stage need to be kept intact in implementation schedules and follow ups on the part of insurers.
- The Government shall coordinate CSR activities between companies NGOs and public.
- Public shall join hands with business houses in taking the CSR activities in a more effective manner.
3. Conclusion

Private insurers are in wholesome businessmen. Indeed they aim at making huge profits by keeping difference between premia collected and claims entertained. However, present socio-economic political and legal environment expects these business houses to be active in CSR. Truly, they are in to this programme but perceivably it s not whole hearted endeavor. They initiate CSR activities but lag behind in implementation and follow up. Further, they fail in identifying the real societal needs because most of the employees of private insurance companies maintain aristocracy and tend to remain isolated from society common man. Therefore, the public opinion is obviously moderate towards these companies as much as CSR is concerned. The research team expects positive change among insurance Government and public as per the suggestions noted above to make insurance business really society oriented and successful.

4. Bibliography


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Role of NGO’s in Promoting Micro Health insurance: A study with reference to Samporna Suraksha - Health Insurance scheme by SKDRP, Mangalore

By Vishal Pinto[a], Dr. P.N Udayachandra[b] & Renukaradya[c]

Abstract

The insurance sector has reached to all the high income individuals, families but unable to reach to those poor people who don’t have capacity to purchase these insurance products. So, there was a huge gap in insurance between the rich and the poor. Micro health insurance is new phenomenon in the Indian Insurance sector which was specifically designed for the poor. The insurance programme is very essential for the individual to protect from various uncertainties and risk. The insurance was normally a product middle and higher income group of people. The lower segment of the people were alienated from taking the insurance policies as the price of the policies were too high and which unaffordable for them. The MFI’s and NGO who work with urban & rural poor felt the need for the security for these people. So many such institutions came forward to offer the insurance facilities to the poor. They kept price of the policy low and the premium was priced according their level of income. The SKDRDP is one such institution which focused on the medical and the hospitalization cost of the poor people. Accordingly they designed a favorable micro health insurance name as Sampoorna Suraksha health insurance scheme. The scheme was introduced in the year 2004 and witnessed tremendous progress over the years.

In this paper we have analyzed the concept of micro insurance, its development in India, its delivery models etc. we have analysed the sampoorna suraksha of SKDRDP and made a trend analysis to know the progress of the insurance scheme in terms of enrollment, claim settlement, premium collection etc. The main objective of the paper is to analyze the role of NGO’s towards micro health Insurance. In order to make a appropriate study we have use exploratory and descriptive methodology by taking the SKDRDP as a case study.

Key words: Micro health Insurance, Sampoorna Suraksha, SKDRDP, NGO, Insurance.

1. Introduction

Micro insurance has become a needy protection for the poor. The insurance sector has reached to all the high income individuals, families but unable to reach to those poor people who don’t have capacity to purchase these insurance products. So, there was a huge gap in insurance between the rich and the poor. The poor suffered a lot since they could not cover their risk through insurance because it was unaffordable for them. It necessitated for the Insurance Regulator of India to emphasize on promoting the insurance schemes which cover lower amount of premium and also lower sum assured. So the concept of micro-insurance emerged. But initially the insurance companies were reluctant to offer products in this segment as it was profitable for them. So the initiative was actually taken by the Micro Finance Institutions who also deliver the micro credit to the poor. The Insurance Regulatory Authority of India made it mandatory for every insurance company to
Contributing certain percentage of their insurance products to the rural and micro insurance segment. As a result, many private companies came forward to offer the micro insurance services. Today we have many private players offering the micro insurance in life, health, and other general insurances. Apart from these private players, there were many MFI’s and NGO’s who came forward out of their own interest to offer the micro insurance services to their clients. The main purpose was to protect the poor from the heavily losses and hinder them from becoming indebted.

2. Micro-insurance in India

Micro-insurance is the insurance specifically designed to low-income people with low amount of premium and modest benefit package to the insured. The micro insurance in India was actually started by the Micro finance Institutions and the NGO’s who delivered the micro finance services to the poor. The micro insurance is a part of the micro finance product. The MFI’s & the NGO’s felt that the poor need to be protected against the risk of death, property, health, crop etc. The heavy losses due to the happening of these events made the poor more indebted and made them vulnerable in repayment of the debt. The regulations passed by the IRDA also opened the door for the micro insurance segment. The private players in the insurance sector had to compulsorily accumulate the net premium from the rural sector. So in order to penetrate into the rural segment, the micro insurance was the right model. According to IRDA rural sector shall consist of an area where population is less than five thousand, where density of population is less than four hundred per square kilometer, and where more than twenty five per cent of the male working population is engaged in agricultural activities. The categories of workers falling under agricultural activities are: cultivators, agricultural laborers, and workers in livestock, forestry, fishing, hunting and plantations, orchards and allied activities.

The MFI’s and NGO’s designed the micro insurance schemes by identifying and analyzing their needs, income levels, social security and other socio-economic factors. The insurance products are handy for the low income group of people and make them easy & comfortable in payment of premium. Although the reach of such schemes is still very limited to anywhere between 5 and 10 million individuals but their potential is viewed to be considerable. The overall market is estimated to reach Rs. 250 billion.

3. TYPES OF MICROINSURANCE

The micro insurance can be delivered to the public in different categories. They can be given in life insurance, health insurance, property insurance, crop insurance etc. There are many such segments in which micro insurance can be delivered to the public. Some of which are as follows

1. Micro Life Insurance:

The micro life insurance takes care of the client upon his death of. The micro life insurance can be divided into three types. They are term, whole-life, and endowment. In term insurance policy, the insurer pays a small amount of premium but gets the full sum assured upon his death. It can be taken for long years. In whole life insurance, the coverage is given up to the death of the person. In other words, the coverage is given throughout the whole life of the insured. Endowment life insurance pays the face value of insurance if the policyholder dies within a specified period.

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2. Micro health Insurance:
Micro health insurance provides coverage against illness and accidents resulting in physical injuries. There are many NGO’s, MFI’s and even government who have developed their own health insurance products to the poor. The poor people are unable to meet the sudden health expenditure and as a result they are prompted to take multiple loans which make them indebted. The examples for this can be Sanjivini, Sampoorna Suraksha etc.

Property Insurance: The main purpose of property insurance is to provide for the losses against damage of assets. It helps in recovering huge loss from the property damage which otherwise has to be borne by the owner. The micro property insurance is a feasible type of protection for those who have valuable property of huge worth.

Disability Insurance
Disability can be by birth or through accidents. The person who catches the disability cannot earn the income. So the policies are designed specifically to the disabled so he/she may not be the burden for the family. There are policies which also provide the monthly pension on certain amount of premium and also the sum assured on the event of death.

Crop Insurance
The crop insurance is very familiar in Haryana. It provides the protection for the farmers who lose their crops in the event of natural calamities like floods, droughts and in the event fire etc. The crop insurance is an effective mechanism for the farmers to get relief from the huge losses which may make them indebted.

Unemployment Insurance
Under this type of insurance, the cash relief is given to the individuals who become unemployed without their consent.

Some of the Micro Insurance providers in India
- Bajaj Allianz Life Insurance Co. Ltd: It offers products like
  - Bajaj Allianz Jana Vikas Yojana.
  - Bajaj Allianz Saral Suraksha Yojana.
  - Bajaj Allianz Alp Nivesh Yojana.
- Birla Sun life ins. Co. LTD: The Birla insurance has introduced some life insurance products like
  - Birla Sun Life Insurance Bima Suraksha Super.
  - Birla Sun Life Insurance Bima Dhan Sanchay.
- DLF Pramerica Life Insurance Co. Ltd. It offers a single micro insurance policy called DLF Pramerica Sarv-Suraksha.
- ICICI Prudential Life Insurance Co. Ltd; The company provides insurance known as ICICI Prud. Sarv Jana Suraksha
- IDBI Fortis Life Insurance Co.Ltd: The name of the product is IDBI Fortis Group Micro insurance Plan
- ING Vysya Life Insurance Co.Ltd: It also provides a single policy called ING Vysya Saral Suraksha
- Life Insurance Corporation of India: It is biggest company in the Insurance sector. The LIC offers certain products like LIC’s Jeevan Madhur.
- LIC’s Jeevan Mangal.

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4. IRDA on Micro Insurance

Widening the Network: In order to widen the network the IRDA has allowed the cooperative banks, regional rural banks, primary agricultural co-operative societies and individuals such as shopkeepers, medical store owners, petrol pump owners and public telephone operators to act as micro-insurance agents. These agents have greater access to the poor and can distribute the insurance policies with much ease.

Inclusion of Savings linked Policies: The micro insurance products are mostly life insurance products and they are offer in term Insurance category. So IRDA has advised the insurance companies to consider other products where there is opportunity for the insured to save the money through investing in Insurance. The insurance policies should contain saving-linked and health cover features.

Promotion of non life Insurance: The non life insurance is very essential and its importance has to be conveyed to the public. So the micro insurance agents will be appointed to promote the non life insurance for small industries. The non-life insurers will also be allowed to appoint micro insurance agents in the manufacturing sector or the service sector to promote the non life insurance.

The maximum premium under non-life micro-insurance policies increased to Rs 25,000.

Remuneration based on performance: The IRDA proposed to link the agent’s persistency rate to remuneration allowed just to promote the performance. The renewal commission of 20% is given to those agents who maintain persistency rate of 50% at the end of preceding last two financial years and other will get only 10% renewal commission.

Delivery models of Micro-insurance

The greatest challenge of micro-insurance is the outreach. The delivering the micro finance product to the clients is not easy task. The Company has to come up with the effective model which can deliver the products to the most. But selecting the best model for the delivery is a big question. There are four models for the delivery of the micro insurance to the public. They are as follows;

Partner agent model: Here the partnership is formed between the micro-insurance scheme as such and an agent. The agent may be an insurance company, microfinance institution, donor, etc. There can be also a third-party healthcare provider in certain cases. The ‘micro-insurance scheme’ is responsible for

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for the delivery and marketing its products to the clients and the agent will do the work of design and development. So the entire micro-insurance scheme will face limited risk

**Full service model:** under this model the micro-insurance scheme as a whole takes care everything that is both design of the product and the delivery of the products to the clients. The Scheme can also work with external healthcare providers to provide the services. So the entire control of the product is under the control of the Micro Insurance Scheme. But it has to assume all possible risk.

**Provider-driven model:** This particular model works for the healthcare provider. The micro insurance scheme of the health care provider is operated on the basis of full service model. The scheme is responsible for all operations like delivery, design, and service.

**Community-based/mutual model:** According to this model the policyholders or clients take the responsibility of managing and owning the operations. They also have to work with external healthcare providers to offer services. Under this model the insurance products can be easily marketed as it is community driven.

5. **Objectives of the Study**
   The following are the main objectives of this study;
   - To study the brief history and types of micro insurance offered in India
   - To know the delivery models of micro insurance in India
   - To analyze in details the health insurance programme ‘Sampoorna Suraksha’ offered by SKDRDP

6. **Research Methodology**
   The researcher had adopted the descriptive and exploratory research method for carrying out the research. The descriptive method was adopted to analyze the health insurance programme of the SKDRDP. The exploratory method was used to explore the brief history of the micros insurance and also to know the delivery model of micro insurance

7. **Nature of the data**
   The data collected for the study is purely the secondary data. Research articles were referred to know the conceptual background of micro insurance. The micro health insurance scheme of SKDRDP was analyzed by collecting the annual reports from 2004 to 2012. The others sources used are the broachers and the progress reports. In order to have better understanding of the scheme the unstructured interviews were held with the staff handling health insurance scheme.

8. **Statistical Tool Used**
   The trend analysis was used to know the development in the claim settlement, enrollment to the insurance programme, disbursement of the amount etc. The analysis has given the clear picture of growth of the insurance scheme.

**Shree Kshetra Dharmastala Rural Development Project(SKDRDP) – A Profile**
SKDRDP (r.) is registered under the charitable trust act of 1920 in the office of sub-registrar, government of Karnataka, Belthangady taluk, Dakshina kannada district in the year 1991. Dr. D. Veerendra Heggade set up a charitable institution in the year 1982. To reach the benefits of the programme one worker each in a village would work with 500 families and motivate them to develop their assets wherever required with grant assistance from Dharmasthala. In 1992, the organisation realized that charity coupled with self help would accelerate the process of empowerment. As a result
the Self Help Group concept was evolved. The men’s group was called as ‘pragathi bandhu’ and the women’s group was named as ‘jnanavikasa mahila’ group. In the year 1996, SKDRDP initiated microfinance programme which has been a great success for the organisation. It concentrates on the empowerment of rural women by organizing self-help groups (SHGS) on the lines of joint liability groups (JLBS) of Bangladesh and provides infrastructure and finance through micro credit to the rural people. It currently operates in 16 districts operating in 20,000 villages covering more than 19,92,000 families. It is operates with Karnataka government in community development programs.

**Sampoorna Suraksha – A health Insurance Programme by SKDRDP**

Insurance gives the protection to the individuals against unknown events which may cause great loss. With this purpose in mind, SKDRDP has introduced insurance products to protect the stakeholders against hospitalization, death, permanent disability, maternity expenses, calamities etc., So the organization had lakhs of SHG’s and there was no protection for them in events of diseases, hospitalization etc. It developed a comprehensive micro insurance product termed as Sampoorna Suraksha. Under this programme the insurance service providers are contracted to provide hospitalization cover. The local hospitals are engaged as network hospitals to provide cash free treatment to the policy holders upon preauthorization. Many major ailments are packaged to give support to the insurance companies and hospitals. SKDRDP also provides compensation for other requirements as mentioned above against a small additional premium. This particular programme has achieved greater success and there was tremendous increase in the takers for this policy. At times the SKDRDP has occurred the losses, but as a societal it has continued the scheme with additional monitoring. The scheme has benefited a lot of SHG members who had availed cash free treatment from the hospitals.

**9. Analysis & Interpretation**

**Enrollment of Families**

The main objective of the Sampoorna Suraksha programme was to include the entire family of the Individual. The scheme has obtained greater response from the families. The below mentioned table shows the enrollment of the families in different years;

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Families</th>
<th>% Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004-5</td>
<td>54,000</td>
<td>-</td>
</tr>
<tr>
<td>05-06</td>
<td>77078</td>
<td>42%</td>
</tr>
<tr>
<td>06-07</td>
<td>146722</td>
<td>90</td>
</tr>
<tr>
<td>07-08</td>
<td>223389</td>
<td>52</td>
</tr>
<tr>
<td>08-09</td>
<td>252542</td>
<td>13</td>
</tr>
<tr>
<td>09-10</td>
<td>294374</td>
<td>16.6</td>
</tr>
<tr>
<td>10-11</td>
<td>419979</td>
<td>42.7</td>
</tr>
<tr>
<td>11-12</td>
<td>420302</td>
<td>0.08</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>18,88,386</strong></td>
<td></td>
</tr>
</tbody>
</table>

The above table shows the no. of families enrolled to the Sampoorna Suraksha Programme and the percentage of increase. At the end of the 2013 there were 18,88,386 families enrolled for the Sampoorna suraksha programme. The trend analysis shows that in the year 2006-07 the enrollment of...
families increased tremendously that is to 90%. But the growth was not consistent enough since there downward of enrollment in 2008-09 and in 2011-12. But the overall picture of trend analysis shows that the Sampoorna Suraksha Programme has shown tremendous progress in enrollment of families.

**Enrollment of Individual members**
The growth of the individual members is explicated through below mentioned table;

<table>
<thead>
<tr>
<th>Year</th>
<th>No. Individuals</th>
<th>% of Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004-5</td>
<td>186000</td>
<td>-</td>
</tr>
<tr>
<td>05-06</td>
<td>195600</td>
<td>4.9</td>
</tr>
<tr>
<td>06-07</td>
<td>403828</td>
<td>106.4</td>
</tr>
<tr>
<td>07-08</td>
<td>721203</td>
<td>78.6</td>
</tr>
<tr>
<td>08-09</td>
<td>932682</td>
<td>29.32</td>
</tr>
<tr>
<td>09-10</td>
<td>1176948</td>
<td>26.2</td>
</tr>
<tr>
<td>10-11</td>
<td>1662089</td>
<td>41.2</td>
</tr>
<tr>
<td>11-12</td>
<td>1660370</td>
<td>-0.10</td>
</tr>
<tr>
<td>Total</td>
<td>82,10,739</td>
<td></td>
</tr>
</tbody>
</table>

The above table shows the number of individuals from the families being enrolled for the Sampoorna Suraksha Programme. As per the table in the initial year that is in 2005-06 the growth was nominal but in the immediate next year the enrollment of individuals increased to 106% which is considered to be phenomenal growth. The consistency of growth can be seen in each year. Only in the year of 2011-12 there is negative growth because the organization didn’t promote the enrollment due to the loss in the scheme.

**Premium Collection**
The collection of premium is hectic task for SKDRDP since most of its clients are poor and they don’t maintain their consistency in payment of premium. The table below shows the growth of premium collection over the years.

<table>
<thead>
<tr>
<th>Year</th>
<th>Premium Collected (lakhs)</th>
<th>% of Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004-5</td>
<td>168</td>
<td>-</td>
</tr>
<tr>
<td>05-06</td>
<td>287</td>
<td>70.8</td>
</tr>
<tr>
<td>06-07</td>
<td>574</td>
<td>100</td>
</tr>
<tr>
<td>07-08</td>
<td>1069</td>
<td>86.2</td>
</tr>
<tr>
<td>08-09</td>
<td>1542</td>
<td>44.2</td>
</tr>
<tr>
<td>09-10</td>
<td>1681</td>
<td>9.01</td>
</tr>
<tr>
<td>10-11</td>
<td>2783</td>
<td>65.6</td>
</tr>
<tr>
<td>11-12</td>
<td>3641</td>
<td>30.8</td>
</tr>
<tr>
<td>Total</td>
<td>11,745</td>
<td></td>
</tr>
</tbody>
</table>

The above table shows the amount of premium collected over the years. The trend analysis reveals the percentage of growth in the premium collection. Highest growth was achieved in the year 2006-07 and 2007-08. There was no negative in any years. The overall picture shows that the
premium collection by the organization was good and consistent growth was maintained in all years except in the year 2009-10

**Claim towards Hospitalization**

The growth in disbursement of claim can be explained through the table mentioned below. The trend analysis shows the percentage of growth over the years.

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Claims</th>
<th>% of Growth</th>
<th>Amount Paid (in lakhs)</th>
<th>% of growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004-5</td>
<td>7737</td>
<td>-</td>
<td>964</td>
<td>-73.9</td>
</tr>
<tr>
<td>05-06</td>
<td>8688</td>
<td>12.3</td>
<td>251</td>
<td>98.8</td>
</tr>
<tr>
<td>06-07</td>
<td>15170</td>
<td>74.6</td>
<td>499</td>
<td>75.6</td>
</tr>
<tr>
<td>07-08</td>
<td>25368</td>
<td>67.2</td>
<td>877</td>
<td>76.2</td>
</tr>
<tr>
<td>08-09</td>
<td>39156</td>
<td>54.4</td>
<td>1545</td>
<td>79.02</td>
</tr>
<tr>
<td>09-10</td>
<td>72320</td>
<td>84.7</td>
<td>2766</td>
<td>42.8</td>
</tr>
<tr>
<td>10-11</td>
<td>101507</td>
<td>40.4</td>
<td>3950</td>
<td>-24.5</td>
</tr>
<tr>
<td>11-12</td>
<td>65964</td>
<td>-31.07</td>
<td>2982</td>
<td>-24.5</td>
</tr>
<tr>
<td>Total</td>
<td>3,22,310</td>
<td>13,134</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The above table shows the growth in the number of claims towards hospitalization and also the amount of claim paid by the organization. The numbers of claims went on increasing year by year since there was a growth in the number of families being enrolled. But only in the year 2011-12 there was negative growth in the number of claims which is a good sign for the organization. The growth in the amount paid towards the claims shows inconsistent picture. But the growth is phenomenal in all the years except for the initial and last year. So the organization has given much benefit for their people.

**Special Claims**

The SKDRP has given special claims in special circumstances. The details can be explained in the below table;

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Claims</th>
<th>% of Increase</th>
<th>Amount Paid (in lakhs)</th>
<th>% of Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004-5</td>
<td>4073</td>
<td>-</td>
<td>87</td>
<td>-</td>
</tr>
<tr>
<td>05-06</td>
<td>4611</td>
<td>13.2</td>
<td>81</td>
<td>-6.8</td>
</tr>
<tr>
<td>06-07</td>
<td>8589</td>
<td>86.3</td>
<td>177</td>
<td>118.5</td>
</tr>
<tr>
<td>07-08</td>
<td>16804</td>
<td>95.6</td>
<td>330</td>
<td>86.4</td>
</tr>
<tr>
<td>08-09</td>
<td>28690</td>
<td>70.7</td>
<td>592</td>
<td>79.4</td>
</tr>
<tr>
<td>09-10</td>
<td>26023</td>
<td>-9.3</td>
<td>553</td>
<td>-6.6</td>
</tr>
<tr>
<td>10-11</td>
<td>35473</td>
<td>36.3</td>
<td>749</td>
<td>35.4</td>
</tr>
<tr>
<td>11-12</td>
<td>57159</td>
<td>61.1</td>
<td>1709</td>
<td>128.2</td>
</tr>
<tr>
<td>Total</td>
<td>1,81,422</td>
<td>7,592</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The above table shows the growth picture of the specials apart from the hospitalization. The number of claims kept increasing towards all the years except in the year 2009 & 10. There were highest claims in the year 2007-08. The amount paid towards claim has been increased over 100% in
the year 2006-07 and 2011-12. Even though there were negative growth in settlement of claims the overall picture shows that the SKDRDP has done their utmost justice in disbursing amount towards claim.

10. Conclusion
Micro health insurance is new phenomenon in the Indian Insurance sector. The insurance programme is very essential for the individual to protect from various uncertainties and risk. The insurance was normally a product middle and higher income group of people. The lower segment of the people were alienated from taking the insurance policies as the price of the policies were too high and which unaffordable for them. The MFI’s and NGO who work with urban & rural poor felt the need for the security for these people. So many such institutions came forward to offer the insurance facilities to the poor. They kept price of the policy low and the premium was priced according their level of income. The SKDRDP is one such institution which focused on the medical and the hospitalization cost of the poor people. Accordingly they designed a favorable micro health insurance name as Sampoorna Suraksha health insurance scheme. The scheme was introduced in the year 2004 and from its inception till now, it has seen tremendous progress in terms number of enrollment, no. claims, payment towards claim etc. The scheme has become sustenance for many of the families and individuals.

11. References

"Aano bhadraa krathavo yanthu vishwathaha"-“Let the noble thoughts come to all from all directions".
A STUDY ON THE LIFE INSURANCE’S SALES FORCE PERSPECTIVE ON NEW GUIDELINES ISSUED BY IRDA ON JAN 2014

By

Subramanya.S\textsuperscript{[a]}, Kaushal.KM\textsuperscript{[b]} & Suraj Bharadwaj\textsuperscript{[c]}

Abstract

The major stake holders of Insurance Sector include the Insurance Regulatory Development Authority (IRDA). The IRDA monitors, regulates and develops the activities insurance in the country. In order to keep the industry healthy in terms of growth at the same time to ensure customer centricity IRDA with the change in the external environment brings in guidelines and directs the companies to act accordingly. Few guidelines issued by IRDA may have positive, negative or mixed reactions from the other stake holders of the sector. This paper focuses on understanding the perceptive of the sales force on the guidelines issued by IRDA in Jan 2014. The new guidelines stress on the following areas Transparency, Protection, Customer centricity, Long term focus.

Key words: Insurance, IRDA, External Environment, Guidelines, Transparency, Protection, Customer centricity, Long term focus.

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1. Introduction

Insurance can be defined as the guarantee of compensation for specified loss, damage, illness, or death in return for payment of a specified premium which is undertaken by a company. There are numerous insurance companies who are all regulated by the statutory autonomous body i.e. Insurance Regulatory and Development Authority (IRDA). IRDA was constituted by insurance regulatory & development authority act, 1999 as per the Malhotra committee report strongly recommending an independent regulatory authority which would regulate and develop the insurance sector in India.

The IRDA act also opened gates for private players to enter into the insurance sector which Life Insurance Cooperation (LIC) was earlier enjoying the monopoly over this sector. Over the years IRDA has been issuing guidelines for regulating and developing insurance sector. Life insurance in India has been a blooming sector and has seen a huge growth in the past decade but the policy holders have not gone through such good times as of insurance companies in India with difficulty in understanding policies, return of policy amount, agents commission to be few of them because of life insurance in India derailing from its traditional practice.

To bring life insurance back to its traditional practice focusing on long term and being customer protective as well as bringing change in sales practice Insurance Regulatory and Development Authority (IRDA) has issued new guidelines on January 2014. The new guidelines have raised concern in leading to the slowdown in the growth of insurance companies. The present paper will explore the insurance sales force perspective on new guidelines.
2. Literature Review

The Indian Life Insurance sector of India has expanded by many folds since 2000 especially after the liberalization of the sector i.e, after allowing the foreign and the private players into the sector by government of India and regulated by Insurance Regulatory Development Authority (IRDA). The sector has specifically expanded in its new business acquisition and premium collection says Dr. Naresh and RamDasMadhavi (2014). The researchers also feel that the growth of the insurance sector can be attributed to the sound economic fundamentals of the country, increasing middle class and timely intervention and regulation by IRDA. The increasing awareness of the risks associated with life is also a reason for the life insurance sector’s robust growth.

The cost efficiency of the sector has shown upward trend says Dr,. Ram Pratap Sinha and Biswajit Chaterjee in their research paper titled Are Indian life Insurance companies cost effective? The life insurance has got two important components a. Operative expenses b. commission expenses. Ruby Singh and Dr. Amith Gautham (2014) conclude their research work by stating that Indian Insurance Sector can grow at 125% provided 100% ownership for foreign companies. The upper ceiling for investment as of now is 26% in the insurance industry.

Post liberalization of the sector in India there are in excess of 23 companies and T Hymavathy (2013) in the search opines it’s a remarkable growth and the indicator of the sector’s positive development. The researcher also finds out that the current ratio of the sector is positive and good for the future of the sector. The innovative distribution channels for distribution of customized products based on ever changing customer needs has made the industry cope with the challenging economic environment and ever changing industry environment and customer needs.

Dr. Arnika Srivastava and Dr. SarikaTripathi and Dr. Amith Kumar (2012) in their research paper titled Indian Life Insurance Challenging trends conclude that the insurance industry is backed by government guidelines and IRDA. IRDA in its IC 33 syllabus states that “the main role of government is to recommend to clients the right products that address the client’s needs and the clients need should be evaluated with specific technique of evaluation”.

The important skills set a financial advisor has to posses as per www.aspiringmind.com include selling skills, good interpersonal skills, communication skills, strong result orientation, trainability and sound domain knowledge.

3. Objectives

1) To understand the Role, Importance and Relevance of IRDA in the Insurance Industry of India.
2) To get introduced to the different channels of sales in Insurance Industry.
3) To analyze the sales force perspective on new guidelines issued by IRDA.

4. Research Methodology

Tools for data collection

The data collection for the research work was done using both the primary source and secondary source. The primary source for the research work was considered as the Sales Personnel of PNB Metlife Insurance India Co. Ltd, Mysore branch. The branch’s sales force all consists of two channels namely the Agency Channel i.e, the channel which achieves sales by recruiting Financial Advisors and Bancassurance channel whose sales quota is completed by Channel Sales Officers. The secondary source consisted of websites, IRDA IC33 syllabus, books on insurance.

In order to attain the set objectives and to have a better knowledge of the insurance sector, IRDA, new guidelines issued by IRDA and specially the sales force perspective towards the new...
guidelines a series of research paper was reviewed, a total of 6 research paper was then reviewed along with various IRDA guidelines, website,

The sample at PNB MetLife, Mysore included branch manager, sales managers, Bancassurance regional head, financial advisers were approached with a framed questionnaire which consisted 3 categories of question i.e. administrative, classificatory and objective oriented. The questions were framed in a manner which would facilitate the research study.

The questions used in the questionnaire were closed ended in nature. Respondents perspective to the various questions was collected on a 4 point scale (1- strongly agree 2 – Agree 3 Disagree 4- strongly disagree). the data thus collected is analyzed in the next section.

5. Limitations

The major limitation of this research paper is that the data collection for the work is confined only to PNB Metlife Mysore Branch only.

6. Findings and Analysis

Insurance sector in the country has mainly employed two channels for the distribution of its products. The first one is the agency channel, here the sales of the insurance products happen through the Financial Advisors (FA), and they are also called agents. A sales manager would be recruiting FAs after subjecting them for training and helping them to clear IC33 exam conducted by IRDA. The second channel for distribution includes the partnership with Banks. The Banks share the data of its customers and the insurance companies sell the products after a thorough need analysis.

Gender Composition

It was found through the part A questions of the questionnaire that the gender composition that the gender ratio is 85%: 15% favoring the Male. The following graph represents the same. It clearly states that the male employee is higher than the female employees in the sector. This is quite evident that the Male employees are higher in number when compared to the female employees.

Graph 1.1

Composition of Designation

Table 1.1 represents the various designations the sample holds.
Like any other organization it is observed here also that as we go up the hierarchal level the number of employees holding a designation reduce. It is understood the employee designation chart appears like a pyramid.

**Experience curve**

Indian Insurance Industry took a rebirth in the year 2000 and it has been 14 years since the private and foreign players are operating in the sector. The average experience of the employees is around 7.8yrs and it’s a good sign for any industry to have experienced employees as employees are the backbone of any industry.

**IRDA as a key player**

The entire sample is in favor of this questions and 45% of them strongly agree with the preposition of IRDA being the key player in the insurance industry and remaining 55% of the sample agree that insurance sector’s major stake holder is IRDA.

"Aano bhadraa krathavo yanthu vishwathaha"-"Let the noble thoughts come to all from all directions". Page No.28
IRDA as an effective regulator

80% of the respondents agree to the fact that IRDA effectively regulates the insurance sector of the country whereas 20% of them feel IRDA is not all that strong when it comes to regulating the industry.

IRDA as the protector of the interest of the policy holders

It is strongly perceived by 50% of the respondents that IRDA is in favor of protecting the interest of the policy holders but 15% of the respondents feel it is not all that favoring to protect the interest of the policy holders.

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>7</td>
<td>3</td>
<td>0</td>
</tr>
</tbody>
</table>

New guidelines and challenges in implementing

90% of the respondents agree that the implementation of new guidelines by IRDA is a challenging task and remaining 10% feel it can be easily implemented.
New guidelines and growth of insurance sector

20% of the respondents strongly agree that the new guidelines by IRDA slows down the growth of the insurance sector. 50% of the respondents agree that new guidelines slows down the growth of insurance industry whereas 15% of the respondents disagree and remaining strongly disagree. The respondents feel that the execution of new guidelines would slow down the growth of the insurance sector.

Graph 1.6

The Financial Advisers and their sales strategies

According to the Respondents of different designations 85% (60% Strongly Agree, 15% Agree) of them feel that the financial advisors have to adopt a different sales strategy to sell the insurance products

7. Conclusion

From the above data findings and analysis it can be understood that the Insurance sector has IRDA which is not only a major stake holder but the real guiding force behind the insurance sector's growth and development. The new guidelines is accepted by the sales forces but they fear that the implementation is a challenging task and it requires time and efforts from all stake holders to implement the same. It is also seen that IRDA is more often than not is customer friendly and the new
Regulations would make the sales process challenging and the FAs need to change their selling technique and strategies. The bottom line would be insurance in future needs to be sold as insurance and not line an investment product.

8. References
2) IRDA IC33 Curriculum
3) www.irdaonline.org
4) www.pubmetlife.com
5) www.knowledgedigest.com

Appendix-I
Questionnaire
Respected Madam / Sir, This data collection is taken up for the academic research titled ‘A Study on the life insurance's sales force perspective on new guidelines issued by IRDA on Jan 2014’. Request you to answer the following questionnaire, your views are collected for pure academic research purpose and nowhere your identity would be revealed.

*Please underline or darken your choice of answer.

Part A

- Name : 
- Gender : Male / Female
- Company :
- Designation :
- Work Experience in Insurance Sector (in yrs) :

Part B

1. IRDA is a key player in the growth of insurance business.
   - Strongly Agree
   - Agree
   - Disagree
   - Strongly Disagree

2. IRDA has been able to regulate the insurance industry effectively.
   - Strongly Agree
   - Agree
   - Disagree
   - Strongly Disagree

3. IRDA works effectively in protecting the interest of policy holders.
   - Strongly Agree
   - Agree
   - Disagree
   - Strongly Disagree

4. IRDA is bent towards protecting customer’s interest than insurers’ interest.
   - Strongly Agree
   - Agree
   - Disagree
   - Strongly Disagree

5. The new guidelines stressing on Transparency, Protection, Customer centricity, Long term focus. It is challenging for IRDA to succeed in its objective.
   - Strongly Agree
   - Agree
   - Disagree
   - Strongly Disagree

6. The new guidelines might slowdown the growth of insurance sector.
   - Strongly Agree
   - Agree
   - Disagree
   - Strongly Disagree

7. The financial advisers have to change their sales strategies.
   - Strongly Agree
   - Agree
   - Disagree
   - Strongly Disagree

"Aano bhadraa krathavo yanthu vishwathaha" - "Let the noble thoughts come to all from all directions". Page No. 31

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Abstract

Social responsibility represents a relatively recent concept within the business communities, which promotes the idea of the companies’ voluntary involvement in activities that are not immediately intended to make a profit. Thus, we should underline here the voluntary character of the trading companies’ participation in a series of cultural, sports, economic, or other types of actions that all bring benefits to different categories of the population, and not immediate gains to those who performed them. Consequently, those social activities that are implemented and developed because of some external pressure (a court order, for example), do not fit into the category of “social responsibilities”. Another important aspect regarding the phenomenon of the companies’ social responsibility refers to the necessity that, before taking major decisions, the managers also analyze the social consequences of such decisions, in order to minimize the negative impact, and to maximize the positive results. More specifically, the analysis and decision-taking procedures should value as much as possible as many social aspects as possible.

Currently the experts on the matter have contradicting opinions of what the process of the companies’ social responsibility exactly implies, and what, in fact, the roles of a trading company are: are they exclusively some economic entities whose only purpose is to generate profit for their shareholders, or rather social-economic entities that should also apparently selflessly contribute to the wellbeing of society in general.

Keywords: CSR, Corporate Social responsibility, companies, insurance

1. Introduction: The Dictionary of Business and Finance states that "Insurance is a form of contract or agreement under which one party agrees in return for a consideration to pay an agreed amount of money to another party to make good for a loss, damage, or injury, to something of value in which the insured has a pecuniary interest as a result of some uncertain event". Thus, insurance is a contract whereby one party, in consideration of certain sum of money, called premium, undertakes to indemnify another party against any loss or to pay to that party an agreed sum of money on the happening of a certain event. Insurance, in Law and Economics, is a form of risk management primarily used to hedge against the risk of a contingent loss.

Insurance is nothing but the equitable transfer of the risk of a potential loss, from one entity to another, in exchange for a premium. Any asset has a value for its owner and also for those who are benefited with the existence of that asset. Insurance is concerned with the protection of economic value of the assets. Examples-A house, a car, life has value. Assets are insured, as they are likely to be lost or made non-functional through an accidental occurrence. Insurance does not protect the assets. It only compensates, may not be fully, the economic or financial loss resulting to the asset from such damage or destruction. Every asset has normally an expected lifetime. During this period, it is expected to perform and provide income to the owner. The owner, being aware of this, plans the

"Aano bhadraa krathavo yanthu vishwathaha"- "Let the noble thoughts come to all from all directions". Page No.32
things in such a way that by the time the expected lifetime of the asset expires, he is ready with the funds required for its replacement. In this way, he ensures that the value or income from the asset is not lost. (Sahoo, 2009)

People express risk in different ways. To some, it is the chance or possibility of loss, to others, it may be uncertain situations or deviations or what statisticians call dispersions from the expectations. Different authors on the subject have defined risk differently. However, in most of the terminology the term risk includes exposure to adverse situations. The indeterminateness of outcome is one of the basic criteria to define a risk situation. Also, when the outcome is indeterminate, there is a possibility that some of them may be adverse and therefore need special emphasis. (Gupta, 2008)

Definition of the Corporate Social Responsibility:

a) According to classical economic thinking (which first appeared around the 18th century), short-term profit should represent the trading companies’ only concern. And, of course, this could have only be accomplished, in most cases, if the products and services of one company or another had met the society’s needs to a sufficient extent. According to Adam Smith, the father of classical economic thinking, that “invisible hand” that promoted public wellbeing was at work here; more specifically, Smith considered that general welfare was a final state that was implicitly attained under the conditions of a competitive economy, within which every company exclusively attempts to look after its own interests (i.e. making a profit). In conclusion, according to this concept, making short-term profits and the companies’ social responsibility are one and the same.

b) A different approach is suggested by the so-called social-economic model, according to which the companies represent a sub-system, along with many others, within a complex social-economic system. The supporters of this opinion consider that besides a company’s shareholders (who are mostly interested in the company’s profits), there are many other categories or groups of people with different (sometimes divergent) expectations from the business environment; here we may include current and former employees, company’s creditors, suppliers, competitors, public institutions, nonprofit organizations, that is the entire society. Thus, there are companies (which especially operate in the area of goods production) that periodically perform complex analyses of all the entities that might be affected (positively or negatively) by the respective company’s operations, also studying the actual impact that every situation would have.

2. Literature Survey:

Imperativeness of corporate social responsibility: Business, which historically has traded in financial and human capital, suddenly found itself as the chief repository of social capital (Hanifan, 1916; Putnam, 2000)—the connection, reciprocity, and trust that bind society rather than separate it through power, hierarchy, and competition (Kohn, 1986). It is not clear that it was a job that the corporate world wanted or ever knowingly signed on for (Marchand, 1998), although there are many cases of corporations and other business organizations assuming the role with a variety of motives. Today no CEO worth his or her salt would fail to recognize the moniker corporate social responsibility (CSR), or business social responsibility, and most have a plan for it. And yet the paradoxical, even oxymoronic quality of this assignment for social stewardship remains. (May, 2007)

Deetz (1992) is one of many who argue that the corporate sector has become the “primary institution in modern society, overshadowing the state in controlling the direction of individual lives and influencing social development” (p. 17). This “colonization” of the contemporary life world (see, e.g., Boggs, 2000; Deetz, 1992; Habermas, 1984, 1987; Morgan, 1986; Perrow, 2002; Schiller, 1995) has replaced “religious, familial, educational, and community institutions in the production of meaning, personal identity, values, knowledge, and reasoning” (Deetz, 1992, p. 17).
First, J. Roberts (2003) reminds us that “the corporation is an idea, an imaginary entity, without substance or sensibility and therefore incapable of anything like responsibility. Instead, corporate responsibility will always depend upon people using their frail and vital sentience and following the path that this assigns” (p. 263). Thus, we come to regard organizations, as McMillan and Hyde (2000) argue, by the collective actions that human beings take and the words they make: “Not only do organizations ‘act’ in ways that characterize them, we also come to know them by what they say (and do not say)” (p. 38). And this “doing” and “saying” is no small thing in that it constructs a group’s legitimacy and ultimately its survival (Katz & Kahn, 1978). The strength of that legitimacy is one thing when prospective customers are deciding to do business with a company or to purchase its product; it is quite another when the company assumes the moral authority to oversee the construction of the “good life” for the planet and its inhabitants (Boyd, 2000; Coombs, 1992; Suchman, 1995). (May, 2007)

3. Research Methodology: An empirical study was conducted through questionnaires and 67 respondents replied to the questions posed. Respondents, as representatives of the general public, were asked regarding the different ways of CSR they expect from the Insurance Companies and their answers elicited were analysed. Insurance Companies here mean Life and Non-life Companies.

The following parameters of CSR were expected by respondents from their Insurance Companies. They are, environmental initiatives, community activities, human resource activities, disaster relief activities, investment initiatives in new sectors, corporate governance initiatives and legal initiatives.

4. Analysis and findings: The tables below exhibit the profile of the respondents.

### Table One depicting the age of respondents:

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 30 Years</td>
<td>14</td>
<td>20.9</td>
<td>20.9</td>
<td>20.9</td>
</tr>
<tr>
<td>30 -39 years</td>
<td>19</td>
<td>28.4</td>
<td>28.4</td>
<td>49.3</td>
</tr>
<tr>
<td>Valid</td>
<td>23</td>
<td>34.3</td>
<td>34.3</td>
<td>83.6</td>
</tr>
<tr>
<td>&gt; 50 years</td>
<td>11</td>
<td>16.4</td>
<td>16.4</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>67</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Fourteen respondents are below 30 years, nineteen are between 30 and 39 years, twenty three are between 40 and 49 years and eleven respondents are above the age of fifty.

### Table Two depicting the gender of respondents:

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>36</td>
<td>53.7</td>
<td>53.7</td>
<td>53.7</td>
</tr>
<tr>
<td>Female</td>
<td>31</td>
<td>46.3</td>
<td>46.3</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>67</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Thirty six respondents are male and thirty one respondents are female.
Eighteen respondents are not Degree holders, thirty three hold a Degree and sixteen respondents hold a Post Graduate Degree among the respondents studied.

The respondents studied all held different jobs, out of which, fourteen respondents had less than ten years of experience, twenty eight had experience between ten and twenty years, twenty respondents between 20 and 30 years, and five respondents had an experience of more than thirty years.

Analysis of the study:

The Cronbach’s Alpha for the seven responsibilities studied was 0.987, and therefore the data collected was considered reliable as it indicated high reliability.

The Hypothesis that “These initiatives of Corporate Social Responsibility are expected to be taken up by the Insurance Companies that they have invested in” tested positive through the Chi Square test. 36.415 was the Table value for a degree of freedom of 24, whereas the calculated value for the Null Hypothesis was 39.43, and therefore the Alternative Hypothesis was accepted. This proved that the respondents expected the Insurance Companies to perform the initiatives mentioned.

Further, the Factor Analysis was initiated. The KMO and Bartlett's Test value was 0.807, indicating the suitability of the factor analysis.

Out of the following factors of environmental initiatives, community activities, human resource activities, disaster relief activities, investment initiatives in new sectors, corporate governance initiatives and legal initiatives, the factor analysis indicated the selection of four activities as more significant than the others. The chosen factors were, environmental activities, community activities, human resource activities and corporate governance activities.
5. Findings:
   1) The general public expects Insurance Companies to be active in Corporate Social Responsibility initiatives such as environmental initiatives, community activities, human resource activities, disaster relief activities, investment initiatives in new sectors, corporate governance initiatives and legal initiatives.
   2) Out of these initiatives, the most preferred are environmental activities, community activities, human resource activities and corporate governance activities.

6. Conclusion:
   Insurance Companies share the risk and the burden of financial responsibility of the general public. Initially the expectations of people, was not surmountable to the premium paid. Currently, it has been found that the general public has expectations of Corporate Social Responsibility from the Insurance Companies.

   Therefore the recommendations of this study are that Insurance Companies involve themselves actively in conducting Corporate Social Responsibility initiatives, especially environmental activities, community activities, human resource activities and corporate governance activities.

7. References:
FDI in Indian Insurance Sector – An Overview

by

RAVI.C.S[a] & KUNDAN BASAVARAJ[b]

Abstract

India is no doubt a growth economy and many consider it an attractive country to invest in, particularly in its rapidly growing and changing insurance market. Indian insurance industry is one of the sunrise sectors with huge growth potential. Foreign direct investment plays an important role in the economic development of the country. However, Foreign Direct Investment (FDI) is released in the insurance industry, and despite many years of debate, the regulations are still not altered and there are still lots of restrictions. Foreign Investors are watching India, ready for a piece of the action in the insurance market, but there are still plethora of uncertainties, restrictions and potential socio-economic risks. However, the Government is gradually taking steps to open the sector. Due to economic liberalization started few years ago have started bringing in new investments from global giants and the government was hard pressed to facilitate global integration by lowering trade barriers for the free flow of technology, intellectual and financial capital. Thus liberalization of insurance creates an environment for the generation of long term contractual funds for infrastructural investments. This paper’s objectives are to investigate the Indian insurance industry and review current policy and regulations with a viewpoint of foreign investors so as to gain an understanding of the current position on FDI, as well as an overview of the Indian Policy and Regulatory Environment.

Keywords: India, Foreign Investment, FDI, Inflows, Outflows, Insurance Industry.

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1. Introduction

Indian insurance sector was liberalized in 2001. Liberalization has led to the entry of the largest insurance companies in the world, who have taken a strategic view on India being one of the top priority emerging markets. The Insurance industry in India has undergone transformational changes over the last 12 years. FDI in insurance remains a widely debated and heated issue in India’s economic and political environment. Changes in the regulatory environment had path-breaking impact on the development of the industry.

With 36 crore policies, India's life insurance sector is the biggest in the world. The sector consists of 52 insurance companies, of which 24 are in life insurance business and 28 in non-life. The life insurance industry in the country is projected to increase at a compound annual growth rate (CAGR) of 12-15 per cent in the next five years. The industry plans to hike penetration levels to five per cent by 2020, and has the potential to top the US$ 1 trillion mark over the next seven years. The optimistic
outlook is helped to a large degree by the Government of India's efforts to strengthen the sector. The Union Cabinet in July approved a proposal to relax foreign direct investment (FDI) limit in the domestic insurance sector to 49 per cent from 26 per cent, signalling the government's intent to draw capital and investment into the sector.

A milestone was achieved when the nation decided to privatize the industry along with requisite regulations. The industry functioned under a monopoly for several decades thereafter. However, other problems surfaced such as limited reach and penetration of enterprise and deteriorating servicing standards. While the insurance industry still struggles to move out of the shadows cast by the challenges and uncertainties of the last few years, the strong fundamentals of the industry augur well for a roadmap to be drawn for sustainable long-term growth.

The total market size of the insurance sector in India was US$ 66.4 billion in FY 13. It is projected to touch US$ 350-400 billion by 2020. India was ranked 10th among 147 countries in the life insurance business in FY 13, with a share of 2.03 per cent. The life insurance premium market expanded at a CAGR of 16.6 per cent from US$ 11.5 billion to US$ 53.3 billion during FY 03-13. The non-life insurance premium market also grew at a CAGR of 15.4 per cent in the same period, from US$ 3.1 billion to US$ 13.1 billion.

Government Initiatives is very essential, the must taken significance step in The Union Budget 2014-15 increased the FDI limit in insurance to 49 per cent. The increase in the FDI limit could help the insurance industry in two ways. One, this could help companies access capital more easily and, two, it could act as a trigger for listing of insurance players, which will offer a better benchmark to value these companies.

In a bid to facilitate banks to provide greater choice in insurance products through their branches, a proposal could be made which will allow banks to act as corporate agents and tie up with multiple insurers. A committee established by the Finance Ministry of India is likely to suggest this model as an alternative to the broking model.

2. Objective of the Paper
1) To know the overview of insurance industry in India
2) To review current policy and regulations insurance industry
3) To understanding of the current position on FDI in insurance sector

3. Insurance industry in India – overview

In India, insurance has a deep-rooted history. It finds mention in the writings of Manu (Manusmrithi ), Yagnavalkya (Dharmasastra) and Kautilya (Arthasastra). The writings talk in terms of pooling of resources that could be re-distributed in times of calamities such as fire, floods, epidemics and famine. This was probably a precursor to modern day insurance. Ancient Indian history has preserved the earliest traces of insurance in the form of marine trade loans and carriers’ contracts. Insurance in India has evolved over time heavily drawing from other countries, England in particular.

3.1. Pre Liberalization Period
1818 saw the advent of life insurance business in India with the establishment of the Oriental Life Insurance Company in Calcutta. This Company however failed in 1834. 1870 saw the enactment of the British Insurance Act. This era, however, was dominated by foreign insurance offices which did good business in India. The Indian Life Assurance Companies Act, 1912 was the first statutory measure to regulate life business. In 1928, the Indian Insurance Companies Act was enacted to enable

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the Government to collect statistical information about both life and non-life business transacted in India by Indian and foreign insurers including provident insurance societies. In 1938, with a view to protecting the interest of the Insurance public, the earlier legislation was consolidated and amended by the Insurance Act, 1938 with comprehensive provisions for effective control over the activities of insurers.

3.2. The Nationalized Period

In nationalized period an Ordinance was issued on 19th January, 1956 nationalizing the Life Insurance sector and Life Insurance Corporation came into existence in the same year. The LIC absorbed 154 Indian, 16 non-Indian insurers as also 75 provident societies—245 Indian and foreign insurers in all. The LIC had monopoly till the late 90s when the Insurance sector was reopened to the private sector. Due to new economic policy i.e., liberalization, privatization and globalization, the insurance sector was reopened to the private sector.

In 1993, the Malhotra Committee was constituted by the government for conducting a study on insurance, in its report in 1994 stated that only 22% of the Indian population are insured and recommended that the private sector be permitted to enter the insurance industry. On recommendations of the Malhotra Committee report, in 1999, the Insurance Regulatory and Development Authority was constituted as an autonomous body to regulate and develop the insurance industry.

3.3. Post Liberalization Period

The IRDA opened up the market in August 2000 with the invitation for application for registrations. The bill allows foreign equity stake in domestic private insurance companies to maximum of 26% of the total paid-up capital and seeks to provide statutory status to the insurance regulator. Foreign companies were allowed ownership of up to 26%. In December, 2000, the subsidiaries of the General Insurance Corporation of India were restructured as independent companies and at the same time GIC was converted into a national reinsurer. Parliament passed a bill de-linking the four subsidiaries from GIC in July, 2002. Today there are 45 private sector insurance companies.

<table>
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<th>Type of Business</th>
<th>No. of Public Sector Companies</th>
<th>No. of Private Sector Companies</th>
<th>Total Companies</th>
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</table>

Myths about hike in FDI in insurance from 26% to 49%, the following questions are most often raised and debated:

- What are the potential risks to the public insurance sector, and of course to the wider Indian economy?
- Could FDI in insurance be a disaster for the sector and the Indian economy?
- What reforms are necessary, if any, to protect the domestic and national interests?
- There are arguments that support and question FDI hike in the insurance Industry. However the following benefits are being increasingly recognized as a function of introducing FDI reforms in insurance:
  - Capital for expansion

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The argument against FDI hike in the insurance industry focuses particularly on the potential risk of protecting the interest of public and public sector insurers. An opinion against hiking the FDI limit has been that insurers can instead look at domestic markets for capital, as foreign ownership would lead to forex outflows due to profit repatriation. What were the outcomes of such a conventional approach? This has made insurance a major political issue as there is pressure on the government to create a monopoly and protect it from foreign and private competition.

4. FDI in Insurance – A Historical Perspective

Insurance in India started without any regulations in the nineteenth century. After the independence, the Life Insurance Company was nationalized in 1956, and then the general insurance business was nationalized in 1972. The LIC had monopoly till the late 90s when the insurance sector was reopened to the private sector. In 1998, the cabinet decides to allow 40% foreign equity in private insurance companies and 26% to foreign companies and 14% to non-resident investors (FIIs) but again in 1999 the committee decides that foreign equity in private insurance should be limited to 26%.

In 1999, the Insurance Regulatory and Development Authority (IRDA) were constituted as an autonomous body to regulate and develop the insurance industry. Since the end of 2000, Life insurance has been privatized. Indian Government has opened the entry door for foreign players with a maximum of 26 per cent of foreign holding and private companies in the Life insurance sector (World Bank Economic Review 2000).

At present there are 44 private insurance companies authorized by the Insurance Regulatory and Development Authority (IRDA) operating in the country. These comprise of 23 life insurance, 17 general insurance and four health insurance companies, since the insurance sector was opened for private sector in the year 2000. These are all joint ventures between the Indian promoters who hold up to 76% and foreign insurance companies who hold up to 26% as mandated by the law.

The government created a specific Board to deal with promotion of FDI in India and to be the sole agency to handle matters related to FDI. The ‘Foreign Investment Promotion Board’ (FIPB) as it is known, is chaired by the Secretary Industry (Department of Industrial Policy & Promotion or DIPP) within the office of the Prime Minister. Its key objectives are to promote FDI in India with investment promotion activities both domestically and internationally by facilitating investment in the country via international companies, NRIs (non-resident Indians) and other forms of foreign investors.

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5. Policy and Regulatory Environment

Due to Changes in the regulatory environment substantially impacted the industry dynamics. Apart from macro-economic, social, and demographic growth drivers, the evolving regulatory landscape had a significant impact on the FDI trends in the industry. The regulatory and supervisory policies are being reshaped and reoriented to meet the new challenges and opportunities in this Industry; however the current policy allowed FDI up to 26%.

Key Regulatory Changes are:

- 1999: IRDA Bill cleared and liberalization of the sector & formation of an independent regulator
- 2001: IRDA issues Third Party Administrator regulations (TPAs) & foreign players allowed to enter with FDI limit of 26%.
- 2002: IRDA insurance brokers and corporate agent regulation.
- 2006: Entry of Standalone health insurance Players allowed.
- 2007: Creation of Indian Motor Third party Insurance Pool & Price Desertification
- 2011: Merger Acquisition Guidelines.

FDI in the Insurance Industry, as prescribed in the Insurance Act, 1938, is allowed under the automatic route. This will be subject to the condition that Companies bringing in FDI shall obtain necessary license from the Insurance Regulatory & Development Authority for undertaking insurance activities. FDI up to 26% in the Insurance Industry is allowed on the automatic route subject to obtaining license from Insurance Regulatory & Development Authority (IRDA). FDI is allowed under the automatic route without prior approval either of the Government or the Reserve Bank of India in all activities/sectors as specified in the consolidated FDI Policy, issued by the Government of India from time to time. Mostly Indian companies entered into a joint venture with the foreign companies to do jointly the business of insurance.

Some of the key legislation that could have a potential impact on foreign investors setting up in India is listed as below:

- Life Insurance Corporation Act, 1956
- General Insurance Business (Nationalization) Act, 1972
- Insurance Regulatory and Development Authority (IRDA) Act, 1999
- Actuaries Act, 2006

6. Current Status of FDI Reforms in Indian Insurance Industry

The future of India's insurance sector looks good, driven by the country's favourable demographics, greater awareness, supportive government which enacts policies that improve business, customer-centric products, and practices that give businesses the best environment to grow. India's insurable population is anticipated to touch 75 crore in 2020, with life expectancy reaching 74 years. Life insurance is projected to comprise 35 per cent of total savings by the end of this decade, compared to 26 per cent in 2009-10.

The Insurance Amendment Bill to raise FDI cap in the insurance industry from 26 per cent to 49 per cent has been pending in the Rajya Sabha since 2008. India is full of potential but hit by regulatory hurdles, a sharp dip in GDP growth and uncertain market conditions. Even though current norms allow FDI up to 26 per cent, several foreign players have quit India. The hike in FDI cap is subject to parliamentary nod, not an easy task given that the ruling coalition is in a minority.
At present foreign investment in private insurance companies is restricted to 26% of their capital, which is now proposed to be increased to 49% by passing an amendment to the Insurance Act.

The reform if it gets passed in Parliament will be big boost the industry. According to industry observers, a lot of international companies have been waiting to enter India and a further opening up of the sector will give them an entry point.

Bill to raise FDI cap in the sector is pending in the Rajya Sabha for approval.

Application needs to be approved by two levels at Automatic Approval - by the country's Central Bank, the Reserve Bank of India (RBI), Mumbai and subject to obtaining license from IRDA.

7. Conclusion

Despite the current policy and regulatory environment not being ‘perfect’ for foreign investors, there are clearly moves towards improving the current position and facilitating FDI inflows without having a detrimental impact on various sectors of the economy. ‘26% insurance FDI limit in India is lowest in world’ that’s why most of India's 24 insurance companies have lost money in the past decade, hit by restrictions on foreign holding and by regulatory changes. The Cabinet approval of 49 per cent foreign direct investment in insurance is definitely a very positive sign, though we still need to wait and see whether it gets cleared by Parliament. Nonetheless, it indicates the government recognizes the capital requirements of the insurance industry and is taking steps towards bridging the capital gaps. In addition, it adds the advantage of the widening current account deficit being financed through greater capital account, non-debt, FDI inflows. The benefits of the increased FDI would be seen more in the long term than in the short term. Most prominent insurance companies have a presence in India and will be able to augment their shareholding.

This is also a window for Indian promoters to exit the insurance business if they feel it is not a part of their core growth strategy. Broadly, this would tend to create an environment, which consists of shareholders who are willing to invest and to stay committed to the Indian insurance growth story.

Many international studies have estimated that the insurance industry in India can grow by over 125 per cent in the next ten years. In fact, India has been identified as one of the fastest growing insurance markets. The current policy is trying to encourage Joint Ventures in insurance industry so as to boost the domestic insurer’s growth in this area. However; there is also the risk that some foreign insurers will not be interested in investing unless they have 100% ownership and that the current policy will prevent them from choosing India as an Insurance destination.

With this, a plethora of business opportunities in India has been thrown open to the foreign investors. In life insurance business, India is ranked 10th among the 88 countries for which data are published by Swiss Re. India has seen an increase in its FDI in 2012, at a time when the aforesaid limit were not even approved – a sign that suggests India is set to be one of the favoured destinations for foreign investors in the insurance sector. It is time for increasing the FDI cap to 49 per cent, commensurate with voting rights and if government not increased FDI limit foreign capital will find its way to other competing markets.
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"Aano bhadraa krathavo yanthu vishvathaha"—“Let the noble thoughts come to all from all directions”. Page No.43

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A study on Rashtria Swasthya Bima Yojana for unorganized workers – with special reference to construction worker at Mysore city.

Indushekara G V[a] & Dr.K.G.Parashurama[b]

Abstract

India is the one of the major fastest developing country in the world and it is looking forward for rapid economic growth in the nation. Beside lot of construction work also taking place around the nation, million and million people are working in the construction work in day today activities and this numbers is increasing day by day too. When we are going to looking at the condition these people most of them are migrated workers, having poor social economic condition, lot of health issue and lack of safety & social security so on. In order to ensure social security for these workers government has introduced scheme called Rashtria Swasthya Bima Yojana (RSBY). This paper will help us to understand weather Rashtria Swasthya Bima Yojana is ensuring social security among unorganized workers – with special reference to construction worker at Mysore city. Research revealed that majority 76% them aware of Rastria Swasth Bima Yojana, but 24 % of them not aware of Rastria Swasth Bima Yojana. But researches asked about enrollment shockingly even though 76% of them aware about Scheme,only 48% of them enrolled for scheme and 52% not enrolled for Rastria Swasth Bima Yojana. Interestingly when researcher asked about reason for non enrollment 24% them said not aware of the scheme and 18% of them said not interested 10% them said lengthy procedure for enrolment. Even enrolled respondent 30% of them enrolled last year and only 16% of them enrolled this year. When researcher asked about asked specific question on how many members can avail the service, central government contribution, state contribution, beneficiary contribution and total sum insured annually 34%, 36%,24%,28% and 50% respectively rightly aware about the scheme. So indicates that there is lack of knowledge on the Scheme.

Study also revealed that even in the enrolled 48% respondents only 9 of them availed the service, 10 of them not availed service. 5 of them availed once and 1 availed twice availed the service. When specific question asked on usefulness of the scheme majority 42% of them disagree, 20% of them strongly disagree, 18% of them agree and 2% of them strongly agree about the scheme. When researcher asked whether Rastria Swasth Bima Yojana scheme ensures Social security scheme majority 40% of them disagree, 20% of them strongly disagree, 20% of them agree and 2% of them strongly agree about the scheme. And 80% of the respondents agree that there is a need of awareness about the scheme.

Key Words: Unorganised Workers, Contructions Workers, Rashtria Swasthya Bima Yojana

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Tumkur.
1. Introduction

India is one of the major fastest developing countries in the world and it is looking forward for rapid economic growth in the nation. Beside lot of construction work also taking place around the nation, and million and million people are working in the construction work in day today activities and this numbers is increasing day by day too. When we are going to looking at the condition these people most of them are migrated workers, having poor social economic condition, lot of health issue and lack of safety & social security so on.

The term ‘unorganised sector’ has been defined by the National Commission for Enterprises in the Unorganised Sector (NCEUS) Government of India as the sector which “consists of all unincorporated private enterprises owned by individuals or households engaged in the sale or production of goods and services operated on a proprietary or partnership basis and with less than ten total workers” (Report on Conditions of Work and Promotion of Livelihoods in the Unorganised Sector. Academic Foundation, 1 Jan 2008, p.1774). and this sector has got local operations, ambiguous legal standing, ready requirement of labor, education and skill deficit, no fixed regulations of working hours or payment, poor rate of reparation, ignorance regarding and lack of possible government intervention and help characterizes this sector. Domestic helps, construction labor (migrant or otherwise), drivers, masons, carpenters, street vendors, incense sticks as well as beedi makers and several others are a part of this informal sector. Workers of the unorganised sector have lower job security and a poorer chance of growth and no leaves and paid holidays, they have lower protection against employers indulging in unfair or illegal practices. (Kulwant Rai Gupta (1 January 2009).

The characteristics of the unorganized workers:

- The unorganized labour is overwhelming in terms of its number range and therefore they are omnipresent throughout India.
- As the unorganized sector suffers from cycles of excessive seasonality of employment, majority of the unorganized workers does not have stable durable avenues of employment. Even those who appear to be visibly employed are not gainfully and substantially employed, indicating the existence of disguised unemployment.
- The workplace is scattered and fragmented.
- There is no formal employer – employee relationship
- In rural areas, the unorganized labour force is highly stratified on caste and community considerations. In urban areas while such considerations are much less, it cannot be said that it is altogether absent as the bulk of the unorganized workers in urban areas are basically migrant workers from rural areas.
- Workers in the unorganized sector are usually subject to indebtedness and bondage as their meager income cannot meet with their livelihood needs.
- The unorganized workers are subject to exploitation significantly by the rest of the society. They receive poor working conditions especially wages much below that in the formal sector, even for closely comparable jobs, ie, where labour productivity are no different. The work status is of inferior quality of work and inferior terms of employment, both remuneration and employment.
- Primitive production technologies and feudal production relations are rampant in the unorganized sector, and they do not permit or encourage the workmen to imbibe and assimilate higher technologies and better production relations. Large scale ignorance and illiteracy and limited exposure to the outside world are also responsible for such poor absorption.
- The unorganized workers do not receive sufficient attention from the trade unions.
Inadequate and ineffective labour laws and standards relating to the unorganized sector.

**Rashtria Swasthya Bima Yojana**

RSBY has been launched by the Ministry of Labour and Employment, Government of India to provide health insurance coverage for Below Poverty Line (BPL) families. The objective of RSBY is to provide protection to BPL households from financial liabilities arising out of health shocks that involve hospitalization. Beneficiaries under RSBY are entitled to hospitalization coverage upto Rs.30,000/- for most of the diseases that require hospitalization. Government has even fixed the package rates for the hospitals for a large number of interventions. Preexisting conditions are covered from day one and there is no age limit. Coverage extends to five members of the family which includes the head of a household, spouse and up to three dependents. Beneficiaries need to pay only Rs.30/- as registration fee while the central and state governments pay the premium to the insurer selected by the state government on the basis of a competitive bidding.

**Salient features of the scheme**

**Funding Pattern**

(i) Contribution by Government of India: 75% of the estimated annual premium of Rs.750, subject to a maximum of Rs. 565 per family per annum. The cost of smart card will be borne by the Central Government.

(ii) Contribution by respective State Governments: 25% of the annual premium, as well as any additional premium.

(iii) The beneficiary would pay Rs. 30 per annum as registration/renewal fee.

(iv) The administrative and other related cost of administering the scheme would be borne by the respective State Governments

**Eligibility**

- Unorganized sector workers belonging to BPL category and their family members (a family unit of five) shall be the beneficiaries under the scheme.
- It will be the responsibility of the implementing agencies to verify the eligibility of the unorganized sector workers and his family members who are proposed to be benefited under the scheme.
- The beneficiaries will be issued smart cards for the purpose of identification.

**Benefits**

- The beneficiary shall be eligible for such in-patient health care insurance benefits as would be designed by the respective State Governments based on the requirement of the people/geographical area. However, the State Governments are advised to incorporate at least the following minimum benefits in the package / scheme:
  - The unorganized sector worker and his family (unit of five) will be covered. Total sum insured would be Rs. 30,000/- per family per annum on a family floater basis.
  - Cashless attendance to all covered ailments
  - Hospitalization expenses, taking care of most common illnesses with as few exclusions as possible
  - All pre-existing diseases to be covered
  - Transportation costs (actual with maximum limit of Rs. 100 per visit) within an overall limit of Rs.1000.
## Enrollment of Beneficiaries in Karnataka

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<th>Premium (With Service tax)</th>
<th>Enrolments Commencement Date</th>
<th>Total Target Families</th>
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<td>14.</td>
<td>Dharwad</td>
<td>1</td>
<td>360.00</td>
<td>21.11.2011</td>
<td>-</td>
<td>14</td>
</tr>
<tr>
<td>15.</td>
<td>Gadag</td>
<td>1</td>
<td>360.00</td>
<td>4.1.2012</td>
<td>-</td>
<td>8</td>
</tr>
<tr>
<td>16.</td>
<td>Gulbarga</td>
<td>1</td>
<td>360.00</td>
<td>1.2.2012</td>
<td>-</td>
<td>15</td>
</tr>
<tr>
<td>17.</td>
<td>Hassan</td>
<td>1</td>
<td>360.00</td>
<td>17.12.11</td>
<td>-</td>
<td>15</td>
</tr>
<tr>
<td>18.</td>
<td>Haveri</td>
<td>1</td>
<td>360.00</td>
<td>03.12.11</td>
<td>-</td>
<td>18</td>
</tr>
<tr>
<td>20.</td>
<td>Kolar</td>
<td>1</td>
<td>403.00</td>
<td>1.12.2011</td>
<td>-</td>
<td>14</td>
</tr>
</tbody>
</table>
2. Review of literature

Implementing health insurance for the poor: the rollout of RSBY in Karnataka

Erlend Berg, Maitreesh Ghatak, R Manjula, D Rajasekhar and Sanchari Roy
March 2011. In their report while explaining the status of RSBY in Karnataka they mentioned that by early 2011, the total number of households enrolled in Karnataka was 157,405. In all, 179 hospitals had been empanelled, out of which 63% were private. In this section, the status of RSBY in Karnataka is examined based on a survey of a randomly selected sample of 3647 eligible households in Karnataka as well as a separate survey of 39 empanelled hospitals in the state. The analysis focuses on three aspects of the scheme’s implementation: awareness, enrolment and utilization.

And also while explaining the awareness on programme they mentioned that 85% of eligible household aware about the programme. Still, complete awareness was not achieved and this may be related to varying degrees of coordination at the district and taluk level. Several departments including Revenue, Rural Development and Panchayat Raj, Women and Child Development and Health were all directly or indirectly involved in the awareness campaign, in addition to the insurance company, the Third Party Administrator and the smart card provider. Generally, it is our observation that good coordination between these departments and actors in a given district resulted in smooth provision of information, while poor coordination in a district would result in confusion.

The Hindu paper dated February 26, 2014 Mysore reported.

As many as 5,33,112 below poverty line families in Mysore district will be covered under the Rashtriya Swasthya Bima Yojana (RSBY), a health insurance scheme launched by the Ministry of Labour and Employment. The scheme covers hospitalisation expenses up to Rs. 30,000 for a family of five on a floater basis. Beneficiaries need to pay Rs. 30 a family at the time of enrolment, a one-time

Source: RSBY website accessed on November 01, 2014
3. Research Methodology:

Need of the Study:
The workers in the unorganized sector consist of 93% of the total workforce in India and these workers cover half of the GDP of our nation. Even though workers are contributing a lot in nation development their social security was not been ensured adequately by the government, recognize the need of social security RSBY was introduced by the central government in 2008 but very few research has been conducted to understand weather this programme ensure social security. This study will help us to understand awareness, implementation of RSBY is ensured social security’s among beneficiaries.

4. Objective of the Study:
- To know the awareness among construction workers on Rashtria Swasthya Bima Yojana (RSBY).
- To know the implementation of Rashtria Swasth Bima Yojana (RSBY) for construction workers.
- To understand the impact of Rashtria Swasthya Bima Yojana (RSBY) in ensuring social security among unorganized construction workers.

5. Research Design
The research design determines how well a research plan can accomplish stated purpose or objectivity of study. How research is designed depends on the control research questions. The present study is the Descriptive type of research. The descriptive research mainly concentrated with describing the characters of the individual or a group.

The study is aimed to describe on awareness, implementation of Rashtria Swasthya Bima Yojana (RSBY) among construction workers.

Sampling Plan:
Respondents have been selected randomly (Random sampling). Method of sampling adopted was simple Random Sampling Method,

Samples Size
The sample size for the study is 50 construction workers.

Method of Data Collection:
A structural questionnaire has been prepared by researcher and used for data collection.
6. Findings and Suggestion

Demographic Profile

- Study shows respondents are not well educated. Because Demographic profile of the respondent revels that majority 60% of them are studied below SSLC, 18% of them completely illiterate. Study also revealed that majority of them are migrated workers 30% are them from chamarajanaga, 20% of them from HD Kote, 20% of them Hunsur and only 20% of them from Mysore. All the respondents belong to Below Poverty Line.

Awareness

- Research revealed that majority 76% them aware of Rastria Swasth Bima Yojana, but 24% of them not aware of Rastria Swasth Bima Yojana.
- But researches asked about enrollment shockingly even though 76% of them aware about Scheme, only 48% of them enrolled for scheme and 52% not enrolled for Rastria Swasth Bima Yojana. Interestingly when researcher asked about reason for non-enrollment 24% them said not aware of the scheme and 18% of them said not interested 10% them said lengthy procedure for enrollment. Even enrolled respondent 30% of them enrolled last year and only 16% of them enrolled this year.
- When researcher asked about asked specific question on how many members can avail the service, central government contribution, state contribution, beneficiary contribution and total sum
insured annually 34%, 36%, 24%, 28% and 50% respectively rightly aware about the scheme. So indicates that there is lack of knowledge on the Scheme.

7. Usefulness and utilization

- Study revealed that even in the enrolled 48% respondents only 9 of them availed the service, 10 of them not availed service. 5 of them availed once and one availed twice availed the service. When specific question asked on usefulness of the scheme majority 42% of them disagree, 20% of them strongly disagree, 18% of them agree and 2% of them strongly agree about the scheme.
- When researcher asked whether Rastria Swasth Bima Yojana scheme ensures Social security scheme majority 40% of them disagree, 20% of them strongly disagree, 20% of them agree and 2% of them strongly agree about the scheme.
- And 80% of the respondents agree that there is a need of awareness about the scheme.

8. Conclusion

From the above we can conclude that Rastria Swasth Bima Yojana Was implemented by the government with lots of expectation to ensure health to the people Below poverty line (BPL) people including unorganised worker, but researcher conducted research he come to know that only 76% them aware of Rastria Swasth Bima Yojana, but 24 % of them still not aware of Rastria Swasth Bima Yojana. Even out of 76% of them only 48% of them enrolled for scheme and 52% not enrolled for Rastria Swasth Bima Yojana. It also found reason for non enrollment as respondent expressed 24% them said not aware of the scheme and 18% of them said not interested 10% them said lengthy procedure for enrolment so government should work on creating awareness, interest and easy procedure for enrolment.

9. References


"Aano bhadraa krathavo yanthu vishwathaha"-"Let the noble thoughts come to all from all directions". Page No.51
Acme Intellects Research Center- A wing of Help to Help Charitable Trust®
Financial literacy – Are individuals aware of their insurance needs?

By

Dr. Latha Krishnan[a], Prof. Kiran Hiremath[b] & Prof. Shalini R[c]

Abstract

The financial literacy is worldwide acknowledged as an important element of economic and financial stability and development. Financially literate individuals contribute effectively to the smooth functioning of financial market (Starcek, Trunk, 2013). India had experienced sluggish economic growth in 2012-13 due to overall deteriorating macroeconomic factors. Declining growth rate of economy, higher inflation rate and slower rate of savings has also impacted the insurance sector. The total premium of life insurance sector remained flat and growth of nonlife insurance declined to 19.10 percent in 2012-13 as compared to 24.19 percent in 2011-12. (IRDA annual report, 2012-13). This study focuses on awareness about the need for insurance cover. Primary data was collected to get the sense of awareness about the need for insurance cover. Independent sample ‘t’-test was used to analyse the data. It was found that the respondents were aware of the need for insurance cover. But at the same time only 64 percent of the respondents had life insurance cover and majority of them had taken policy from LIC. It was also found that there is an association between respondent’s occupation and purchasing life insurance policy. Only 22 percent and 18 percent of the respondents have medical and other general insurance policies. These results show that respondents are aware of the need for insurance cover but they are not adequately covered. Financial literacy can help in overcoming this gap between being aware of the need for insurance cover and having insurance cover.

Key words – Financial Literacy, Insurance Cover

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1. Introduction

GDP growth has been impressive from the time economic liberalization has been adopted by India. This GDP growth should translate into economic prosperity for a larger society of India. In terms of income distribution India is the second most unequal country in South Asia. In 2010 the Gini coefficient for India, which measures income distribution, was 33.9 indicating that a large fraction of national income is concentrated among the few and income distribution is heavily skewed towards the rich. Sri Lanka with Gini coefficient of 36.4 was the most unequal South Asian country and Pakistan the most equal with a Gini index of 30.0. Bangladesh and Nepal’s Gini coefficients were 32.1 and 32.8 respectively. India’s government has made “inclusive growth” a key element of their policy platform, stating as a goal: “Achieving a growth process in which people in different walks in life feel that they too benefit significantly from the process.” (Ahluwalia, 2007). K. C. Chkrabarty, Ex-Deputy Governor of RBI explained inclusive growth as - ‘The “inclusive growth” as a strategy of economic development received attention owing to a rising concern that the benefits of economic growth have not been equitably shared.’ Growth is inclusive when it creates economic opportunities along with ensuring equal access to them. Apart from addressing the issue of inequality, the inclusive
growth may also make the poverty reduction efforts more effective by explicitly creating productive economic opportunities for the poor and vulnerable sections of the society. The inclusive growth by encompassing the hitherto excluded population can bring in several other benefits as well to the economy. The concept “Inclusion” should be seen as a process of including the excluded as agents whose participation is essential in the very design of the development process, and not simply as welfare targets of development programmes (Planning Commission, 2007).

Inclusive growth has the dimensions such as education, health and finance. For a country to achieve inclusive growth, financial inclusion is of paramount importance. Financial inclusion covers banking and financial products. Financial products include debit card, credit card, access to credit and insurance. Insurance as a risk management tool helps individuals and households to sail through the situations which otherwise would have had adverse impact on their economic health.

2. Objectives

Development of the insurance sector can be judged based the penetration it has achieved. As per IRDA’s annual report (2012-13), insurance penetration stood at 3.96 percent of gross domestic product in 2012, down from 4.10 percent in 2011, while insurance density stood at $53.2 for 2012 compared to $59 in 2011. But at the same India life insurance premium market grew at a compound annual growth (CAGR) rate of 16.5 percent and non-life insurance premium grew at a compound annual growth rate of 14.9 percent. Today demographic changes such as rising disposable income, rising middle class, improving financial literacy etc. indicates that insurance sector poised for higher growth in coming years.

The study aims to analyse and understand the awareness about the need for insurance cover. Which insurance cover is preferred the most and evaluate the association between demographic factors and the insurance cover preferred by the respondents

Conceptual Framework
Financial literacy means one is able to understand financial information, financial trends, financial products and risks associated with it. Financial literacy helps vulnerable groups in their financial inclusion (Starcek, Trunk; 2013).

National Council of Applied Economic Research (NCAER) conducted survey sponsored by Insurance Regulatory and Development Authority. Financial education is necessary for better financial decisions. Insurance can help to manage the risks the households face. Awareness about various insurance policies can help individual to make wise decisions. The survey covered 29 states and union territories. The study found that large proportion of respondents is not aware of other types of insurance. Uninsured respondents could not estimate the insurance cover which they should have. This fact indicates that they are not interested in insurance. Respondents also have lot of misconceptions about insurance. Agents are the influencing agent both in urban and rural area. The study also revealed that there is no urban and rural differential for most of the indicators on insurance. Majority of the respondents are aware of life insurance but not aware of health insurance. (Pre-launch Survey Report of Insurance Awareness Campaign (2011). Therefore the need was felt understand awareness about need for insurance cover. The study is conducted in Kolhapur district of Maharashtra. It was found that opinion on insurance is closely related to awareness about insurance. Agents are the main source of information and pamphlets, hoardings, friends, radio; bankers are not important source of information. The study states that there is scope to improve awareness about the insurance. To improve awareness the study suggests that advertisements should use simple words, knowledge of agents should be improved so that they can communicate information correctly and appropriately. (Ashok S; Banne and Sarang S Bhola; 2014). Another study conducted in Andhra Pradesh with respect to health insurance also attempted to find awareness about health insurance. Agents are the main source of information and pamphlets, hoardings, friends, radio; bankers are not important source of information. The study states that there is scope to improve awareness about the insurance. To improve awareness the study suggests that advertisements should use simple words, knowledge of agents should be improved so that they can communicate information correctly and appropriately. (Ashok S; Banne and Sarang S Bhola; 2014). Another study conducted in Andhra Pradesh with respect to health insurance also attempted to find awareness about health insurance. The study states that 66.5 percent respondents were not aware of health insurance. Factors determining awareness were religion, occupation, education and annual income. Higher income and education was positively associated with awareness of health insurance. Jnagati Yellaiah (2012). The study conducted in Pakistan on health insurance found that there is no association between age and education and willingness to buy health insurance but there is medium association between occupation and willing to buy health insurance. Lower level association was found to exist between willingness to buy insurance and monthly household income. (Amir Sarwar, Ahmed Qureshi Hamza; 2013).

From this discussion it was felt to judge the level of awareness in a selected area of Bangalore city. And to enquire whether age, occupation, gender and education has any association with possessing insurance cover. Therefore we frame the following hypothesis to be tested.

H1: There is no awareness among respondents about need for insurance.
H2: There is no association between purchase of insurance and occupation
H3: There is no association between purchase of insurance and gender.
H4: There is no association between purchase of insurance and age.
H5: There is no association between purchase of insurance and education.

*Aano bhadraa krathavo yanthu vishvathaha*—“Let the noble thoughts come to all from all directions”. Page No. 54

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3. Research methodology

The study is descriptive inferential in nature. The study describes the level of awareness of the respondents about the need of insurance and types of policies among the sample respondents. The sampling technique used is convenient random sampling. The samples selected are from Bangalore.

The secondary data was collected to understand various dimensions of the study various news articles from newspapers, research papers from the journals, report by IRDA and NCERT were referred. Structured questionnaire was prepared and was served to the respondents. Two hundred questionnaires were served but could collect 115 appropriately completed questionnaires. The first part questionnaire contained the data demographic details. Second part contained the details on insurance policy and last part of the questionnaire contained the parameters aimed at finding out the understanding need for insurance among the respondents. Likert scale ranking was used to collect the data. Descriptive statistics, t-test for independent sample and chi square test was used to analyse the data. SPSS software was used for the analyzing the data.

4. Results and Discussion

The main objective of the papers is to understand the awareness about need for insurance cover. To capture ‘awareness about insurance’ twelve sentences were framed, for which respondent’s opinion was sought. The options provided were five point Likert scale. Independent sample t test was used to test the hypothesis.

<table>
<thead>
<tr>
<th>Sr.</th>
<th>Parameters</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
<th>Std. Error Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Insurance is necessity of life</td>
<td>115</td>
<td>4.39</td>
<td>1.015</td>
<td>.095</td>
</tr>
<tr>
<td>2.</td>
<td>Even with small earnings insurance should be obtained</td>
<td>115</td>
<td>3.83</td>
<td>.993</td>
<td>.093</td>
</tr>
<tr>
<td>3.</td>
<td>At least insurance of head of family who is major wage earner should be taken</td>
<td>115</td>
<td>4.00</td>
<td>.879</td>
<td>.082</td>
</tr>
<tr>
<td>4.</td>
<td>Insurance minimizes future risk due to loss of earning member</td>
<td>115</td>
<td>3.83</td>
<td>.993</td>
<td>.093</td>
</tr>
<tr>
<td>5.</td>
<td>Insurance needs differ from person to person</td>
<td>115</td>
<td>3.77</td>
<td>1.109</td>
<td>.103</td>
</tr>
<tr>
<td>6.</td>
<td>Insurance policy comes in numerous types applicable for different purposes</td>
<td>115</td>
<td>3.83</td>
<td>.939</td>
<td>.088</td>
</tr>
<tr>
<td>7.</td>
<td>Now a days companies are designing need based insurance combo products</td>
<td>115</td>
<td>3.83</td>
<td>.930</td>
<td>.087</td>
</tr>
<tr>
<td>8.</td>
<td>One type of insurance policy may not be suitable for everyone</td>
<td>115</td>
<td>3.63</td>
<td>1.180</td>
<td>.110</td>
</tr>
<tr>
<td>9.</td>
<td>The basic insurance plan is known as term plan</td>
<td>115</td>
<td>3.71</td>
<td>.971</td>
<td>.091</td>
</tr>
<tr>
<td>10.</td>
<td>Insurance seems to me as purely protection option</td>
<td>115</td>
<td>3.83</td>
<td>1.134</td>
<td>.106</td>
</tr>
<tr>
<td>11.</td>
<td>One should obtain different insurance plan required for different purposes. Eg. Term plan, medi-claim, endowment, child plan etc.</td>
<td>115</td>
<td>3.82</td>
<td>1.167</td>
<td>.109</td>
</tr>
<tr>
<td>12.</td>
<td>Insurance is a good investment</td>
<td>115</td>
<td>3.90</td>
<td>1.170</td>
<td>.109</td>
</tr>
</tbody>
</table>

Source: Primary Data

The above table shows mean and standard deviation for all the parameters. Mean values range from 4.39 to 3.63. ‘Insurance is necessity of life’ gets the highest score followed by ‘At least insurance of head of family who is major wage earner should be taken’. Since mean value for all the parameters is more than 3.63, which suggests that most of the respondents agree with the parameters. The agreement with the parameters means they are aware of different facets of insurance.
Acme Intellects International Journal of Research in Management, Social Sciences & Technology
& Department of Studies and Research in Business Administration, Tumkur University, Tumkur.
National conference On 'Indian Insurance Sector: Innovation, Sustainability and Social Impact' held on 22nd Nov 2014
Reforms through Research

Table 2:
Awareness about insurance coverage test of significance

<table>
<thead>
<tr>
<th>Sr.</th>
<th>Parameters</th>
<th>t</th>
<th>df</th>
<th>Sig. (2-tailed)</th>
<th>Mean Difference</th>
<th>95% Confidence Interval of the Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Insurance is necessity of life</td>
<td>14.703</td>
<td>114</td>
<td>.000</td>
<td>1.391</td>
<td>1.20 - 1.58</td>
</tr>
<tr>
<td>2.</td>
<td>Even with small earnings insurance should be obtained</td>
<td>8.917</td>
<td>114</td>
<td>.000</td>
<td>.826</td>
<td>.64 - 1.01</td>
</tr>
<tr>
<td>3.</td>
<td>At least insurance of head of family who is major wage earner should be taken</td>
<td>12.206</td>
<td>114</td>
<td>.000</td>
<td>1.000</td>
<td>.84 - 1.16</td>
</tr>
<tr>
<td>4.</td>
<td>Insurance minimizes future risk due to loss of earning member</td>
<td>8.917</td>
<td>114</td>
<td>.000</td>
<td>.826</td>
<td>.64 - 1.01</td>
</tr>
<tr>
<td>5.</td>
<td>Insurance needs differ from person to person</td>
<td>7.486</td>
<td>114</td>
<td>.000</td>
<td>.774</td>
<td>.57 - .98</td>
</tr>
<tr>
<td>6.</td>
<td>Insurance policy comes in numerous types applicable for different purposes</td>
<td>9.434</td>
<td>114</td>
<td>.000</td>
<td>.826</td>
<td>.65 - 1.00</td>
</tr>
<tr>
<td>7.</td>
<td>Now a days companies are designing need based insurance combo products</td>
<td>9.529</td>
<td>114</td>
<td>.000</td>
<td>.826</td>
<td>.65 - 1.00</td>
</tr>
<tr>
<td>8.</td>
<td>One type of insurance policy may not be suitable for everyone</td>
<td>5.770</td>
<td>114</td>
<td>.000</td>
<td>.635</td>
<td>.42 - .85</td>
</tr>
<tr>
<td>9.</td>
<td>The basic insurance plan is known as term plan</td>
<td>7.873</td>
<td>114</td>
<td>.000</td>
<td>.713</td>
<td>.53 - .89</td>
</tr>
<tr>
<td>10.</td>
<td>Insurance seems to me as purely protection option</td>
<td>7.814</td>
<td>114</td>
<td>.000</td>
<td>.826</td>
<td>.62 - 1.04</td>
</tr>
<tr>
<td>11.</td>
<td>One should obtain different insurance plan required for different purposes. Eg. Term plan, medi-claim, endowment, child plan etc.</td>
<td>7.513</td>
<td>114</td>
<td>.000</td>
<td>.817</td>
<td>.60 - 1.03</td>
</tr>
<tr>
<td>12.</td>
<td>Insurance is a good investment</td>
<td>8.292</td>
<td>114</td>
<td>.000</td>
<td>.904</td>
<td>.69 - 1.12</td>
</tr>
</tbody>
</table>

Source: Primary Data

The above table voshows ‘t’ values for all the parameters. At significance level of 5% we reject the null hypothesis (H1) - there is no awareness among respondents about need for insurance is and accept alternate hypothesis - there is awareness among respondents about need for insurance is awareness about the need for insurance can be said to be good among the sample group.
The table above (table no.3) the policies purchased by the respondents. Majority of the respondents have purchased life insurance (64%), only 22% of respondents have purchased medical policy and barely 18% of the respondents have purchased other policies.

Table:4

Chi square Statistics (Life Insurance and Occupation)

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Insurance Cover</th>
<th>Total</th>
<th>Chi</th>
<th>P Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student</td>
<td>14</td>
<td>12</td>
<td>26</td>
<td>15.687</td>
</tr>
<tr>
<td></td>
<td>(54%)</td>
<td>(46%)</td>
<td>(100%)</td>
<td>.003</td>
</tr>
<tr>
<td>Agriculture</td>
<td>0</td>
<td>8</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(100%)</td>
<td>(0%)</td>
<td>(100%)</td>
<td></td>
</tr>
<tr>
<td>Service</td>
<td>36</td>
<td>9</td>
<td>45</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(80%)</td>
<td>(20%)</td>
<td>(100%)</td>
<td></td>
</tr>
<tr>
<td>Business</td>
<td>9</td>
<td>8</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(53%)</td>
<td>(47%)</td>
<td>(100%)</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>8</td>
<td>11</td>
<td>19</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(42%)</td>
<td>(58%)</td>
<td>(100%)</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>75</td>
<td>40</td>
<td>115</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(62%)</td>
<td>(39%)</td>
<td>(100%)</td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary Data

The table (table no 4) shows that 39% of the respondents who are in ‘service’ sector. Out of these 80% of the respondents are in possession of insurance policy. All respondents (100%) belonging to agriculture category do have insurance policy.

To test the hypothesis association between occupation and possession of insurance coverage (H2), Chi square test for independence is used. At significance level of 5 percent we reject the hypothesis and it can be inferred that there is association between occupation and possession of insurance policy.
The above table (table 5) shows 89% of respondents are male and only 11% of the respondents were female. Out of total male respondents 67% of them have insurance cover, whereas out of total of female respondents only 9 percent females have insurance coverage.

Chi square test is used to test hypothesis –there is no association between gender and possession of policy (H3). At significance level of 5%, the hypothesis is accepted. There is no association between gender and possession of life insurance policy.

The table (table no. 6) shows that 70 percent respondents are below the age of 30 years. Among these 59% of the respondents have life insurance policy. 15% respondents are between the age 30 years to 50 years and of these 77 percent of them possess the insurance cover and 16% of the respondents above the age of 50 years and out these 83 percent of them have insurance cover.
Chi square test is used to assess the association between the variables age and possession of life insurance policy (H4). Hypothesis – there is no association between age and possession of life insurance policy is accepted at the significance level of 5%. In other words it means there is no association between age and possession of life insurance policy.

Table:7

<table>
<thead>
<tr>
<th>Education</th>
<th>Life Insurance</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>No</td>
<td>Total</td>
<td>Chi</td>
<td>P Value</td>
<td></td>
</tr>
<tr>
<td>SSLC/PUC</td>
<td>13</td>
<td>6</td>
<td>19</td>
<td>10.948a</td>
<td>.012</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(68%)</td>
<td>(32%)</td>
<td>(100%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(17%)</td>
<td>(15%)</td>
<td>(17%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commerce/Mgt</td>
<td>35</td>
<td>13</td>
<td>48</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(73%)</td>
<td>(27%)</td>
<td>(100%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(47%)</td>
<td>(33%)</td>
<td>(42%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Engineering</td>
<td>13</td>
<td>18</td>
<td>31</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(42%)</td>
<td>(58%)</td>
<td>(100%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(17%)</td>
<td>(45%)</td>
<td>(27%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>14</td>
<td>3</td>
<td>17</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(82%)</td>
<td>(18%)</td>
<td>(100%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(19%)</td>
<td>(8%)</td>
<td>(15%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>75</td>
<td>40</td>
<td>115</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(65%)</td>
<td>(35%)</td>
<td>(100%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(100%)</td>
<td>(100%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary Data

The above table (table no.7) shows that 42 percent respondents are from commerce/management educational background. Out of these 73 percent of the respondents have insurance cover. 17 percent respondents have studied only up to PUC but 68 percent out of these possess insurance cover. 27 percent of the respondents are from engineering background and only 42 percent of them have insurance cover. Other make up 15 percent of the respondents but 82 percent of them have insurance cover.

5. Conclusion

The study shows that the respondents are aware of the need for insurance cover. It also gets reflected in 65 percent of the respondents having life insurance cover. Only 22 percent of the respondents have medical cover. The respondents who have medical cover also have life insurance cover. Very small proportion, 21 percent, of the respondents are aware and have other general insurance cover. Occupation and education have association with respondents having insurance cover. The study shows that age and gender has no association with possession of insurance cover. Further the research can be undertaken to understand the reasons for not opting general insurance policies. The study can also be taken up to understand the impact of media on consumer behaviours with specific reference to insurance.
6. Reference:


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Abstract

Insurance sector in India in the contemporary market scenario are exposed to number of challenges, it has been a continuous effort from the participants here to embed all such necessary competencies that can help them to be responsive to the dynamics in the market. Changing market structure and customer dynamics are making these markets more volatile in performance. Against an assumption placed that less than 20% of the total Indian Population is covered under insurance sector not many companies here are in a position to report steady growth, and though some have reported growth in absolute value in terms of rate of growth it has been very inconsistent; this most of the times is said be due to the cultural thresholds the conventional side of Indian markets carry and lack of access to customized services to them. Though a number of initiatives have been taken to break the threshold in the market and provide for customize products and service to the customers, the initiatives have not sufficed to meet the objectives. The initiatives taken up by the insurance companies in India towards accomplishing their objective have seen a metamorphic change, they are more away from conventional management practices into contemporary practices and adoption to SHRM (strategic human resource management) practices is one of its kind which is embedding T&D as a key element of strategic formulation. This paper explores how T&D practices taken up by the insurance sectors and responsiveness of the employees towards the same contributes to the success of their business with the help of empirical evidences from selected Insurance companies. The paper concludes that successful accomplishment of T&D objectives and socializing the employees into the system will help them in realizing strategic competencies in the market place.

Key words: T&D strategies, Strategic Competencies, functional efficiency

1. Introduction

For organizations continuous proliferation of strengths and serving the objective of creating competitive resources Training and Development (T&D) play a pivotal role. T&D initiatives in the current context of business are considered as an integral element of Strategic Human Resource Management (SHRM) practices/objective. It is always read from the organizations experience that whenever an organization undertakes to perform an action backed with a good/holistic strategic intent it will have to necessarily look for the resources they carry with them and assess if it could optimally serve the strategic intent of their operations; else look for either acquainting (from external agents) or...
acquiring (through internal accomplishments) such required competencies that could serve the purpose. T&D initiatives are most of the times towards creating workforce effectiveness; enhance productivity, educating the HR towards health and safety at workplace and provide for personal development. It also means that operational activities has to be supported by direct attention and effort from time to time has to be made towards facilitating the discharged activities through effective and continuous T&D programmes.

2. **Research intent:** Organizational performance is always considered as collection of work activities – efficiency and effectiveness. Sometimes there are also experiences of tardiness at work by the employees which results in poor accomplishment of objectives, dissatisfaction of the customers and subsequent decline in reported performance; on the other hand job satisfaction is defined as employee’s affective reactions to a job based on comparing desired outcomes with actual outcomes – which helps them to oversee the disassociation and isolation of employees of organization intended objectives. Hence this research aims at studying the effects of Training and Development programs on creating workforce efficiency among the employees from Insurance Companies.

2.1. **Insurance sector:** since its presence as organized sectors in India has seen a metamorphic change – both in terms of their approach to market and the markets response towards them. Changing economic standards, life style, demographics, culture all have been reported as major contributors of the sectors development.

2.2. With an objective to enhance the liquidity conditions in the market and providing for more conscientious purpose of the surplus liquidity, and tap all sections of the markets (across all economic groups); diligent efforts have been made by the insurance sectors to offer such products and services that can provide for opportunities to participate.

2.3. It is also true that no economy can prosper without optimal industrialization (which in turn creates economic resources for the country and also provide number of employment opportunities) which requires access to liquidity in the economy; which demands building efficiency in their financial systems (Indian Financial System). Hence the policy makers are also making necessary efforts to develop this sector by promoting people to invest; for which they are offering incentives for people who participate in this sector – Tax benefits to an extent of Rs 1,50,000 for investment u/s 80 C.

2.4. Policy makers are also making the market more efficient by offering opportunities for global players to enter into Indian Markets. This is in continuation to the liberal economic initiatives taken up by the government. Which is evidenced in form of many international insurance companies entering into Indian Market as a part of strategic alliance they are creating, be it Prudential Corp, Alliance AIG, Lombard, AXA, ING group etc. who have been successful in creating a thrive in Indian Insurance Market and forced insurance giant as LIC to lose their monopoly in the market.

All these factors have forced the insurance markets in India to think beyond their conventional norms and be proactive in their approach towards the market; offer more customized products and service to the customers, be responsive to competitive market structures, and build competitive structure within by strengthening their resources to socialize into the contemporary market conditions and the environment around.

Market environment has been very dynamic – in light of global market changes which is having an apparent bearing on domestic market due to mutual dependence of the economies...
(India being no exception which is greatly depending on global economies for a good number of reasons). Service markets are getting more and more chaotic and changing dynamics of the markets have been posing major challenges to them. This demands the service industries to strategize their operations that could help them in delivering optimal value to the customers through their optimal service designs.

All these factors make the Insurance sector to undertake contemporary SHRM practices that can help them to rebuild their competencies and carry sustainable market structures. Hence this research is pursued to find out how the T&D practices as a part of their SHRM initiatives are providing for competency building; and what are the CEPs (Critical Evaluation Points) of the Insurance companies while designing their T&D strategies and it they are providing for the objectives with which they are initiated (from the perspectives of the employees working in private and public sector insurance companies – LIC of India in particular).

01. Sample design: for the purpose of accomplishing the aforesaid objective it was felt to undertake a descriptive and experimental research (used to test based on the nature of attributes used); testing them with help of sample (n=100). To explore the factors that necessitate the need for T&D practices descriptive research method (Training and development and employee performance with two inter-dependent variables such as Work efficiency and Job effectiveness) is used and to evaluate the pre and post impact of T&D initiatives experimental research is used (the data obtained by questionnaire).

02. Need for the Research

Insurance sector in India is playing a catalyst role in financial and economic development of the country. As one of the key financial intermediaries offering long-term investment profiles, insurance companies are contributing to the provision of long-term finance and effective risk management to both industries and individuals. The sector today is demanding improvement in terms of their efficiency like any other segments of the financial system - such as banking and bond markets. Researches further substantiates that insurance sector contributes to long-run growth through employee performance which necessitates Training and Development Practices (Rodney Lester 2010\(^1\)); consequently training and development has become one of the most critical aspects for insurance sector effectiveness. T&D helps employees to learn how to use the resources in an approved fashion that allows the divisional unit to reach its desired output. T&D has also become imperative, which is concerned not only with helping individuals to adequately fill their positions, but also helping whole divisional units and sub-divisional units grow and develop. Training is concerned with meeting three inputs to their operational units, i.e. Trainer, Employees and Technology. Since an insurance industry can rarely secure people who are efficient at the very outset of their employment, hence for providing mastery on the unique requirements, Insurance sector needs a good T&D programme; which could then be seen as a mixture of activities aimed at improving the performance of personnel in organizations for the attainment of continuous improvement in creating work force efficiency. In the words of Dr. Shefali Verma and Rita Goyal (2011\(^2\)) T&D focus on four core domains,
3. Review of literature

Some of the literatures were selected to explore the need necessitated for T&D needs for an organization which are summarized and presented below, very briefly,

Abdulkadir Danlami Sani (2012) in his research indicate that SHRM is impressively being practiced in the Nigerian Insurance Industry; where it is found that HRM is highly integrated into the overall organizational goals and objectives (among the group of sampled companies). Contrarily the empirical evidence reflects a mixed story; while line managers are highly involved in execution of HR practices; on an average, the level of training given to line managers to perform these practices is low which indicates that the transfer of HRM knowledge to line managers is somewhat limited. Insufficient training offered to line managers is said to greatly undermine the capacity of line managers to perform HR activities effectively. The study concludes that, Strategic HRM Alignment, Line Management Training, Career Planning System and Job Definition are said to be the key drivers of Strategic HR Practices that are said to influence organizational performance among the Sample units in Nigeria.

Dr. R. Hemamalini (2013) in her study identifies that “Training Need Analysis” should be given pivotal importance so that the organizations can fully achieve desired T&D goals. Training programs should always be linked with employee’s promotions so that these programs help increase employee motivation which ultimately results in high performance – but free from prior hypothesis bias (in other words T&D should serve objective purpose rather than serving subjective purpose). Employees should be clearly communicated about the potential benefits a training program offers them so that they can participate whole heartedly. The study also identifies that there should an independent T&D wing where the Trainer is provided with enough autonomy to design need based training program and should be accessible to employees to serve their needs in the process of executing the designated responsibilities effectively and efficiently. The study concludes with an opinion that training should place a special emphasis on transforming work attitude of the employees, and the organization should necessarily undertake steps towards evaluating the training program which ensure them with the purpose the T&D program has realized.

P. Vijaya Kumar, B. Rajeev Kumar and M. Vidyasagar (2012) in their study explained how the there is a need for the Contemporary Insurance Organizations to consider T&D programmes for effecting necessary change among the employees. The study evaluates various evaluation methods used to assess the T&D needs and explores those barriers that are considered very predominant for implementation of T&D programmes effectively. It further

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explored that the policy of T&D program are viewed as key for ongoing processes in support of organizational growth and advancement, which creates a forum for communication of new organizational strategies, new values, new tools, and new and improved ways of performing work – which are considered essential for executing organizational vision among various groups of stakeholders, which has to be necessarily done through the employees, hence, Continuous T&D programmes becomes very essential. The study concludes that apart from the need to provide training aligned with the organizational goals and vision, training should also focus on career development and the customized career needs of individuals.

Dr. Santosh Singh Bais (2011) in the study discuss (with the help of some of the significant researchers) how employees who know what is expected from them report at least thirty percent more efficiency than those employees who don’t know what is expected from them – terms of Manpower, Training, Performance, Resource, and Climate. It is always said that quite often these potentials are not optimally utilized by management through appropriate and systematic efforts.

Subhash C. Kundu and Divya Malhan (2009) in their study assess those HR Practices which are practiced among the Insurance Companies in India. Six factors with the help of factor analysis were analyzed; and it is found that, Training and benefits system is highly in practice in the insurance companies, Performance appraisal, Selection and Socialization of Employees, and HR Planning and Recruitment are moderately practiced among Insurance Companies. Workforce Diversity and Contemporary HR Practices and Competitive Compensation are also found to be practiced to some extent. Where the conventional practices were found by the Indian Insurance Companies, not providing for Workforce Diversity; Compensation Practices followed were more Competitive and such Performance Based incentive plans especially among the Multinational Insurance Companies in India paid off optimal benefits to the organization as well as the employees. It was further explored that, gender effect showed competitive compensation was perceived significantly differently among the male and female employees/executives. Interactive effects were significant on workforce diversity and contemporary issues, training and benefits, and selection and socialization of employees.

A thorough review of literature shows that the studies observed above places focus of understanding the need for the training programmes by the organization but no study places a specific focus on how the T&D practices adopted by the Insurance companies are building strategic competencies and from the perspectives of the employees to explore the issues that are concerning or deterring them form realizing the potential benefits from the programmes initiated towards them. Hence this study

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4. Objectives

The study serves the following specific purpose

- To study the need assessment of training by the insurance companies
- To analyze the factors that provides for efficiency of training imparted
- To analyze the critical factors of consideration by the insurance companies while determining the training need for employees and the executives

The following section provides an insight into the aforesaid objective and makes a rational appraisal of the factors indentified for the subject matter of research

5. Demographic Profile

One of the demographic characteristics that carry a significant bearing on the responses is the gender factor; the traits of the individual are characterized by their sex. With an objective of appraising the responses towards the attributes identified for the subject matter of research details regarding the respondents’ sex are compiled and presented below;

**Table :1: Profile of Respondents gender**

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>35</td>
<td>35</td>
</tr>
<tr>
<td>Male</td>
<td>65</td>
<td>65</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: Primary data*

From the above table, it is evidential that a larger representation is found from male, which clearly shows that insurance is predominantly dominated by male as compared to females. Looking at the nature of the work and the industrial complexities it is also true that the employers are look for recruiting more dynamic, challenging, and outgoing resources which are the essential characteristics of a good salesman.

The other demographic characteristics that carry a significant bearing on the attitude and behavior of the people, is their age; this is said to have significant effect on their apprehensions towards a number of factors that would determine the nature and length of association they have with the organization. The respondents’ age profile is compiled and presented below;

**Table :2: Profile of Respondents age**

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 to 25</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>26 to 35</td>
<td>35</td>
<td>35</td>
</tr>
<tr>
<td>36 to 45</td>
<td>23</td>
<td>23</td>
</tr>
<tr>
<td>46 to 55</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: Primary data*

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Looking at the above table we can find that a larger representation is from people in the age group of 18 to 35 which shows the intent of the insurance sector to hire fresh resources. This is very true because the sector dynamics demand the candidates to be more enthusiastic and dynamic which can help them in realizing competitive market positions and furthers the opportunities prevailing around them in the market place. Aggressive nature of the candidates would act as a critical requirement as the changing nature of market and the competitive structure demand the participants to have an aggressive approach to the market. A fair number of experienced employees are also motivated to vest their interest in long term association with the organization as they act as key forces to realize quicker socialization among the newcomers and also help the organization to retain their competitive positions and realize their predetermined tasks. Further the nature and extent of incentives the organization offers to its employees will help the organization to sustain their potential resources that can help them in turn in carry long term sustainable competitive positions, to make an evaluation of the same the details regarding the level of income they earn in the organization is compiled and presented below:

Table:3: Income profile of the respondents

<table>
<thead>
<tr>
<th>Income</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>5000 to 10000</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>10001 to 20000</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>20001 to 30000</td>
<td>27</td>
<td>27</td>
</tr>
<tr>
<td>30001 to 40000</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>50001 and above</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Primary data

From the above table it becomes evidential that the employee income (based on their designation, service, and experience) if found to be on a higher end. A large proportion of employees are found to earn fairly a high salary i.e. 30000 and above (52 respondents) and a fair number of respondents also earn between 20000 to 30000 (27 respondents) which shows that the employees working in insurance sector are having fair opportunities to earn a fair amount of equitable salary i.e. equal to the efforts they deploy on their work. It is also assessed here that most of the employee’s salary/incentives are based on their performance which demands the organization to extend the workers opportunities to embedded all such skills that can help them to foster to the demands of the organization and the market and report optimum sales to the organization; that in turn determines the nature and extend of salary/incentives that they realize in the market place.

6. Training and Development activities and its need for the organization

To appraise the frequency to which the employees are exposed to continuous training and development (T&D) initiatives - 94 employees positively respond and feel that continuous T&D impart the required skills which is very much essential in present competitive context that helps in improving performance and facilitates in expansion of an organization productivity; increase efficiency, and recreate their performance; the data regarding the frequency to which the employees are exposed to such programmes were compiled and the same is reported below;
Table:4: Response towards the frequency of conducting the Training by Life
Insurance Companies

<table>
<thead>
<tr>
<th>Attributes</th>
<th>Number of Respondents</th>
<th>%age to total number of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quarterly</td>
<td>42</td>
<td>28.57</td>
</tr>
<tr>
<td>Semi annually</td>
<td>24</td>
<td>16.33</td>
</tr>
<tr>
<td>Annually</td>
<td>17</td>
<td>11.56</td>
</tr>
<tr>
<td>Based on need of the process</td>
<td>38</td>
<td>25.85</td>
</tr>
<tr>
<td>New initiatives of the Organization</td>
<td>18</td>
<td>12.24</td>
</tr>
<tr>
<td>Failure on accomplishment of the set Goals</td>
<td>8</td>
<td>5.44</td>
</tr>
<tr>
<td></td>
<td>147</td>
<td>100.00</td>
</tr>
</tbody>
</table>

**Source:** Primary data

Note: N>n i.e. 100, multiple responses allowed
%age calculated against N = 147

A closure observation of the above becomes very much essential as this becomes the precedent for all our future analysis. most of the times pre determined objectives for a T&D programme would not serve the purpose of the organization hence it becomes very much essential for the organization to determine the purpose for which such programmes has to be initiated (25.85% of the respondents substantiate the claim) which has to be necessarily based on the activities that the organization takes up and how it can help them in enhancing the performance of the activities initiated towards realizing the set objectives. most of the times many a number of changes are initiated by the organization in the process of providing resurgence to the process they carry with them or the initiatives taken up for the activities this demands the organization to take up measures to communicate the intent and then what the change is so as to oversee the possibility of resistance from them hence T&D initiatives becomes essential (12.24% of the respondents substantiate the claim). T&D is also felt essential to recreate the process or approach when the intended actions fails to deliver the results, which is response to the failures on part of the employees to deliver the intended results (a small group i.e. 5.44% of the respondents substantiate the claim), other major section of respondents also feel that irrespective of responsive T&D programmes (need based programmes) a fixed schedule of programmes will have to be taken up by the organization with an objective to provide for continuous improvements in the approach or the process, this continuous learning will provide for the organization sustainable objectives and also make the organization competitive in the complex market structure. Being pre-emptive about the risks that business might encounter in future will makes the organization more responsive to the market demands and be prepared to respond to the customer and beat the competitors’ initiatives very successfully. On this account a major group of respondents’ i.e. 23 finds it highly essential and 63 finds it essential (among all the groups of respondents) and also requires a major transformation in the tools and techniques that are adopted by them in the due course of imparting the necessary T&D programmes; the data pertaining to the same is compiled and presented in the table below;
Reforms through Research

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From the above table we can evidence that the employees feel that the insurance sectors (their organizations) focus on T&D aims at providing process level efficiency or delivering such values that can help them in providing for better satisfaction at work only, but when it comes to providing work life balance and enhancing the quality of work it has failed to be efficient. These demands the insurance companies to provide a special emphasis on realizing the need for providing T&D with a special focus as to how best the organization will be in a position to address to the personal needs of the employees. In other words, the T&D initiatives taken up by the organization will have to incorporate the personal needs of the employees rather than being too very process or subjective specific – core emphasis on providing holistic development of the employees rather than enhancing performance efficiency. Now the question arise who has to be responsible for taking up such initiatives. The data pertaining to the authorities responsible for determining the T&D initiatives were complied and same is presented below:

**Table :7: Response towards authorities responsible for determining training and development needs in the organization**

<table>
<thead>
<tr>
<th>Authorities responsible for conducting T&amp;D programmes in organization</th>
<th>Corporate training heads</th>
<th>Functional managers</th>
<th>Branch managers</th>
<th>Area managers</th>
<th>Team leaders</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of respondents</td>
<td>19</td>
<td>17</td>
<td>48</td>
<td>9</td>
<td>7</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: Primary data*

From the above it becomes very obvious that Branch manager are the authorities who carry the responsibility for determining the T&D programmes, who focus on imparting such skills among the staff that can help them in realizing their objectives most efficiently. Branch Managers and Functional Manager most of the times integrate their thoughts while making an assessment of the factors that calls for their attention while designing an appropriate training mix - jointly with employees in relation to their individual objectives, and in cooperation with the Training Officer. Some of the T&D programmes are also determined by the corporate heads normally in response to the industrial dynamics and changing competitive structure. Corporate Training officers help with the ongoing, long-term improvement of employees' skills that are designed to enable them to fulfill their objective effectively and also contribute to the potential/competency building within the organization and seek opportunities to grow optimally within. looking at the current market conditions where the markets are getting a more and more fragmented due to inception of global insurance players in the market increasing importance is placed on the Training and Development officers are they are considered as catalyst for delivering strategic competencies through designing appropriate training models that can provide for innovativeness in their approach that can facilitate in realizing competencies in the market both immediate as well in providing for long term visions of the organization. for furthering this respondents were ask to respond to the critical points that their organization considers while choosing an appropriate training design and same is compiled and presented below.
From the above one can observe that an increased importance is placed on the functional requirements of the company. Which is due to essence felt by the insurance companies as a response to the industrial dynamics; it is also true that every organization will have to follow flexible operational process and strategy which provides opportunities for them to redesign their activities in accordance to the needs of the organization and in response to the market dynamics; failure to comply to the same would jeopardize their very survival in the competitive market structure (rated 1). Further, the supervisory authorities who are vested with the responsibility of accounting for accomplishment of the organization objective by integrating their resources would always make necessary assessment of the performance of their subordinates and assess the challenges encountered by them; which demand them to initiate all such activities that offer them necessary competencies to accomplish their responsibilities (rated 2). on induction an employee is always in isolation of the organization vision and purpose; for better socialization into the system such initiatives to orient regarding the process, policies and procedures, culture of the organization T&D becomes essential (rated 3). in the process of discharging the vested responsibilities employees might encounter a number of problems or face hindrances to oversee the same either on request of the employees (rated 4) or in response to appraisal (rated 5) done or Failure to comply with the market dynamics (rated 6) or in accordance to such other individual, group specific or response to strategic failures T&D programmes are initiated.

Setting other things apart, Induction training becomes very essential for the organization which predominantly is assumed to serve the purpose of socializing the employees in the organization and their business environment to impart necessary efficiency in them that can help them in realizing optimal benefits from the market place. To make a rational evaluation of the same details pertaining to the role played by induction training was compiled and the summary of the same is seen in table below;

<table>
<thead>
<tr>
<th>Factors</th>
<th>Number of Respondents</th>
<th>%age to total number of respondent</th>
<th>Ratings in terms of importance placed</th>
</tr>
</thead>
<tbody>
<tr>
<td>On induction of the employee</td>
<td>27</td>
<td>17.76</td>
<td>3</td>
</tr>
<tr>
<td>Recommendation of the Supervisor</td>
<td>30</td>
<td>19.74</td>
<td>2</td>
</tr>
<tr>
<td>As a functional Requirement</td>
<td>34</td>
<td>22.37</td>
<td>1</td>
</tr>
<tr>
<td>Request by the employee</td>
<td>24</td>
<td>15.79</td>
<td>4</td>
</tr>
<tr>
<td>Performance Appraisal</td>
<td>19</td>
<td>12.50</td>
<td>5</td>
</tr>
<tr>
<td>Response to Market Dynamics</td>
<td>15</td>
<td>9.87</td>
<td>6</td>
</tr>
<tr>
<td>Others</td>
<td>3</td>
<td>1.97</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>152</td>
<td>100.00</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Primary data

**Note:** N>n i.e. 100, multiple responses allowed

%age calculated against N = 152

"Aano bhoadraa krathavoy yanthu vishvathaha" - "Let the noble thoughts come to all from all directions". Page No.71

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Table 9: Response towards reception of Induction Training among the employees and its contribution

<table>
<thead>
<tr>
<th>Factors</th>
<th>Level of agreeability</th>
<th>Total</th>
<th>Weights</th>
<th>Weighted Average</th>
<th>Ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Induction training is given adequate importance</td>
<td>SA 37 A 8 NA 1 DA 1</td>
<td>100</td>
<td>238</td>
<td>2.38</td>
<td>1</td>
</tr>
<tr>
<td>Induction training is well-planned in advance</td>
<td>SA 29 A 50 NA 16 DA 5</td>
<td>100</td>
<td>198</td>
<td>1.98</td>
<td>2.5</td>
</tr>
<tr>
<td>The norms and values of the company are clearly explained to the new employees during induction</td>
<td>SA 35 A 34 NA 22 DA 9</td>
<td>100</td>
<td>186</td>
<td>1.86</td>
<td>5</td>
</tr>
<tr>
<td>Induction training provides an excellent opportunity for newcomers to learn comprehensively about the organization</td>
<td>SA 35 A 33 NA 14 DA 15</td>
<td>100</td>
<td>164</td>
<td>1.64</td>
<td>7</td>
</tr>
<tr>
<td>Senior staff takes interest and spend time with new recruits during induction</td>
<td>SA 28 A 55 NA 10 DA 4</td>
<td>100</td>
<td>194</td>
<td>1.94</td>
<td>4</td>
</tr>
<tr>
<td>New recruits find induction training to be very useful</td>
<td>SA 16 A 54 NA 21 DA 7</td>
<td>100</td>
<td>166</td>
<td>1.66</td>
<td>6</td>
</tr>
<tr>
<td>Induction Programmes are normally perceived not so important considering the nature and type of responsibilities discharged</td>
<td>SA 37 A 43 NA 12 DA 5</td>
<td>100</td>
<td>198</td>
<td>1.98</td>
<td>2.5</td>
</tr>
</tbody>
</table>

Source: Primary data

Note: Ratings are independent and as based only on the weighted average scores obtained by each variable used or evaluation

Weight assigned: Strongly agree (SA) = 3, agree (A) = 2, neither agree nor disagree (NA) = 1, Disagree = -1, Strongly Disagree = -2

A close observation of the above table discloses the following:

01. Induction training is given adequate importance and planned very well in advance; this is especially due to the changing dynamic needs of the organization. Human resource planning is done keeping in account the changing organizational needs in response to the market (customer and competitors) responses in the market. This demands them to take pro-active measures while designing an appropriate training tool that can help them in impart all the necessary training and keeping in view then needs of the organization and the individuals (not to kept in isolation – which is discussed a little later) that will help the organization in realizing all the potential opportunities around them. Further, it is also normally perceived that T&D alone is not so important considering the nature and type of responsibilities discharged by the employees which requires immediate attention and response whenever the situation demands in the process of executing their objectives in the market place (with a weighted average score of ≈ 2 it can said respondents agree to this statements)

02. Similar level of appreciation is also placed by the respondents when it comes to appraising the participation of senior staff and their interest in spending time with the new recruits during induction as most the time the senior staff is felt very handy not only by the organization but also among the new incumbents for socializing and understanding the culture and environment (cultural, psychographic, social, demographic, legal etc.) where the organization operates. Further, the respondents appreciate the initiatives of the organization in imparting norms and values of the company and fell that it is an excellent opportunity for newcomers to learn comprehensively about the organization which determines the long term association with the organization (with a weighted average score of ≈ 2 it can said respondents agree to this statements).

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7. Training tools/methods and realized efficiency

Tools that are administered for training the employees also play a vital role in effecting the objectives of T&D among the employees. Particulars regarding the modes of training imparted are collected and summary of the same is presented below;

**Table:10: Response towards tools administered for training by insurance companies**

<table>
<thead>
<tr>
<th>Training methods</th>
<th>Number of Respondents</th>
<th>%age to total number of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lecture Method</td>
<td>37</td>
<td>22.56</td>
</tr>
<tr>
<td>Attributes</td>
<td>33</td>
<td>20.12</td>
</tr>
<tr>
<td>Discussion</td>
<td>19</td>
<td>11.59</td>
</tr>
<tr>
<td>On the job training</td>
<td>48</td>
<td>29.27</td>
</tr>
<tr>
<td>Case study method</td>
<td>22</td>
<td>13.41</td>
</tr>
<tr>
<td>Others</td>
<td>5</td>
<td>3.05</td>
</tr>
<tr>
<td>Total</td>
<td>164</td>
<td>100.00</td>
</tr>
</tbody>
</table>

**Source:** Primary data

Note: N>n i.e. 100, multiple responses allowed

%age calculated against N = 164

We can make the following evaluations on a closer observation of the above table;

01. Against the conventional methods, efficiency is greatly placed on ‘On the Job Training Method’; as it is convenient to employees (27.27%) as it exposes them to the practical issues of the market and the challenges the sales executives get exposed to in the process of executing sale. It means that the required skills can be gained while trainees are carrying out their jobs. This benefits both employees and the organization. The organization benefits by ensuring that the training is specific to the job (rated 1). Training manual and the product profiles on the flyers they carry is found very essential to the employees; as it explains briefly about the insurance products. One of the formal modes of training adopted by the insurance companies is in house training i.e. Lecturing method which aims at educating the new incumbents and the existing staff towards the products, market, policies, customers etc. which can help them to socialize into the system and effect the objectives of the companies very effectively (rated 2). Training on Attributes is considered as important as training on the functional aspects of the business; as it becomes very essential to understand the characteristics and the features that the organization embeds into their process and their product, which in turn helps the employees to place the products among the right customers in the right market (as it is said taking a wrong product to the right customer or taking a right product to the wrong customer always leads to strategic failures), hence training on attributes becomes essential (rated 3 with 20.12% of responses).

02. Against the Non conventional methods, Discussion method and case studies are considered as important as any other methods; as this provides an opportunity to the employees to look at the perspectives of training very differently. These methods helps them to
Understand the key issues in the subject matter of discussion and helps them to appraise those factors that can provide for competency building among the resources. Further, these methods are also deemed to provide for objective benefits to the T&D initiatives taken up by the organization. Looking from the functional perspective it provides the benefits to the organization in terms of enhancing the decision making skills, transformation in attitudes, developing communication and interpersonal skills, developing management skills, developing procedural and strategic knowledge building (case study method is felt very effective in this regard).

Training needs assessment is an ongoing process; gathering data to determine training needs of the departments and the employees prevails in almost all the organizations. Conducting need assessment is fundamental requirement for success of any training program. Often, organizations develop and implements training without conducting a needs analysis. Opinion of the employees on this regard is compiled and presented below;

**Table :11: Response towards Employee perception regarding Training need Assessment**

<table>
<thead>
<tr>
<th>Factors</th>
<th>Level of agreeability</th>
<th>Total weights</th>
<th>weighted average</th>
<th>Ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SA</td>
<td>A</td>
<td>NA</td>
<td>DA</td>
</tr>
<tr>
<td>Identification of training needs is done on rational and systematic basis</td>
<td>50</td>
<td>42</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Training programmes are designed after considering the needs and requirements of employees</td>
<td>23</td>
<td>52</td>
<td>21</td>
<td>4</td>
</tr>
<tr>
<td>The individual job related to skills and ability</td>
<td>31</td>
<td>41</td>
<td>16</td>
<td>9</td>
</tr>
<tr>
<td>Performance appraisal for assessing training needs</td>
<td>34</td>
<td>33</td>
<td>13</td>
<td>15</td>
</tr>
<tr>
<td>Employees participate in training needs</td>
<td>28</td>
<td>45</td>
<td>6</td>
<td>14</td>
</tr>
<tr>
<td>There is process for assessing the organization immediate T&amp;D needs</td>
<td>30</td>
<td>38</td>
<td>19</td>
<td>7</td>
</tr>
</tbody>
</table>

**Primary Source:** Primary data

**Note:** Ratings are independent and as based only on the weighted average scores obtained by each variable used or evaluation.

"Aano bhadraa krathavo yanthu vishwathaha"-"Let the noble thoughts come to all from all directions". Page No.74

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Weight assigned: Strongly agree (SA) = 3, agree (A) = 2, neither agree nor disagree (NA) = 1, Disagree = -1, Strongly Disagree = -2

A close surveillance of the above table discloses the following:

01. With all the factor weighted average score of ≈ 2, we can observe that the Insurance Companies are making a Rational and Systematic assessment of Training needs. Effort is always on by the management to help employees to acquire all such required skills for efficient execution of their functions. Training programmes are designed after considering the needs and requirements of employees, with an objective to build all the required competencies among the workforce. Individual’s job related skills and abilities is expected to be enhanced, which can in turn help in enhancing the performance of the organization and thereby the employees (which is within the objectives set). Further to optimize the potential opportunity ahead the insurance organization will have to reinforce the employee's ability and facilitate them in taking up broader responsibilities; and also provide for productive and dynamic employees group to develop the sales target.

02. T&D educates the employees to determinethe problems and weaknesses of the organization, and how to enhance their strengths and competencies. The process for assessing the organizations immediate T&D needs takes into consideration various additional factors, such as, assessment of employee needs, evaluation of organization needs, awareness of technology upgradation, and revival the insurance products seen in the context of contemporary needs of the market (with a weighted average score of 1.82 is rated 4).

03. T&D programmes are also designed for provide for holistic and integrated growth of the employees and the organization. It is always strongly believed only when the employees carry a collaborative interest towards the organization they would contribute to the organizations value process which in turn determines the success of their initiatives. Employees then are found to participate in training to revive their skills and fulfill the organization needs and realize individual development. Performance appraisals or employee reviews are useful tools for employee development initiatives. Performance appraisals can identify the prospects and issues of the employees and hence can play a pivotal role in T&D strategy design (with a weighted average score of 1.71 and 1.68 is rated 5&6).

Training and development refer to programs that are designed to facilitate the employees to socialize in the process, learn the environment, embed all the required skills, integrate their efforts, collaborate with the organization strategic intent, and thereby contribute to organizations continuous sustainable competitive growth. T&D offers two folded benefit, one to the organization to build competencies and other to the employees in building efficiency. To make critical evaluation of the employees towards the purpose served by the organizations T&D, the responses from the employees regarding the same was compiled and the same is presented in table below;
Table 12: Response towards Employee opinion towards the Training and Development Program Designed

<table>
<thead>
<tr>
<th>Factors</th>
<th>Level of agreeability</th>
<th>Total</th>
<th>Weights</th>
<th>Weighted Average</th>
<th>Ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is a widely shared training and development policy in the organization.</td>
<td>SA: 46, A: 44, NA: 7, DA: 3, SD: 0</td>
<td>100</td>
<td>230</td>
<td>2.3</td>
<td>1</td>
</tr>
<tr>
<td>Training calendar provides in detail the number of training and development programmes to be provided to the employees in that year.</td>
<td>SA: 26, A: 56, NA: 15, DA: 3, SD: 0</td>
<td>100</td>
<td>187</td>
<td>1.87</td>
<td>2</td>
</tr>
<tr>
<td>Employees are given training before they are placed on new jobs/assignment.</td>
<td>SA: 30, A: 39, NA: 17, DA: 9, SD: 5</td>
<td>100</td>
<td>149</td>
<td>1.49</td>
<td>3.5</td>
</tr>
<tr>
<td>Lecture method is used in executive training programs to development their skills There is strong supportive climate for training and development.</td>
<td>SA: 30, A: 39, NA: 14, DA: 15, SD: 2</td>
<td>100</td>
<td>149</td>
<td>1.49</td>
<td>3.5</td>
</tr>
<tr>
<td>Training and development of employees is linked to the individual career plans.</td>
<td>SA: 36, A: 34, NA: 18, DA: 7, SD: 5</td>
<td>100</td>
<td>159</td>
<td>1.59</td>
<td>3</td>
</tr>
</tbody>
</table>

Source: Primary data

Note: Ratings are independent and as based only on the weighted average scores obtained by each variable used or evaluation

Weight assigned: Strongly agree (SA) = 3, agree (A) = 2, neither agree nor disagree (NA) = 1, Disagree = -1, Strongly Disagree = -2

From the above table it can be observed that, organization practices a system of sharing the T&D policies of the organization which can ensure greater transparency towards the objective of organization in executing such programmes (with an weighted average score of 2.3 we can say the employees substantiate this view) which is an effective practice for realizing optimal benefits for the T&D initiatives. Proper scheduling of T&D (Training and Development) is necessary as in isolation from the current responsibilities would prove very fatal, hence the organization with have to make a proper schedule of events and ensures that there is a greater participation and involvement of the staff. Improper scheduling of events and lack of proper planning by the employees to participate in these programmes always carry a adverse effect on the organization functional activities (with a weighted average score of 1.87 ≈ 2 we can say that employees appreciate the organization initiatives in having proper scheduled event of activities).

The employees place a favorable opinion towards the induction programmes designed and the methods of training imparted (with a weighted average score of 1.49 we can say that employees are not so very convincing in this aspect to make a rational appraisal) as the realization of delivered benefits from the T&D programmes is always in isolation from future and actual delivery or reported performance of the employees becomes the basis of success to
this program. Entire training policies is found to be focused on employee performance when employee performance increase obviously organization performance will increase (with a weighted average score of 1.59 ≈ 2); here we can also find that employees career growth in the company is closely linked to the reported efficiency, hence, the employees find T&D as an essence for their growth and development internally.

In today’s environment of increased accountability towards the market and the customers, providing a revival to the approach of the organization plays a very key role. more so every company operating in the markets today have moved out of their apprehension an strongly that bring about change to the system and their process if a key requirement. hence, incorporating required T&D measures on a continuous basis and providing for all necessary measures in evaluating the contribution of T&D towards building competencies among the resources becomes very critical. Responses towards the training evaluation process are compiled and presented in table below for necessary evaluation.

<table>
<thead>
<tr>
<th>Factors</th>
<th>Level of agreeability</th>
<th>Total</th>
<th>Weights</th>
<th>Weighted Average</th>
<th>Ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees returning from training are given adequate free time to reflect and plan improvements in the organization.</td>
<td>42 49 4 3 2</td>
<td>100</td>
<td>178</td>
<td>1.78</td>
<td>1</td>
</tr>
<tr>
<td>Managers provide the right kind of climate to implement new ideas and methods acquired by their juniors during training.</td>
<td>27 50 17 3 3</td>
<td>100</td>
<td>148</td>
<td>1.48</td>
<td>4.5</td>
</tr>
<tr>
<td>The results of training programmes are monitored.</td>
<td>33 40 13 14 0</td>
<td>100</td>
<td>138</td>
<td>1.38</td>
<td>5</td>
</tr>
<tr>
<td>Our training system has been quite successful in improving the overall performance of the employees</td>
<td>34 39 14 10 3</td>
<td>100</td>
<td>148</td>
<td>1.48</td>
<td>4.5</td>
</tr>
<tr>
<td>After each training programme, employees are made to assess the usefulness of the programme and give feedback to management</td>
<td>38 38 11 6 7</td>
<td>100</td>
<td>164</td>
<td>1.64</td>
<td>2</td>
</tr>
<tr>
<td>Training and Development programs that are conducted by the</td>
<td>31 35 19 12 3</td>
<td>100</td>
<td>138</td>
<td>1.38</td>
<td>6</td>
</tr>
</tbody>
</table>

"Aano bhadraa krathavo yanthu vishvathaha"- "Let the noble thoughts come to all from all directions". Page No.77

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organization are efficient in enabling the executives to implement various changes that is expected by the organization

| Training and development programmes of the organized need to focus on helping the employees to improve their capability and potentials | 35 | 37 | 11 | 10 | 7 | 100 | 150 | 1.5 | 3 |

**Source:** Primary data

**Note:** Ratings are independent and as based only on the weighted average scores obtained by each variable used or evaluation

**Weight assigned:** Strongly agree (SA) = 3, agree (A) = 2, neither agree nor disagree (NA) = 1, Disagree = -1, Strongly Disagree = -2

From the above it becomes very clear that service organization like insurance sector concentrates on training and development programmes for improvisation of organization needs through their human resource. Insurance sectors main objective is to enhance employees’ daily performance in market through appropriate measures to which training programmes expose to them. Training provides for necessary motivation to the employees and shows how the value delivery function of the employees and the organization could be bettered. Some time frequent training activities conducted by the organization provides employees post returning from training adequate time to reflect and plan improvements in the organization (rated 1). Employee training is the responsibility of the organization; Employee feedback is a shared responsibility of management and the individual employee, but the responsibility of management is to provide the right resources and feedback that supports the growth and development needs of the individual employee. Employees are the most important asset of any company, playing a central role in its growth or failure. However, improper feedback or lack of feedback can severely damage the entire work environment. To prevent this from happening, it is crucial to adopt mechanisms that help workers understand their core strengths and weaknesses in a reasonable manner. Appropriate feedback for their performance can increase satisfaction and level of enthusiasm among the workers. This helps in bettering individual performance, eventually leading to the growth of the organization. After each training programme, employees are made to assess the usefulness of the programme and give feedback to management and Training and development department if the programmes so organized have served the need and facilitated in improving their capability and potentials (rated 2 & 3).

Implementation of new training methods improves the process of employee evaluation by defining the standards through managers’ who continuously measure performance of their subordinates and the department as a whole. Further, managers are taught some of the common approach and leave enough space for them to be innovative in the course of delivering their responsibilities. Using a systematic approach to evaluations, managers may be able to avoid emotional reactions to feedback. The process can also help
companies prevent costly proceedings due to discriminatory practices. Managers consider the new incumbents as future strategic assets and try to provide the right kind of climate to implement new ideas and methods they acquire during training in the due course of activities. Training system has been quite successful in improving the overall performance of the employees (combined rated 4.5). Training evaluation is a continual and systematic process of assessing the potential value of a training program, course, activity or event. Results of the monitored activities are used for decision-making, around various components of the training (e.g. instructional design, delivery, results) for its overall continuation, modification, or elimination. To assist employees in evaluating their training programs, Training Evaluation of organization is designed to assist employee training representative (i.e. training managers and supervisors, training liaisons/coordinators, agency evaluators, instructional designers, training facilitators and others who have a significant role in training effectiveness); in evaluating training effectiveness and signifying training value to stakeholders and decision makers. Training and Development programs that are conducted by the organization are hence felt efficient in enabling the executives to implement various changes that are expected by the organization in response to the challenges they face (rated 6&7). Some of the important consideration of the organization today is to provide technology enabled service to the customers and hence training the employees on modern technological platforms are found important to enhance the efficiency of the training program and helps in realizing the functional benefits in the market place (89 respondents substantiated this claim).

In the changing context of the market every incumbent into the organization is getting exposed to number of challenges. This demands them to be responsive to the challenges around them, else it would jeopardize the survival of the employees and thereby the organization as well. In this background it was appraised among the respondent groups as to what are those critical areas of consideration that has to be placed by the organization while designing their T&D strategies and what should be focus of the programme to enhance their skills. The summary of the same is presented below;

### Table :14: Response towards critical areas of focus by organization while designing appropriate training programmes

<table>
<thead>
<tr>
<th>Areas of concern</th>
<th>Communica</th>
<th>Interpers</th>
<th>Analytical</th>
<th>Critical</th>
<th>Innovat</th>
<th>Industri</th>
</tr>
</thead>
<tbody>
<tr>
<td>Critical Areas while designing T&amp;D programmes for executives</td>
<td>16</td>
<td>27</td>
<td>32</td>
<td>9</td>
<td>13</td>
<td>3</td>
</tr>
<tr>
<td>Critical Areas while designing T&amp;D programmes for employees</td>
<td>18</td>
<td>21</td>
<td>36</td>
<td>11</td>
<td>12</td>
<td>2</td>
</tr>
</tbody>
</table>

*Source: Primary Data*
From the above table it can be evidenced that there is no significant difference between the expected purpose that T&D should serve for the employees and the managers (executives). Here what is important to be noted here is that compared to people management and communication skills special focus is placed on enhancing Analytical Skills, Critical Evaluation Skills, Innovative Skills. The insurance market today’s is getting more and more fragmented as there is larger participation observed from private insurance companies, foreign insurance through collaboration with Indian counterparts and banks are also seen entering into this segment, this demands the participants to have good Analytical skills to read the opportunities in the market and help the organization to realize such potential and contribute in its growth.

8. Conclusion

The study makes it very much evident that Insurance Companies are being highly responsive to the challenges posed ahead of them; and are developing such strategies that can help them to meet the requirements of the market and the customers. Developing an appropriate T&D tool is felt an earnest need for realizing the strategic intent they carry with them. It is also seen that right strategies for managing their human resources in place could deliver optimal rewards for their initiatives and develop such competencies in building long term sustainable competitive positions in the market place. Such realized competencies in the long run would help them in hedging the risk of non-performance to the competencies the resources has embedded into them – as a part of T&D initiatives taken up by the organization to serve the purpose.

9. References


"Aano bhadraa krathavo yanthu vishwathaha"-“Let the noble thoughts come to all from all directions". Page No.80

Acme Intellects Research Center- A wing of Help to Help Charitable Trust®
A Study to identify and analyse factors affecting the demand for Health Insurance with respect to Suthan Bathery in Wayanad District of Kerala

By
Dr. Babu S & Mrs. Sheron Ann Jose

Abstract

The health status of the people in the country is closely related with their wealth. Good health is one of the most important pre-requisite to human productivity which in turn leads to overall development of a society. Health is an important resource for a nation to pursue national development goals. It raises the productivity of the labor force and enhances economic growth. It plays a critical role in supplementing government effort in ensuring the availability and accessibility of health care services to the population. The objective of the present paper is to analyse the awareness of health insurance and the factors affecting the demand for health insurance in wayanad district, Kerala. For the analysis of data descriptive statistics, namely, mean, Standard deviation, ‘r’ test and ‘t’ test have been applied. The sample size is 200 residents of wayanad district chosen according to stratified sampling method. The study highlighted that awareness of the people about health insurance is at average level. This study also found that there is a positive relationship between the attitude and awareness among individual in the sampled area regarding health insurance and rural and urban people are not differ in their level of awareness in health insurance.

Keywords: Awareness; Attitude in health insurance, Backwardness, Locality and Unemployment.

1. Introduction

Insurance is a social security tool because without insurance this human society would consists of helpless old people, helpless widows and unprotected orphans. Every economic activity is associated with risk and insurance is the risk buster. For operating and sustenance of any meaningful business, the risk appraisal and suitable insurance remedies are the basic necessities. The bereavement of the bread earner in a family deprives them of the major sources of sustenance and the family is thrown in the streets and it becomes a societal problem. Insurance takes care of these situations.

The Article 41 of the Directive Principles of State Policy states that the State, within the limits of its economic capacity and development, shall make effective provision for security - right to work, to education and to provide public assistance in case of unemployment, old age, sickness and disablement. The insurance schemes designed and developed by the insurance companies for the socially disadvantaged people aid in promoting the spirit of the directive principles of State policy.

The declaration of Human rights by UNO declared that everyone has a right to a standard of living including food, clothing, housing, medical care and security in the event of unemployment. Further, the social obligations of the insurer forces them to invest a chunk of their investable income in socially oriented projects like rural electrification, drainage, infrastructure and other people oriented projects. People’s money for people good is the prime factor that impels insurance companies to invest in social projects.
2. **The scope of the study**

The present study will be confined to Wayanad, one of the fourteen district of Kerala and it will be conducted by collecting a sample of 200 individual. The collected samples will give a proper representation of ‘locality’, ‘gender’, ‘attitude’, with respect to the awareness on health insurance in Wayanad District of Kerala State.

3. **Objectives of study**

1) To study the status of health insurance in wayanad district
2) To study the various factors affecting the demand for health insurance
3) To study whether there is any relationship between attitude of individuals and Awareness of Health Insurance in the sampled area.
4) To study whether there is any difference among the Rural and Urban individuals in terms of Awareness of Health Insurance.

4. **Hypothesis of the study**

H0: There is no significant relationship between Attitude and Awareness of Health Insurance.
H0: There is no significant difference between Rural and Urban individuals in terms of Awareness of Health Insurance.

5. **Methodology**

**Population and sample**

For the present study, the population consisted of all the individuals in Wayanad District. The sample in the present study consisted of 200 selected individuals. This was the population and samples, to which the investigator wanted to generalise the results of the present study.

**Tools employed**

The present study employed rating scale on attitude towards insurance and awareness on insurance. It was constructed and validated by the investigator.

**Statistical Techniques**

Different statistics that are used for analyzing various objectives under study were, percentage, Mean, Standard Deviation, and inferential statistics, namely ‘t’ test and ‘r’ test.

6. **Analysis of the study**

In the present study, the investigator formulated for objectives. The details of the analysis is given below.

**Objective one**

The first objective was “to study the status of health insurance in wayanad district

This objective was analyzed by making use of descriptive statistics namely Mean, Median, Standard Deviation and. The data was graphically represented in the form of a bar diagram.

<table>
<thead>
<tr>
<th>Status</th>
<th>No Individual</th>
<th>Scores in percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>30</td>
<td>15%</td>
</tr>
<tr>
<td>Average</td>
<td>135</td>
<td>67.5%</td>
</tr>
<tr>
<td>Low</td>
<td>35</td>
<td>17.5%</td>
</tr>
</tbody>
</table>

From the above data, It was revealed that majority of the selected individual with respect to the status of health insurance were found to be at an average level at 67.5%, and only 15% have highly aware about health insurance and 17.75 have low awareness about health insurance in Wayanad District. The graphical representation of the data is given below.

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Objective Two

The second objective was “To study the various factors affecting the demand for health insurance. This following table shows various factors identified for the demand in health insurance,

Table 2 shows the variables identified and its ratings in percentage

<table>
<thead>
<tr>
<th>No</th>
<th>Variables identified</th>
<th>Ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Complex process of claims</td>
<td>10%</td>
</tr>
<tr>
<td>2</td>
<td>All the hospitals are not covered</td>
<td>22%</td>
</tr>
<tr>
<td>3</td>
<td>Lack of comprehensive coverage</td>
<td>16%</td>
</tr>
<tr>
<td>4</td>
<td>Hidden cost involved</td>
<td>16%</td>
</tr>
<tr>
<td>5</td>
<td>Behaviour of insurance was not satisfactory</td>
<td>8%</td>
</tr>
<tr>
<td>6</td>
<td>Difficult to approach insurance agent</td>
<td>12%</td>
</tr>
<tr>
<td>7</td>
<td>If available with least formalities</td>
<td>38%</td>
</tr>
<tr>
<td>8</td>
<td>Better small investment schemes</td>
<td>44%</td>
</tr>
<tr>
<td>9</td>
<td>More deduction is applicable</td>
<td>4%</td>
</tr>
<tr>
<td>10</td>
<td>If the employer is ready to make some contribution</td>
<td>30%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>200</td>
</tr>
</tbody>
</table>

The above data indicates that major hurdles for health insurance is the preference of individual for Better small investment schemes (44%), to get insurance with least formalities (38%), If the employer is ready to make some contribution (30%) and coverage of hospital (22%).

Objective three

The third objective was “to study whether there is a positive relationship between Attitude and Awareness on health insurance among the selected individuals in Wayanad District. In order to test the significance of the relationship between Attitude and Awareness on health insurance among the selected individuals in Wayanad District, the following hypothesis was formulated:

H₁: There is a significant relationship between Attitude and Awareness of Health Insurance among the selected individuals in Wayanad District.

In order to test the hypothesis, it was changed into a null hypothesis:

H₀: There is no significant relationship between Attitude and Awareness of Health Insurance among the selected individuals in Wayanad District.

In order to test the significance of relationship between Attitude and Awareness of Health Insurance among the selected individuals in Wayanad District as stated in the null hypothesis, ‘r’ significance
fixed at 0.05 level with a degree of freedom of 398 and the resultant value 0.681 was found to be significant. The result is given in Table 2.

Table 3 showing Number (N) Mean (M), Median (Mdn), Standard Deviation (SD) of the distribution of scores on showing ‘r’ value of scores on attitude and Awareness of individuals in terms of Awareness of Health Insurance in Wayanad District.

<table>
<thead>
<tr>
<th>Number</th>
<th>Variables</th>
<th>Mean</th>
<th>SD</th>
<th>‘r’ value</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>200</td>
<td>Attitude</td>
<td>40.22</td>
<td>36</td>
<td>0.681</td>
<td>Significant at 0.01 level</td>
</tr>
<tr>
<td>200</td>
<td>Awareness</td>
<td>31.6</td>
<td>17.25</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Interpretation

It is revealed from table 3 that ‘r’ value between the scores Attitude and Awareness of Health Insurance among the selected individuals in Wayanad District is 0.6821 which is higher than the table value at 0.05 level with degrees of freedom 398. Hence the null hypothesis “There is no significant relationship between Attitude and Awareness of Health Insurance among the selected individuals in Wayanad District” is rejected and the alternate hypothesis “There is significant relationship between Attitude and Awareness of Health Insurance among the selected individuals in Wayanad District” is accepted.

Objective Four

The fourth objective was “to study whether there is any difference among the employed and unemployed individuals in terms of Awareness of Health Insurance”.

In order to test the significance of the difference between the means of the scores on Rural and Urban individuals in terms of Awareness of Health Insurance in Wayanad district, the following hypothesis was formulated:

\[ H_1: \text{There is a significant difference between Rural and Urban individuals in terms of Awareness of Health Insurance.} \]

In order to test the hypothesis, it was changed into a null hypothesis:

\[ H_0: \text{There is no significant difference between Rural and Urban individuals in terms of Awareness of Health Insurance.} \]

‘t’ test was employed to test the null hypothesis and the level of significance was fixed at 0.05 level with degree of freedom at 398 and the resultant value 0.024 was not significant. The result is given in Table

Table 4 showing Number (N) Mean (M), Median (Mdn), Standard Deviation (SD) of the distribution of scores on showing ‘t’ value of scores on Rural and Urban of individuals in terms of Awareness of Health Insurance in Wayanad District.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Number</th>
<th>Locality</th>
<th>Mean</th>
<th>SD</th>
<th>‘t’ value</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health awareness</td>
<td>200</td>
<td>Rural</td>
<td>61.5</td>
<td>15.62</td>
<td>0.024</td>
<td>Not significant at 0.05</td>
</tr>
<tr>
<td></td>
<td>200</td>
<td>Urban</td>
<td>64.6</td>
<td>15.30</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
From the table 4, it is observed that the ‘t’ value 0.024 of Rural and Urban individuals in terms of Awareness of Health Insurance at 0.05 level. It is also observed from the table...the obtained t value 0.024 is less than that of theoretical value of 1.97. Therefore, the alternative hypothesis “There is a significant difference between Rural and Urban individuals in terms of Awareness of Health Insurance.” is rejected and the null hypothesis formulated “There is no significant difference between Rural and Urban individuals in terms of Awareness of Health Insurance.” accepted.

7. Major findings of the study
The major findings of the present study id summarized below,

1) Majority of the selected individual with respect to the status of health insurance were found to be at an average level
2) The findings of the data indicated that major hurdles for health insurance is the preference of individual for Better small investment schemes, to get insurance with least formalities employees wish to the employer’s contribution to subscribe insurance schemes and think that coverage of hospital is not up to the mark.
3) There is significant relationship between Attitude and Awareness of Health Insurance among the selected individuals in Wayanad Distrit.
4) There is no significant difference between Rural and Urban individuals in terms of Awareness of Health Insurance.

8. Suggestions and Recommendations
The condition of health insurance in India is pathetic. 85% of Indian population does not use health insurance to finance their medical expenditure. These people pay for their medical expenditure from their pocket. As a result, many of these uninsured individuals either end up with poor quality healthcare or have to bear financial hardships. Thus, based on the findings of the present study, the following suggestion are brought into your attention,

1) There is a need to increase the number of insured individuals in India.
2) The Government should educate people about the rise of medical costs and the importance of these products
3) The Government and all the associated bodies should all offer their support in spreading health insurance awareness so that Indian citizens are aware of the right to seek quality healthcare without any financial thought.
4) Regulators should bring change in the guidelines, allowing only the right players to enter the health insurance market.
5) Health insurance providers should design products, according to health needs of target customers and encourage people to buy them. The combined efforts of all these bodies will surely bring some improvement.

9. Limitations of the study
- Time was the major constraints.
- Could not reach into all the respondents personally to collect the data.
- The study was confined only in a particular district “Wayanad in Kerala state

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10. Conclusion

In a country where less than 15 per cent of population has some form of health insurance coverage, the potential for the health insurance segment remains high. It seems that there is an urgent need to ramp up the health insurance coverage in the country as out-of-pocket payments are still among the highest in the world. The financial stress that is engendered due to rising medical expenses is believed to affect the lifestyle of all family members for years. If the same continues, how will the people of India pay their medical expenses in the future? How will the efforts of medical care providers be fruitful, when there will be no one to avail medical treatment?

Thus, there is a need to increase the number of insured individuals in India. Working in this direction, every individual, every medical care provider and every health insurance company should play an active role. It is only then possible that people would be able to avail quality healthcare in times of medical emergency. Insurers have designed plans, but people should be encouraged to buy them so that the overall condition of medical care insurance in the country can be improved.

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5) www.iissonline.org
6) www.eric.edu
7) www.investopedia.com
8) www.lloyds.com
Micro Insurance and Fisherwomen in Coastal Karnataka

Dr. S. Gunakar[a]

Abstract

Worldwide fishing and fish farming activities provided livelihood to an estimated 41 million people in 2004; working either on a part-time or full-time basis on post harvest processing, marketing, distribution etc. and a high proportion of these workers are women (Willmann & Kelleher 2010). The fisheries also support subsistence activities and provide 'employment of last resort' and thereby reduce vulnerabilities of fisheries communities, which are often characterised as the poorest in society (Satia & Jallow 2010). The contribution of fisheries to the national income is estimated at Rs.35,650 crores at current prices, which constitutes 1.1 per cent of total Gross Domestic Product (GDP) and 3.54 per cent of the Agricultural GDP (GOI 2008). The contribution of fisheries sector to Gross State Domestic Product (GSDP) at current prices during 1993-94 which was Rs.16,316 lakh, has increased to Rs.1,39,511 lakh in 2008-89 (GOK 2009). In fisheries, post-harvest sector is one of the prominent sectors which indirectly provide gainful employment opportunities to a vast section of the society. In the post-harvest sector marketing of fish is one of the major activities which is dominated by fisherwomen. In fishing community fisherwomen play a dual role of earning the livelihood and looking after the family. Over the years on account of mechanization and globalization in the fisheries sector her life was made too difficult to earn her daily bread and butter. On account of the nature of the occupation and poor infrastructural facilities in marketing places fisherwomen are exposed to different forms of health related problems. At this background, this paper examines the socio-economic status of fisherwomen, their health status, amount spent on medical treatment and suggests that micro health insurance can be a better solution to protect their lives from the health related risks. This study is based on the primary data collected from the fish retailers of two districts namely Dakshina Kannada and Udupi districts of coastal Karnataka.

Key words: Fisherwomen Micro Insurance, Post-harvest sector, Socio-economic status, Health problems

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1. Introduction:

The Karnataka coast has 156 marine fishing villages, constituting 30,176 families, the highest number being in the district of Uttara Kannada in the north. A recent census by CMFRI (CMFRI, 2010) puts the total number of marine fishers in the state at 167429. Of these, active fishermen numbered 40756, constituting 24% of the total. About 86% were full-time fishers and about 14% percent of the fishers were involved in ancillary activities like marketing, making/repairing nets, processing, curing, peeling, and labour. Women were involved in marketing, repairing/mending nets and peeling. Nearly 43% of the families involved in fishing and allied activities owned neither craft nor nets. There were 6800 craft owned by fisher folk, of which 1,045 were mechanized, 1211 motorized and 4,544 non-motorized. (CMFRI, 2010).
In Karnataka, fisheries contribute 0.7% of the gross GDP and 3.18% of the net GDP to the state’s economy at current prices. The gross GDP from fisheries sector increased from Rs.3702 lakhs in 1980-81 to Rs. 6666 lakhs in 1996-97 at 1980-81 prices, and at current prices it increased from Rs. 3702 to Rs.39575 lakhs. Fisher folk have always been very poor and amongst the most marginalized communities, often exploited by middlemen and merchants. Middlemen have control over credit and fish marketing, which drains away the surplus generated and often make them indebted. Most of the fisher people are not financially included and have little or no access to credit and insurance facilities. Financial inclusion can make a difference in the life of coastal small scale fisher folk.

Role of women in fish marketing

Women play a significant role in the development of fisheries sector in addition to their role of sole household managers in most of the fisher families. The occupational pattern of women has undergone a structural change with the shift from net mending to post harvest activities like grading, sorting, peeling, curing, drying, vending etc. Their contribution penetrates every aspect of post–harvest handling, preservation, processing and marketing of seafood products and provide an integral link between producers and consumers.

Prior to mechanization of fishery sector, fisherwomen in coastal Karnataka used to get adequate quantity of fish for drying and sale in fresh form. She used to carry the dry fish to villages for barter, through which she used to meet her requirement of food grains. During that period she was getting fish in auction market. Since sufficient quantity of fish were available for fish oil and fish meal, family members of fishing household, also were employed in the activities related thereto. The role of middlemen/wholesalers was very limited. She was the direct agent between fish catchers and consumers. Over the years, with changing fishing technology the post-harvest fisheries scenario has changed to export oriented processing and marketing (freezing and canning etc) from traditional curing and drying apart from fresh fish trade in local and distant markets. This process has brought about several changes in the fresh fish trade in local and distant markets. In the fish market we can see the bulk buyers who buy in large quantity and transport fish to interior parts of Karnataka and other country and wholesale commission agents who buy exportable varieties of fish for exporting. Fisherwomen and men who sell the fish to consumers are the vital link between the wholesalers and consumers. Now the role of fisherwomen in auction market has come down due to the appearance of wholesalers.

2. Statement of the problem

In fisheries post-harvest sector fisherwomen play a significant role in marketing of fish. Though we have received a independence half a decade ago, Fisherwomen in the country are not independent in several respects. Still they are selling the fish in a unhygienic place where they do not have basic facilities like toilet, clean drinking water, place to eat, place to take rest, place change their dress. They are forced to sit by folding their legs for more than 10 hours per day. On account of all these reasons they are exposed to several kinds health related risks. When we look their age, most of them are middle aged. But still they have to work in order to earn their livelihood of their family. Though they too contribute to the wellbeing of the nation they are not provided with social security measures. At least they could have given the health insurance facility as a security against health related risks. At this juncture, this study throw a light to provide micro insurance facility to the disadvantaged and marginalized sector.
3. Objectives of the study:
The present study has following objectives:
1. To analyze the Socio-economic profile of the fisherwomen in coastal Karnataka.
2. To assess the need for micro insurance to fisherwomen.
3. To suggest policy measures for supporting micro insurance in fisheries postharvest sector.

4. Research Methodology
The present study is based on the primary data collected through structured questionnaire from the fisherwomen of Dakshina Kannada and Udupi districts. Stratified random sampling method is followed. The sample size is 268. In addition to the primary data, to review the earlier study and to bridge the research gap, journals, reports of state and central government and other research institutions have been studied.

<table>
<thead>
<tr>
<th>Respondents (i.e., Retailers)</th>
<th>Urban Markets</th>
<th>Rural Markets</th>
<th>Total sample size</th>
<th>Total usable response</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sample size</td>
<td>Useable response</td>
<td>Sample size</td>
<td>Useable response</td>
</tr>
<tr>
<td>1. Market traders</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Fresh fish retailers</td>
<td>112</td>
<td>100</td>
<td>54</td>
<td>51</td>
</tr>
<tr>
<td>b. Dry fish retailers</td>
<td>20</td>
<td>16</td>
<td>14</td>
<td>11</td>
</tr>
<tr>
<td>2. Head loaders</td>
<td>27</td>
<td>24</td>
<td>33</td>
<td>33</td>
</tr>
<tr>
<td>3. Two-wheeler retailers</td>
<td>15</td>
<td>10</td>
<td>25</td>
<td>23</td>
</tr>
<tr>
<td>Total</td>
<td>174</td>
<td>150</td>
<td>126</td>
<td>118</td>
</tr>
</tbody>
</table>

Source: Survey Data 2010

Techniques of Analysis:
The primary data collected by using the sampling framework explained earlier was analysed by using Statistical Package for Social Science (SPSS version 13). The important statistical tools and techniques such as percentage, average, diagrams and graphs, chi-square test, and Garrett’s ranking technique were used to analyse the data.

5. Review of Literature
Kurien and Paul (2001), in their paper- Social Security Nets for Marine Fisheries studied the provision of social security in the fisheries sector of Kerala State. The study focused on the growth and changing composition of social security provisions, and enumerated the achievements and problems being confronted by a developing maritime state in taking concrete and definitive measures to ensure that a section of the population, which was initially left out of the mainstream. They found that providing social security is not seen merely as a measure to solve temporary economic insecurity. It also seeks to address the problems of chronic poverty. Social security measures are envisaged as public provisioning to the vulnerable, thereby empowering them in their private pursuit of livelihood.

Sugunan V.V (2009) in his article Domestic Marketing and Post-Harvest Management in inland fisheries examined the problems of domestic fish marketing and pointed out that processing, value addition and hygienic handling are still a far cry for the domestic market especially in respect of...
inland fish. He suggested that necessary market infrastructure, research support for development and commercialization of value added products, national standards for fish processing and food safety, quality control regime would strengthen the domestic fish marketing.

Gracy (1988) made a comprehensive analysis of role of women in fisheries and impact of advancement on socio-economic conditions of women in Kerala. The study revealed that the technological advancement in fisheries has brought a lot of change in the socio-economic conditions of fisherwomen adversely affecting their livelihood and no attention was given acknowledge and understand the role of women in fisheries.

6. Data analysis and interpretation

Livelihood Profile of Sample Retailers

Livelihood profile provides a comprehensive picture of the various characteristics of the households. Such details help to understand not only their present socio-economic status but also options available to them to enhance their income. It further helps to measure the impact of any policy changes in their income and other employment opportunities. The characteristics include the family size, average age, average annual income of the retailer, average annual family income, household food and non-food expenditure, occupation structure, average number of male and female children in the family, and average number of male and female members in the family. Table 4.2 presents the data collected on livelihood profile of the four identified retail categories and makes a meaningful comparison.

Table 2 Livelihood profile of sample retailers

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Unit</th>
<th>Retail categories</th>
<th>Overall (N=268)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Fixed point retailers</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mobile retailers</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Two-wheeler retailers</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Head loaders</td>
<td></td>
</tr>
<tr>
<td>Average family size</td>
<td>No.</td>
<td>5.40(±2.30)</td>
<td>5.50(±2.30)</td>
</tr>
<tr>
<td>Average age</td>
<td>Years</td>
<td>46(±8.77)</td>
<td>47(±10.31)</td>
</tr>
<tr>
<td>Average annual Income of retailer</td>
<td>(`)</td>
<td>55652.98(±21491.61)</td>
<td>53854.48(±20188.43)</td>
</tr>
<tr>
<td>Average family income</td>
<td>(`)</td>
<td>130100.66(±77769.43)</td>
<td>121914.18(±77728.79)</td>
</tr>
<tr>
<td>Average annual savings</td>
<td>(`)</td>
<td>8450.70(±4238.58)</td>
<td>7462.70(±4790.46)</td>
</tr>
<tr>
<td>Household annual food expenditure</td>
<td>(`)</td>
<td>27949.03(±12190.84)</td>
<td>27290.96(±11274.83)</td>
</tr>
<tr>
<td>Household annual non-food expenditure</td>
<td>(`)</td>
<td>21585.43(±29585.49)</td>
<td>22746.08(±43406.61)</td>
</tr>
</tbody>
</table>

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It is evident from the above table that the average family size was 5.5 and two wheeler traders were youngest among all categories. Age-wise distribution of retailers shows that majority of the women retailers belonged to middle age (46-55 years). The average age of men retailers was 38 years. Thus, it can be inferred that the younger women are quite skeptical of entering fish marketing business because of social reasons and marketing is mainly carried out by the middle aged, married women both in the case of fresh fish and dry fish retailers. One of the most important determinants of the performance of retailers is annual average family income. The bicycle traders have highest annual business income (`67,418) followed by fresh fish retailers (`55,652) and dry fish retailers (`47,244). Thus, the male fish sellers with quick mode of transportation were able to reach the consumers and sell at a better margin compared to their other counterparts. Thus, over the years women-head loaders are experiencing declining business income and are competed out. In terms of annual family income the women fresh retailers had highest gross income due to multiple sources, as shown in the above table, followed by dry fish and head loaders.

"Aano bhadra krathavo yanthu vishwathaha" - "Let the noble thoughts come to all from all directions". Page No.91

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Another indicator of success of two-wheeler retailers is indicated by the average annual savings of `9,563 compared to only `3,472 for their counter parts namely women head loaders. Thus, in spite of higher operating cost (transportation, fuel etc.), two wheeler retailers were able to achieve higher savings rate. Household expenditure on food and non-food items is an indicator of quality of life. Higher percentage of expenditure on non-food items indicates increased access to social activities, utilities and consumer goods. The share of non-food expenditure as a tool for measurement is commonly used in most of the studies. The mobile-retailers (male) have incurred an expenditure of `53,163.00 annually on non-food items which is around 5 times higher than their counter parts (head loaders) and 2 times higher than fresh fish fixed point retailers. One of the main reasons for higher expenditure among two wheeler retailers could be their higher income from non fishery business services. The families of men retailers have diversified sources of income such as fishery and non-fishery related business as an additional sources of income and, thus, are less vulnerable to the fluctuations in their income from retailing. Thus, the emerging scenario indicates that men retailers are able to compete with the women retailers and are likely to emerge stronger in the coming years and threatening the role of fisherwomen. The demographic features of the families across the retailer category do not reflect much difference. The percentage of households with income from non-fishery services was higher for two wheeler retailers (42 per cent) followed by head loaders (31 per cent) and dry fish retailers (23 per cent). Majority of women retailers of all categories are dependent on fish harvesting except men retailers. We observe an integration of harvesting and retailing among women retailers and, thus, the loss of income due to poor catch is compensated by higher prices through retailing, although these operations are carried out independently. In the case of men retailers such integration is found with fishery related and non fishery related business. The head loaders who do not have such integration are likely to be more susceptible to business risks and have fewer livelihood options.

**Level of Education**

Educational status of the retailers represents their opportunity to move to other occupations, awareness of market conditions and also avail benefits from state sponsored welfare schemes. Further educational achievements also represent social status and communication ability. Hence, an assessment of the educational achievements was incorporated in the analysis and presented in Table 3.

Table 3 Level of education

<table>
<thead>
<tr>
<th>Level of education (No. of years)</th>
<th>Retail categories</th>
<th></th>
<th></th>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fixed point retailers</td>
<td>Mobile retailers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fresh fish</td>
<td>Dry fish</td>
<td>Head loaders</td>
<td>Two-wheeler retailers</td>
<td></td>
</tr>
<tr>
<td>1-7</td>
<td>82(54.30)</td>
<td>13(48.10)</td>
<td>39(68.40)</td>
<td>15(45.50)</td>
<td>149(55.60)</td>
</tr>
<tr>
<td>8-10</td>
<td>23(15.20)</td>
<td>5(18.50)</td>
<td>3(5.30)</td>
<td>6(18.20)</td>
<td>37(13.80)</td>
</tr>
<tr>
<td>12 and above</td>
<td>3(2.00)</td>
<td>1(3.70)</td>
<td>0(0.00)</td>
<td>3(9.10)</td>
<td>7(2.60)</td>
</tr>
<tr>
<td>No education</td>
<td>43(28.50)</td>
<td>8(29.60)</td>
<td>15(26.30)</td>
<td>9(27.20)</td>
<td>75(28.00)</td>
</tr>
<tr>
<td>Total</td>
<td>151(100)</td>
<td>27(100)</td>
<td>57(100)</td>
<td>33(100)</td>
<td>268(100)</td>
</tr>
</tbody>
</table>

$\chi^2=14.167$, p=0.117, NS d.f. = 9. 
Source: Survey Data 2014
Note: Figures in parentheses represent percentage.

Table 3 describes the educational achievements of the retail respondents. Accordingly, only 2.6 per cent of the total sampled retailers were educated above 12th standard. The educational qualification of men two-wheeler retailer was relatively low compared to their counterparts such as
head loaders. Although the region was declared as fully literate, it is quite disheartening to note the fact that nearly 30 per cent of the overall respondents have no formal education. Further, the level of education has no significant impact upon the retail categories of fixed-point and mobile-retailers ($\chi^2 = 14.167, p=0.117$).

### Allocation of Working Hours

Distribution of working hours of the fish retailers was classified into household, personal, economic and social activities to represent the real time allocated by them for business and non-business activities. The study of allocation of working hours provides an insight into the possible opportunities to increase the working hours by shifting from leisure. Further, such analysis also helps in understanding the latent under-employment present in the fisheries sector. The average daily hours spent on all these four activities are shown in Table 4

<table>
<thead>
<tr>
<th>Total hours spent per day on activities</th>
<th>Retail categories</th>
<th>Fixed point retailers</th>
<th>Mobile retailers</th>
<th>Overall (N=268)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fresh fish (N=151)</td>
<td>Dry fish (N=27)</td>
<td>Head loaders (N=57)</td>
<td>Two-wheeler retailers (N=33)</td>
</tr>
<tr>
<td>Household</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Household</td>
<td>2.62 (10.82)</td>
<td>3.11 (12.96)</td>
<td>2.92 (12.17)</td>
<td>3.64 (15.17)</td>
</tr>
<tr>
<td>Personal</td>
<td>7.57 (31.54)</td>
<td>8.78 (36.58)</td>
<td>8.84 (36.83)</td>
<td>9.64 (40.17)</td>
</tr>
<tr>
<td>Economic</td>
<td>12.64 (52.67)</td>
<td>11.10 (46.25)</td>
<td>10.68 (44.50)</td>
<td>9.55 (39.79)</td>
</tr>
<tr>
<td>Social</td>
<td>1.17 (4.88)</td>
<td>1.01 (4.21)</td>
<td>1.56 (6.50)</td>
<td>1.17 (4.87)</td>
</tr>
<tr>
<td>Total</td>
<td>24.00 (100)</td>
<td>24.00 (100)</td>
<td>24.00 (100)</td>
<td>24.00 (100)</td>
</tr>
</tbody>
</table>

Note: Figures in parentheses represent percentage

Source: Survey Data 2014

The data presented in the Table 4 shows that women retailers in general tend to spend 11-13 hours on business compared to 9-10 hours by men retailers. Thus women retailers are deprived of their traditional role in the family due to increased hours of work in the marketing activities. The two-wheeler retailers by spending least number of hours on business/economic activity were able to earn more business income. It indicates that the access to transportation and good communication could positively influence their income and reduce the time spent on business activities. One of the activities classified as social activity although apparently appears to be non productive, has implications in the success of the business.

### Expenditure Patterns of the Retailers

To understand the socio-economic conditions of fish retailers, analysis of living conditions such as income and expenditure levels are very important. Income of the family provides a broad picture of the economic status of the people, their capacity to save, and propensity to consume. Expenditure pattern of the family provides a broad picture of the spending habit and amount spent on food and non-food expenditure. Analysis of Food expenditure pattern helps to understand dietary habits and nutritional status. The food habits of people vary according to socio-economic factors.
regional constraints and ethnic traditions. Similarly, the share of expenditure on non-food items indicates the importance attached to the investment in human resources such as education, health and utilities. With these objectives in mind the study has been carried out and relevant data have been presented in Table 5.

Table 5: Expenditure patterns of the retailers

<table>
<thead>
<tr>
<th>Expenditure pattern</th>
<th>Retail categories</th>
<th>Overall (N=268)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fixed point retailers</td>
<td>Mobile retailers</td>
</tr>
<tr>
<td></td>
<td>Fresh fish (N=151)</td>
<td>Head loaders (N=57)</td>
</tr>
<tr>
<td>Total food expenditure ('')</td>
<td>27949.03 (±12190.84)</td>
<td>25327.58 (±11555.30)</td>
</tr>
<tr>
<td>Percentage of expenditure on</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cereal and pulses</td>
<td>35.57</td>
<td>40.17</td>
</tr>
<tr>
<td>Fish</td>
<td>23.91</td>
<td>22.62</td>
</tr>
<tr>
<td>Milk and milk products</td>
<td>12.33</td>
<td>13.47</td>
</tr>
<tr>
<td>Meat/Chicken/Egg</td>
<td>5.27</td>
<td>4.28</td>
</tr>
<tr>
<td>Fruits</td>
<td>8.91</td>
<td>7.36</td>
</tr>
<tr>
<td>Eating outside</td>
<td>4.55</td>
<td>3.23</td>
</tr>
<tr>
<td>Total non-food expenditure ('')</td>
<td>21585.43 (±29585.49)</td>
<td>9994.74 (±100589.02)</td>
</tr>
<tr>
<td>Percentage of expenditure on</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>50.83</td>
<td>70.62</td>
</tr>
<tr>
<td>Medicine</td>
<td>27.04</td>
<td>28.86</td>
</tr>
<tr>
<td>Clothes</td>
<td>22.13</td>
<td>40.28</td>
</tr>
<tr>
<td>Total expenditure</td>
<td>49534.46 (±32735.50)</td>
<td>83441.82 (±102940.62)</td>
</tr>
<tr>
<td>Percentage of food expenditure on total expenditure</td>
<td>56.42</td>
<td>71.70</td>
</tr>
<tr>
<td>Percentage of non-food expenditure on total expenditure</td>
<td>43.58</td>
<td>28.30</td>
</tr>
</tbody>
</table>

Note: Figures in parentheses represent SD

Source: Survey Data 2014

Table 5 shows expenditure pattern on various food items as an indicator of the socio-economic status of the sample retailers. The retailers as one of the production and distribution systems tend to incur, about 23-25 per cent of their total food expenditure on fish at imputed price. The fish retailers tend to spend relatively low on fruits and vegetables, meat/chicken/egg, milk and other items when compared with cereals and pulses and fish. The milk consumption per day is around ½ liter which is relatively low when compared to milk consumption by other. It was estimated that the average state monthly family expenditure on milk and milk products for the monthly income category of ₹10,000 would be around ₹2,500/month whereas it is only ₹300 for fisherwomen families (GOK 2009).
fresh and dry fish retailers tend to spend annually 4.55 and 4.65 per cent of their total food expenditure respectively on eating outside.

Education and health together constitute around 76 (i.e. 48.67+ 27.26) per cent of the total non-food expenditure. Two-wheeler retailers incur proportionately less on health and more on education than other categories of retailers. The dry fish retailers spend around 36 per cent of their non-food expenditure on health (~7,000 per year) compared to 17 per cent by mobile men-retailers (~5,000 per year). Thus, in the absence of proper health insurance, these women-retailers become much vulnerable to financial risks. Overall the food expenditure constitutes 71 per cent among head loaders, whereas two-wheeler traders spend only 36 per cent indicating gross differences in their socio-economic status. Higher share of food expenditure indicates that women head loaders tend to spend/invest less in education, health etc.

### Health problems of fisherwomen

The different groups of respondents prioritized different health problems. Women from the fresh fish retailer group (83%) reported rheumatic complaints such as joint pain, pain in limbs etc. which are classified as occupational related illness in the study. The probable reason for the same could be because they sit for prolonged hours in squatting position and in the case of headloadersdoor to door sellers, they have to walk long distances with a heavy basket on their head. A large number of the respondents from the dry fish retailers group (74%) reported that they had suffered from malaria in the past one month as malaria is a common outbreak in the area studied.

The members of all groups have complained of suffering from some form of gastric problems and this was highest among the fresh fish retailers. This may be because they leave home early in the morning without eating in order to reach the landing center early. The reasons for the above health concerns are mainly attributed to poor working conditions and inadequate infrastructural facilities. Efforts must be taken to mitigate

<table>
<thead>
<tr>
<th>Types</th>
<th>Illness</th>
<th>Fresh fish retailers</th>
<th>Dry fish retailers</th>
<th>Head loaders</th>
<th>Two-wheeler retailers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Occupational</td>
<td>Rheumatic complaints</td>
<td>126 (83)</td>
<td>20 (74)</td>
<td>40(70)</td>
<td>10(30)</td>
</tr>
<tr>
<td></td>
<td>Typhoid</td>
<td>13 (9)</td>
<td>5 (19)</td>
<td>5(9)</td>
<td>10(30)</td>
</tr>
<tr>
<td></td>
<td>Jaundice</td>
<td>5 (3)</td>
<td>2(7)</td>
<td>3(5)</td>
<td>8(24)</td>
</tr>
<tr>
<td>Non-contagious</td>
<td>Gastric</td>
<td>35(23)</td>
<td>3 (11)</td>
<td>5(9)</td>
<td>6(18)</td>
</tr>
<tr>
<td></td>
<td>Malaria</td>
<td>40 (27)</td>
<td>16 (59)</td>
<td>25(44)</td>
<td>12(36)</td>
</tr>
<tr>
<td>Gynecology</td>
<td>Related</td>
<td>45 (30)</td>
<td>2 (7)</td>
<td>20(35)</td>
<td></td>
</tr>
<tr>
<td>Any other</td>
<td>20(13)</td>
<td>12 (44)</td>
<td>25(44)</td>
<td>5(15)</td>
<td></td>
</tr>
</tbody>
</table>

"Aano bhadraa krathavo yanthu vishvathaha" - "Let the noble thoughts come to all from all directions".
7. Conclusion and policy implications:

The average family size of the fish retailers was 5.5. The two wheeler traders were youngest among all categories. Majority of the women retailers belonged to middle age (46-55 years). The younger generation is skeptical to enter fish marketing business, due to social reasons and marketing is mainly carried out by the middle aged, married women both in the case of fresh fish and dry fish retailers. Only 26 per cent of the total retailers were educated above 12th standard. Head loaders were better educated than two-wheeler retailers. Widow women who constitute majority (63 per cent) of dry fish retailers and head loaders are more exposed to risk factors as indicated by higher standard deviation of income.

The mobile-retailers (male) have incurred an expenditure of 53,163 annually on non-food items which is 5 times higher than their counter parts (head loaders) and 2 times higher than fresh fish fixed point retailers. One of the main reasons for much higher expenditure among two wheeler retailers was due to their higher income from non fishery business services. The fish retailers tend to spend very less on fruits and vegetables, milk and other items. The milk consumption per day is around ½ liter which is the least for comparable annual income among other category of workers. The fresh and dry fish retailers tend to spend 45.50 per day on eating outside which constitutes 4.5 per cent of their total food expenditure. The education and health together constitute 65-75 per cent of total non-food expenditure. Men retailers incur least expenditure on health and highest on education. The dry fish retailers spend around 36 per cent of their non-food expenditure on health (7,000 per year) compared to 17 per cent by mobile men-retailers (5,000 per year). Thus, in the absence of proper health insurance, these women-retailers become much vulnerable to health and financial risks. The study clearly indicates that there is a urgent need to protect the health conditions of the fisherwomen to sustain their livelihood. The government has to extend the health insurance schemes to all the fisherwomen who are engaged in fish retailing. Health check up camps must be organized frequently at the market places. All the markets must be provided with modern facilities.

8. References:

A STUDY ON “RURAL INSURANCE POLICIES”

by


Abstract

The real source of marketing promise is not wealthy few in the developing world or even the emerging middle income consumers. It is the billions of aspiring poor who are joining the market economy for the first time.

Rural India is where the next ‘big’ opportunity is. Indian rural market constitutes approximately 72% of total Indian population even as of date. The diverse customers spread through 6,38,635 villages across the states and union territories of India present a great untapped opportunity. More than half of the Indian population residing in these areas has seasonal income while the other part of the population draws irregular income.

Majority of rural population is involved in farming sector either directly or indirectly (farming, marginal farming, and marginal land laborers etc.) and the balance of the large population comprises of skilled laborers; artisans which includes carpenters, masons etc; and small scale shop owners etc.

Looking at the spending pattern in Rural India, there is an immense scope for financial services, including insurance services.

Financial services providers like banks, mutual funds, life and Non-Life insurers, card distributors, and chit funds are aggressively looking at rural India for high growth rates. Several research reports state that by 2020 India is poised to have largest youth population in the world and as we all know, much of it will be from the rural hinterland of India.

At present major players in the Indian insurance market are Life Insurance Corporation of India, Bajaj Allianz, ICICI Prudential, HDFC Standard, SBI Life under life insurance segments and New India, National Insurance, Oriental United India, ICICI Lombard under non-life insurance segments etc.

Key words: Insurance, Rural, Market, Population, India etc.,

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"Aano bhadraa krahvavo yanthu vishvathaha"-"Let the noble thoughts come to all from all directions". Page No.97

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1. Introduction

Under the provisions of sections 32–B and 32–C of the Insurance Act, 1938, insurance companies are obliged to provide such percentages of business as may be specified by the IRDA, for persons in the rural sector or social sector, workers in the unorganized or informal sector, for economically vulnerable or backward classes of the society and other categories of persons, as may be specified by the IRDA.

The IRDA has, in pursuance of the provisions of the above two sections of the Insurance Act, issued the (Obligations of Insurers to Rural or Social Sectors) Regulations, 2000, which lays down that every insurer transacting general insurance business, shall underwrite business in the rural sector, to the extent of at least 2% of total gross premium in the first financial year, at least 3% of gross premium in the second financial year and 5% of the gross premium in the third and further financial years. The obligations include insurance for crops.

The Rural sector has been defined as any place which, as per the last census, has a population of not more than 5000, density of population of not more than 400 per square kilometer, and at least 75% of the male working population engaged in agriculture.

The Government of India has launched various programmes for the benefit of small farmers, marginal farmers, agricultural laborers, etc. Since 1980, all these programmes have been integrated into the Integrated Rural Development Programme (IRDP) which is funded by the Central and State government on 50:50 basis. The objective of the programme is to provide, to the target group of rural families, a package of assistance comprising of income generating assets, working capital, etc., through subsidy, institutional credit, etc.

Special insurance schemes are framed to protect the beneficiaries of IRDP projects. Under these policies, the rates of premium are lower and claims procedure is simplified. Whenever, the word ‘scheme’ is used hereafter, it refers to these special policies.

Insurers will evolve appropriate strategies and plans to meet these obligations.

2. Objectives

1) To Understand the various rural insurance policies.
2) To Understand coverage under various rural insurance schemes.
3) To Understand Settlement of the claim.
4) Know what is not covered under various rural insurance policies.

3. Rural policies

Rural policies comprise the insurance of:
1. Various livestock, e.g., cattle, sheep, goat, etc.
2. Sub-animals e.g., silkworm and honeybee.
3. Plantation and horticultural crops, e.g., rubber, grapes, etc.
4. Property e.g., agricultural pump sets, etc.
5. Persons e.g., gramin accident.

Cattle insurance
The word ‘Cattle’ for the purpose of the market agreement refers to the following animals, whether indigenous, exotic or crossbred, within the age limit indicated.

Milch Cows : 2 years to 10 years
Milch Buffaloes : 3 years to 12 years
Stud bulls (Cow / Buffalo species) : 3 years to 8 Years
Coverage

Cattle policy prescribed by the agreement provides indemnity for death due to:
(a) Accident (inclusive of fire, lightning, flood, inundation, storm, hurricane, earthquake, cyclone, tornado, tempest and famine)
(b) Diseases contracted or occurring during the period of this policy.
(c) Surgical operations
(d) Riot and strike

The policy can also be extended to cover Permanent Total Disability (PTD) on payment of extra premium:
(a) Permanent Total Disability which, in the case of Milch Cattle, results in permanent and total incapacity to conceive or yield milk.
(b) PTD which, in the case of Stud Bulls, results in permanent incapacity for breeding purpose.
(c) PTD in the case of which Bullocks, Calves / Heifers and Castrated male buffaloes, results in permanent and total incapacity for the purpose of use mentioned in the proposal form.

Exclusions

i. Malicious or willful injury or neglect, overloading, unskilful treatment or use of animal for purpose other than stated in the policy without the consent of the Company in writing.
ii. Accidents occurring and/or disease contracted prior to commencement of risk.
iii. Intentional slaughter of the animal except in cases where destruction is necessary to terminate incurable suffering on human consideration on the basis of certificate issued by qualified Veterinarian or in cases where destruction is resorted to by the order of lawfully constituted authority.
iv. Theft and clandestine sale of the insured animal.
v. Pleuro-pneumonia in respect of cattle in Lakimpur and Sibasagar Districts of Assam.
vi. Transport by air and sea.

Special conditions provide as follows:
a. The company is not liable to pay the claim if death is due to disease occurring within 15 days from the commencement of risk.
b. Claim is not entertained unless the ear tags are surrendered to the Company. If the ear tags are lost the insured is responsible for notifying the Company and getting the animal retagged.
c. In addition to other details, i.e animal’s number or mark, species / breed, sex, colour and distinguishing mark, age, height, purpose for which used and sum insured.

Claim Procedure

Non Scheme Animals

In the event of death of an animal immediate intimation should be sent to the insurers and the following requirements should be furnished:
i. Duly-completed claim form
ii. Death Certificate obtained from qualified Veterinarian on Company’s form.
iii. Postmortem examination report if required by the Company
iv. Ear Tag applied to the animal should be surrendered.
The Companies follow the principle of “No Tag - No Claim”. Generally claim is not be paid if tag is not submitted. However, in cases of genuine hardship, the higher competent authority may consider the claim if the identity of the animal is established.
v. The value of the animal should be established properly keeping in view age, etc.
Scheme Animals
Intimation of loss / death of animal should be given to the Company or Financing Bank immediately, within 7 days. Claimant has to furnish the following requirements within 30 days:

(a) Duly – completed and signed claim form along with ear tag.
(b) Certification of death from Veterinary surgeon or a certificate jointly by any two of the following:
(i) Sarpanch of the Village
(ii) President or any other Officer of Co-op. Credit Society.
(iii) Official of the Milk Collection Centre, or othersspecified. Subject to their declaration that they have seen the carcass and ear tag intact in the ear mentioning number thereof.
(a) Post mortem report, if conducted.

Sum Insured
The market value of cattle varies from breed to breed, from area to area and from time to time. The sum insured is based on market value as recommended by a Veterinarian. Indemnity is based on sum insured or market value whichever is less. In case of scheme animals, the policy is issued as agreed value policy and claims are settled for 100% of sum insured.

Premium
The premium rates are lower for scheme animals than for non-scheme animals. This applies to indigenous / cross-bred animals. Higher rates are charged for exotic animals. Group discounts and long-term discounts are available. There is provision for percentage increase in renewal premium for adverse claims experience.

Sheep And Goat Insurance
The policy provides indemnity (sum insured or market value, whichever is less) against death of sheep and goats due to
- Accident (including fire, lightning, flood, cyclone, famine, strike, riot and civil commotion) or
- Disease
- Occurring or contracted during the period of insurance.
The exclusions are more or less the same as under the cattle insurance policy. These relate to wilful neglect, intentional slaughter, theft, etc.
However, the following exclusion is specific to this policy:
- Death due to Enterotoxaemia, Sheep Pox, Reinderpest, Anthrax, Foot and Mouth disease, Haemorrhagic Septicaemia, Blackquarter. These diseases are covered only if the animal is successfully innoculated and the Veterinary Certificate is supplied to the company. The conditions are the same as under cattle insurance policy. The market agreement applies to all indigenous, cross-bred and exotic sheep and goats in the age group of 6 months to 6 years (4 months to 7 years in the case of ‘scheme’ animals). The market value of sheep and goats varies from breed to breed, area to area and time to time. The Veterinarian’s recommendation is a guide for acceptance of risk and settlement of claim. No salvage value is deducted from claims.
The premium rates are separately applied for:
(a) Indigenous animals
(b) Crossbred animals
(c) Exotic animals
Animals should be identified by metal ear tagging and/or tattooing method. Natural marks should be noted in the proposal and Veterinary certificate. Group discount is available depending upon the number of animals covered (minimum 101 to 500 animals).

**Poultry Insurance**

‘Poultry’ for the purpose of the market agreement refers to (a) layers (b) broilers and (c) parent stock (exotic and cross-bred only). The agreement prescribes age limits and minimum number of birds to be insured. The policy provides indemnity against death of birds due to accident (including fire, lightning, flood, cyclone/storm/tempest/earthquake, strike, riot, act of terrorism) or disease contracted or occurring during the period of insurance. Some examples of exclusions are:

(a) Transit by any mode of transport.

(b) Improper management (including overcrowding).

(c) Theft and clandestine sale of birds.

(d) Intentional slaughter of the birds except in cases where destruction is necessary to terminate incurable suffering on human consideration and to protect remaining healthy flock to reduce additional losses on the basis of certificate issued by a qualified Vet. Surgeon or in cases where destruction is resorted to by order of a lawfully constituted authority, under intimation to Insurance Company. The sum insured has to be fixed as per the valuation chart for layers and broilers. For parent stock birds the valuation chart has to be fixed in consultation with the Hatchery owners.

Premium rates vary for

(a) broilers

(b) layers

(c) parent stock

and according to

(a) IRDP scheme

(b) non-IRDP scheme.

The agreement prescribes ‘no-claim’ discount and discount for good features some examples of which are:

(i) Farms having resident/own Veterinary officer or farms managed by Veterinary doctors.

(ii) Farms having good dead bird disposal system, i.e., farms with incinerator.

(iii) Farms with standard layout such as good distance between sheds etc.

**Underwriting Considerations**

(a) All birds in the farm should be insured

(b) The minimum number of birds prescribed should be maintained and all the birds are covered on flock basis and hence no identification is necessary.

(c) Farms should have veterinary facility of their own or on consultancy basis.

**Claims**

Claims are admissible only if the mortality due to insured peril in the flock exceeds the ‘excess’ limit prescribed. For example, for broilers 5% of the population in each batch is the ‘excess’ limit. Daily mortality details should be submitted on weekly basis, failing which reports will be treated as ‘nil’ for that week. In the case of alarming death/out break of epidemic nature, notice within 12 hours should be given and all birds segregated and produced for inspection. Also, the insured should arrange emergency sale of live birds in the presence of Company’s representative. This is for the purpose of averting or minimizing the loss.

The claim documents required are

a) Claim form.

b) Vet. P.M. Report for sample birds

c) Daily record of mortality, feeding etc.

d) Purchase invoices for the birds.

e) Any other proof as may be required e.g., photographs, medical bills etc.
Aqua Culture (Shrimp / Prawn) Insurance

The insurance scheme under the agreement is applicable to licensed farms, in accordance with the Government notification, growing Brackish-Water shrimp / Fresh-water prawns by adopting extensive / modified extensive / semi intensive system only. The insurance covers only total loss or destruction of shrimp/prawns and is available as under:

Section I: Basic Cover

Only Total Loss of the Shrimp / Prawns due to the following:

(a) Summer Kill
(b) Pollution (from external source only).
(c) Poisoning.
(d) Riot and Strike.
(e) Malicious acts of Third Parties
(f) Earthquake.
(g) Explosion/Implosion.
(h) Storm, Tempest, Cyclone, Typhoon, Hurricane, Tornado, Flood, Inundation, Volcanic eruption and / or Other convulsions of nature.
(i) Aircraft and other aerial devices or articles dropped therefrom, impact with any road vehicle, horses and cattle.
(j) Terrorism

Section II: Comprehensive Cover

Covering all perils as listed in basic policy and death due to disease excepting diseases caused by bad management and/or which are due to nutritional deficiencies. Some examples of exclusions are:

– Malicious or willful injury, poisoning, negligence, error or omission by the insured or his family members or employees.
– Improper and incompetent management and rough handling.
– Infidelity of any person, burglary, poaching and theft.
– Transit by any means.
– Flood and inundation due to the action of normal tides.
– The agreement provides for a formula for fixing the sum insured. Policy period is for four and half months (culture period).

Claims

The insured shall, upon the occurrence of any event giving rise to or likely to give rise to a claim under this policy, give immediate notice within 24 hours to the Company, and shall, within fourteen (14) days thereafter, furnish to the company fully the completed claim form, and death certificate with details certified by an official of the Department of Fisheries / MPEDA or any marine biologist, etc. All dead shrimp / prawns should be produced before the representative of the Company. Various insurance schemes for which there are no market agreements are now outlined. The coverage, rates of premium, underwriting practice, etc. may vary among the companies. The notes which follow are designed to provide an idea of the general approach adopted. Insurance policies are available to cover the following animals:

Elephants used for commercial / religious purposes in the age group 5 to 60 years. Sum insured should exclude the value of tusk. The rate is 4.5% for temple elephants and 5% for other animals. In the event of claims, 80% of the market value is paid.
Pigs (indigenous / cross bred / exotic, in the age group of 6 months to 3 years. Sum insured varies according to age of the animal. The limit of liability for a claim is 80% of the sum insured. The rate is 5% on peak value during the rearing stage.

Rabbits - All breeds in the age group of 1 day to 4 years. The sum is 100% of market value and the rate is 7%. Claim payment is at 70% of the sum insured or market value, whichever is less.

Zoo and Circus animals and birds. (All or none basis). Sum insured is based on valuation done by curator and health certificate by Veterinary doctor. The coverage is as per cattle / poultry policy. The rate of premium is as follows:

Zoo - 5% sum insured
Circus - 7.5% of sum insured

The common features of the insurance schemes are:

a) Coverage is against accident or disease. The exclusions are generally the same as under the cattle policy but there may be additional exclusions relevant to the specific animal covered.
b) Basis of sum insured is the Veterinarian Certificate.
c) Appropriate identification marks on the animal are to be incorporated in the policy.
d) Claims procedure is generally the same as under cattle policy or poultry policy, as applicable.

Sericulture (Silk Worm) Insurance

The insurance scheme is applicable to Univoltine, Bivoltine and Multivoltine breed of silkworms fed on mulberry leaves only. Indemnity is in respect of total loss or destruction of the cocoons, following the death of the silkworm due to accident or disease during the period of insurance. Some of the important exclusions are:

a) Diseases contracted prior to or within 5 days from the date of commencement of risk.
b) Loss due to natural mortalities and / or normal trade loss.
c) Loss due to improper management and / or rough handling.
d) Theft or clandestine sale.

The policy may be extended at extra premium, to cover loss of cocoons due to accident during transit from the insured’s farm to the cocoon market.

The crop period varies from 3 weeks to 5 weeks, that is from the stage of plantation of eggs to the final stage, i.e. harvesting of cocoons. Thus, the policy may be issued for 12 months or the duration of the crop period, as is required. The value of cocoons at each stage till the harvest period, is to be certified by the Sericulture Department of the State Government. In view of the variation in the value of cocoons, the policy is not issued with fixed sum insured. The sum insured therefore, is equivalent to the cost of inputs only. Acertificate from the Sericulture Department regarding the cause of loss and the value of cocoons at the time of loss is the basis for the settlement of claim. The important terms of the policy are:

– Measures to be taken for prevention of disease and pest attacks.
– The eggs should be healthy.
– Cocoons should not be sold in any place other than the notified market.
– The insurance cover ceases once the cocoons leave the rearing premises.
– A technical report-cum-certificate of the Government Sericulture Department approving the method adopted by the sericulturist and identifying the areas where Silkworms are reared.
– Only disease-free supply of layings for rearing, obtained from licensed seed suppliers or the Government Sericulture Department, are insurable.

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Honey Bee Insurance
The insurance applies to hives and/or bee colony belonging to the cooperative society. The cover is in respect of all accidental loss or damage to the hive and/or bee colony. Theft risk can be covered on payment of additional premium. The important exclusions are:

- Neglect or improper management and/or rough handling.
- Natural mortality.
- Any destruction as required by any order of Government/municipal authority.

Value for (a) cost of hive and (b) cost of bee colony will be taken as insured value. An agreed valuation based on the figures provided by the State Khadi and Village Board or Khadi and Village Industries Commission is accepted. The respective boxes should be identified with the company code and number. Assessment of loss is based on the certificate given by an authorised officer of the concerned Government Department. The liability under the policy is 80% of the assessed amount, the insured bearing the balance 20%.

Horticulture/Plantation Insurance scheme
The scheme applies to the following:

a) Horticulture crops:
   - Grape
   - Citrus (Orange, Lime, Sweet lime)
   - Chikoo ( Sapota )
   - Pomegranate
   - Banana
   - Mushroom
   - Papaya
   - Coconut

( Note : The subject matter covered is fruits )

b) Plantation:
   - Rubber, Eucalyptus, Poplar, Teakwood
   - Oil Palm
   - Betel vine

c) Sugarcane
d) Tea
e) Floriculture
f) Polyhouse / Glass House
g) Nursery
h) Tissue culture
( Note : The subject matter covered is trees )

The Insured
The insured is the individual farmer whether owner or tenant. However, a policy may be issued in the name of a registered body of farmers formed for the purpose of procurement of input, marketing of produce etc. Particulars of each member must be recorded in a schedule to the policy, so that claims can be settled on individual basis.
The Salient Features of the Policy

Coverage
Damage to the Horticulture / Plantation crop described in the schedule by
1) Fire, including forest fire and bush fire.
2) Lightning
3) Terrorism
4) Riot and strike
5) Storm, hailstorm, cyclone
6) Flood and inundation

Exclusions
Some examples are:
1) Loss by theft.
2) Earthquake.
3) Drought conditions.
4) Cold waves & heat waves.
5) Natural mortality of plants.
6) Delay in the onset of monsoon.
Further, the insurance does not cover loss or damage to— Fertilisers, manures, etc., stored in the insured’s field.
— Crop after ripening / harvesting is done or whilst in storage or transit.

Period of Insurance
Crop duration (one season) or twelve months whichever is shorter.

Sum Insured
The sum insured shall be based on the cost of cultivation on Input Cost or Cost of Raising / Development of trees, depending on the crop which is insured.‘The cost of inputs is defined in the policy to meet the recurring expenses incurred to raise the crop and some examples are:
— Pruning, deweeding, planting / seeding.
— Soil tillage
— Fertilizers and insecticides
— Maintenance of soil structure
— Watering plants
— Use of synthetic hormones
— Plant protection
— Labour charges for the above
The total cost of inputs per acre / hectare is stated in the policy.

Note: Separate sum insured is fixed for the following property, if covered under the policy
— Structure supporting the plants / crops.
— Irrigation system.
— Agricultural equipments.

Settlement of Claims
The policy includes a specific crop-wise clause which provides a percentage scale of costs of inputs corresponding to various stages of cultivation. The amount of claim payable is in respect of cost of inputs and is determined with reference to this scale and subject to the following:

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Franchise: No claim is payable, if the amount of the assessed claim does not exceed 10% of the total sum insured per acre or Rs. 1,000/- per affected acre, whichever is lower.

Excess: The insured shall bear first 20% of the claim as determined above, that is, only 80% of such claim shall be payable.

Deductions: Losses due to any or all of the excluded perils and/or improper maintenance shall be quantified and deducted to arrive at the loss payable.

**Rates of Premium**

Some indications of rates are provided for general information only.

**Crops % on Sum insured**

1. Horticulture crops 5.00
2. Plantations 1.25
3. Floiculture, Poly-House, Glass House 0.50
4. Betelvine 10.00
5. Plant supporting structures 0.25

**Agricultural Pump Set Policy**

The insurance is granted on Centrifugal Pump sets (electrical and diesel) up to 25 H.P. capacity of approved makes used for agricultural purposes only. The cover is in respect of unforeseen and sudden physical damage to pump sets (including starters) by

a) Fire, lightning.
b) Riot, strike, malicious damage, terrorism.
c) Mechanical, electrical breakdown.
d) Burglary (by violent forcible entry and provided the pump set is kept in a locked enclosure).

Flood risk can be granted on a selective basis at extra premium.

**Some important exclusions are:**

a) Cost of dismantling, to and from transport to workshop and cost of erection.
b) Faults existing at the time of commencement of policy and known to the insured.
c) Damage for which the manufacturer or supplier is responsible.

The sum insured should represent 100% of new replacement value. The rates of premium vary according to type of set, i.e. electric or diesel/oil and horse power. There is excess applicable to machinery—breakdown claims only and the amount of the excess varies according to the type of set and horse power. There are discounts for group policies, long term policies and/or ‘no claim’.

**Failed–Well Insurance**

The insurance applies to dug wells, bore wells or dug-cum-borewells used for developing ground water and financed by Cooperative / Commercial banks and sponsored by National Bank for Agriculture and Rural Development (NABARD). The policy indemnifies the insured to the extent of cost of all civil construction, less the cost of pumping equipment and its accessories, or the sum insured, whichever is less, if the well fails to yield specified quantity or water. The proposal form countersigned by the bank has to be accompanied by:

a) Site plan of place of land on which well is to be dug. (Site selection has to be done by a qualified hydrologist/geophysicist)
b) Permission of the local municipal authority. A group policy may be issued to the bank covering a number of farmers provided the required details are supplied for each well. Failure of well is determined with reference to prescribed parameters and certified by the District / Block Certifying Agency constituted by the State Government.

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Lift Irrigation Insurance

The lift irrigation system comprises: Intake well, Delivery chambers, Jack well, Pump house, Water storage tank, Pipeline cables, Switch gears, Starters and Electric motors of capacity from 3 H.P. to 200 H.P.

Coverage

The policy provides indemnity against unforeseen and sudden physical loss and/or damage by:

a) Fire
b) Riot, strike and malicious Damage
c) Storm, flood etc.
d) Earthquake
e) Landslide
f) Theft
g) Bursting of pipelines
h) Mechanical and/or Electrical breakdown.

There is an excess of Rs. 1000/- on each and every claim. For machinery breakdown the excess is 1% of the value of the machinery or Rs. 1000/- whichever is higher. The sum insured shall be equal to the cost of replacement of insured property by new property, of the same kind and capacity, subject to terms and conditions laid down in the policy.

Cycle Rickshaw Policy

The policy provides similar cover as under a pedal-cycle policy. Accidental damage is subject to excess of Rs. 25/-.

It includes legal liability for death or injury of passengers with a limit of Rs. 500/- each for 2 passengers and damage to their goods of Rs. 500/-. 

Animal-Driven Cart Insurance

The cover is provided under three sections.

a. Loss or damage to cart or tonga by accidental, external means, fire, lightning, storm, flood, burglary, theft, riot, strike, malicious act., terrorism and when in transit by rail, road or inland waterways.
b. Death or permanent total disablement of the insured animal arising during and out of an accident to the cart/tonga.

The animals used for driving/pulling are:

- Male buffaloes, bullocks, bulls
- Horse/Mule
- Donkey
- Camel

2. Third party liability upto Rs. 5,000/- per accident and Rs. 10000/- for all accidents in a year
3. Personal accident cover (as per Gramin Policy) to the driver, whether owner or otherwise.

The sum insured should be 100% of the market value of the cart/tonga and animal to be declared separately. The policy is subject to excess of Rs. 100/- (cart) and Rs. 200/- (tonga) for each claim. In case of damage to rubber tyres, the liability is limited to 50% and in case of total loss to 75%.

Gramin Personal Accident Insurance

The sum insured is fixed at Rs. 10,000 for death, loss of two eyes/two limbs and permanent total disablement and Rs. 5,000/- for loss of one eye or one limb. The premium is fixed at Rs. 5/- per policy.

Group discounts and long term discounts are available. Age limits for acceptance are: minimum 10 years and maximum 70 years. A policy-cum-proposal form has been devised and the claims procedure

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simplified. Death claims are settled expeditiously through the provision of nomination. Post-mortem report is not insisted upon where clear evidence of accident is available.

**Hut Insurance**

This insurance is under market agreement. Dwelling huts in rural areas, constructed with financial aid from Banks / Cooperatives / Government institutions, are covered against risk of fire, earthquake, inundation, storm, impact damage, riot, strike and malicious damage for a maximum sum insured of Rs. 6000/- (agreed value policy) comprising Rs. 5000/- for structure and Rs. 1000/- for contents. Maximum 200 huts, situated in one contiguous area are covered. Larger size is considered and rated separately. Hutshave to be identified by description and number allotted. The rate is Rs. 3/- per mile. Group discounts are available.

**Hut Insurance (Group)**

The group cover is given to the State Governments only in respect of huts in rural / semi-rural areas of the state, provided all huts are covered. The risks covered are: Fire, lightning, explosion, riot, strike, malicious damage, impact by rail / road vehicle or animals, storm, cyclone, flood and inundation, earthquake subsidence, landslide, rockslide, and terrorism. The sum insured should not be more than Rs. 5,000/-. The rate of premium is Rs. 3/- per mile with provision for lower rates for number of huts ranging from 15,000/- to Rs. 1 crore and over Rs. 1 crore on a slab basis. The total aggregate claim shall be limited to:

a) Rs. 2 crores per event
b) Rs. 10 crores in any one year during the currency of the policy

The business is shared with the state government on 50% coinsurance basis. Ordinary claims are processed by claimenquiry–cum settlement officers. Major claims, e.g. flood and fire are surveyed and assessed by a Task Force constituted by the insurer.

These are the various rural insurance policies, its coverage, settlement of claims and also what is not covered under various rural insurance policies.

**5. Conclusion:**

In the year 2000 when the insurance regulator came into being and the sector was opened up for private sector participation, the insurance penetration (total premium as a percentage of GDP) in India was just 2.1% and the coverage was largely concentrated among the well-off. The Authority, which has been vested with developmental responsibilities apart from its regulatory functions, therefore sought to not only expand coverage but also to correct the imbalances in availability/distribution of insurance across geographic locations and economic classes.

As a first step in this direction, the authority had come out with IRDA (Obligations of Insurers to Rural or Social Sectors) Regulations, 2002. These regulations require insurers to sell a specified percentage of policies to rural public and to cover a specified number of lives/assets belonging to people below poverty line or those pursuing certain traditional occupations. The obligations have been quite effective in expanding coverage of insurance to the severely under penetrated rural and low income segments.

Despite government promotion, rural insurance has remained a small part of the total market. Most insurance companies see rural business as an obligation rather than an opportunity. As of now many products are available that are tailor-made to different segments of the population, but mainly for the urban market. Projections for the growth and development of the Indian insurance sector are based on the urban markets, but rural markets remain largely untapped. Let’s hope that the steps taken by IRDA in the future to become successful to explore the true potential of rural insurance market.
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A Study On Policyholders Perception Towards Micro Insurance

By

Ms. Madhuri S^[a]

Abstract

In day to day life every human being is engaged in some activity, it may be related to earn livelihood or household activity. Insurance industry contributes to the financial sector of an economy and also provides an important social security net in developing countries. We can see many classifications in Insurance such as Life Insurance, Health Insurance, General Insurance and Micro Insurance.

The micro insurance refers to an insurance product which is designed to provide risk cover for low-income people. Insurers are increasingly making an effort to cover the population by introducing need-based and easy to understand products. The micro insurance business took its roots in India with a few schemes launched by non-government organizations. The micro insurance regulation (2005) has helped the growth of regulated micro insurance in India. Offering a diversified product portfolio and excellent services the many insurance companies in India have managed to make their way into almost every India household.

Key Words: Insurance, Micro Insurance, Portfolio, Diversified Products, Excellent Services

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1. Introduction:

The Insurance industry in India has undergone transformational changes over the last 12 years. Liberalization has led to the entry of the largest insurance companies in the world, who have taken a strategic view on India being one of the top priority emerging markets. The industry has witnessed phases of rapid growth along with spans of growth moderation, intensifying competition with both life and general insurance segments having more than 20 competing companies, and significant expansion of the customer base. There have also been number of product innovations and operational innovations necessitated by increased competition among the players. Changes in the regulatory environment had path-breaking impact on the development of the industry. While the life insurance industry got affected by the introduction of cap in charges, the general insurance industry got impacted by price degasification and Motor third party risk pooling arrangements. While the insurance industry still struggles to move out of the shadows cast by the challenges and uncertainties of the last few years, the strong fundamentals of the industry augur well for a roadmap to be drawn for sustainable long-term growth. The available headroom for development, sustainable external growth drivers, and competitive strategies would continue to drive growth in the gross written premiums.
However, insurance companies would need to address the key concern around losses that continue to be a drag on the capital and on the shareholders’ return expectations. In order to achieve profitable growth for long term sustainability, insurers have two key imperatives.

2. Objectives of the study:

1) To analyse the growth of micro insurance in India.
2) To understand the schemes of Micro Insurance in Insurance Industry.
3) To examine the IRDA recommendations to Micro Insurance.
4) To make a survey report on the feedback of customers opinion on micro insurance.
5) To describe the development of Indian Micro insurance.

3. Review of Literature:

Neal Baumann (2013): The author gave an essential importance towards the insurance trends in the elements of postdigital. The paper include the subject of technology-centric forces are dividing and hard at work enabling and disrupting organizations of many shapes and sizes. He describe the paper on budget/portfolio management, Information disciplines. Integration, Vendor management etc.

Kpmg.com:in: The aspect of profitability and return on invested capital. The profitability is dependent on operating activities revenue and total cost of insurance and financing activities. The change in regulations had shifted the premium mix in favour of traditional products over the linked products

Dr. ArnikaSrivastav and Sarika Tripathi: The paper includes the changing trends in fifties and sixties, the life insurance business was concentrated in urban areas and was confined only to higher class of the society. The flexibility, transparency, liquidity and fund options available with ULIPs made if the preferred choice of customers and gradually it changed the trend of insurance policy.

Ramesh Bhat, Professor (2005): The author of this paper is depending structure of performance of insurance. Therefore insurance is the backbone of a country’s risk management system. The availability of insurance can mitigate the impacts of risk by providing products which help organization and individuals to minimize the consequences of risk and has a positive effect on industry growth as entrepreneur are able to cover their risk.

4. Scope of the Study:

The study is only concentrate on micro insurance schemes, benefits of Indian Insurance Industry the scope of this paper move towards the Life Insurance Corporation

5. Research Methodology:

The data which is having both primary and secondary data.

Primary Data:
- Through Questionnaires, Interviews

Secondary Data:
6. Data Analysis

MICROINSURANCE IN INDIA

- The micro insurance business took its roots in India with a few schemes launched by non-government organizations (NGOs), micro finance institutions (MFIs), trade unions, hospitals and cooperatives to create an insurance fund against a specific peril. These schemes were outside the ambit of the regulations and operated more on good faith of these institutions.

- The micro insurance landscape changed with the first set of regulations published in 2002 entitled the ‘Obligations of Insurers to Rural Social Sectors.’ The regulations essentially promulgated a quota system to force new private sector insurers to sell a percentage of their insurance policies to de facto low-income clients.

- The Government of India formed a consultative group on micro insurance in 2003 to look into the issues faced by the micro insurance sector. The group highlighted the apathy of insurance companies towards micro insurance business, non-viability of standalone micro insurance programmes and huge potential of alternative channels amongst others. The Reserve Bank of India allowed regional rural banks (RRBs), which have good distribution reach in rural areas, to sell insurance as ‘corporate agent,’ in 2004.

- In order to support the development and facilitate the growth of the sector, the insurance regulator Insurance Regulatory Development Authority (IRDA) came up with the micro insurance regulation in 2005. It was a pioneering approach which put India among the few countries to draft and implement specific micro insurance regulations. While the micro insurance regulations had a relatively narrow scope, focusing only on the partner-agent model, it nonetheless relaxed some of the conditions to facilitate distribution efficiency and perpetrated the view to extend micro insurance from a social perspective to a commercial business opportunity.

- **Individual risk**

  - a. *JanashreeBimaYojana* – A social security scheme of LIC (state owned largest life insurance company) launched in 2000, provides benefit to the weaker sections of society (covers 45 vocational and occupational groups such as workers in foodstuff, textiles, wood, paper, leather products, brick kiln workers, carpenters, fishermen, handicraft artisan, handloom amongst others). The premium for the scheme is INR 200 per member; 50 percent premium under the scheme is met out of the Social Security Fund. The balance premium is borne by the member and/ or Nodal Agency.

  - b. **BASIX** – a leading MFI offers group life micro insurance in collaboration with Aviva Life Insurance Company India Ltd. In FY2011,

  - c. *ShikshaSahayogYojana* - This scheme was launched on 31.12.2001 for the benefit of . Scholarship of Rs.600/- per half-year (payable on 1st January and 1st July every year) is given to students studying in Classes IX to XII(including ITI courses). Scholarship is restricted to two children per family.

  - d. *AamAadmiBimaYojana* - This is a new Social Security Scheme for rural landless household and was launched on 2nd October, 2007 at the hands of the then Honorable Finance Minister at Shimla. The head of the family or one earning member in the family of rural landless household is covered under the scheme. The premium of Rs. 200/- per person per annum would be shared equally by the Central Government and the State Government

MICRO-INSURANCE PRODUCTS

- “*JeevanMadhur*” a simple savings related life insurance plan for low income persons was launched in 2006. On surviving to the date of maturity, sum assured is paid along with vested bonus if any. On death of the policy holder, death benefit amount equal to the total premiums payable during the entire term of the policy will be paid along with vested bonus if any.
“JeevanMangal”, LIC’s second Micro Insurance product, was launched in 2009. It is a term insurance plan with return of premiums paid on maturity, provided the policy is in force. On death during the term of the policy, the sum assured under the basic plan is payable, provided the policy is in force.

ISSUES AND CHALLENGES IMPEDING THE GROWTH OF MICROINSURANCE

The lack of equitable participation in the India growth story is of concern to the Government and financial services regulators. However, financial inclusion is an expensive proposition. While the regulators have created policies to promote financial inclusion, the current industry structures and economic models are not conducive to large scale success. Microinsurance (life, disability and health) coverage of the economically disadvantaged sections of Indian society is dismally low, and will remain so, until the regulators and insurers bring in policy changes and go beyond the traditional distribution models. We further look to identify the key issues and challenges from the perspective of the key microinsurance stakeholders - the un-insured customer, the distribution intermediary and the insurance company.

REGULATORY UPDATE–EXPOSURE DRAFT ON MICROINSURANCE (MODIFICATIONS) REGULATIONS

• Life insurance
  —Primary Agricultural Co-operative Societies (PACSs) are being considered to act as Microinsurance Agents.*
  —The individual agents licensed (with their respective addresses) in the rural areas where population is less than 2,000 are proposed to be entitled to Microinsurance commission.
  —Individual owners of ‘kirana’ shops / fair price shops / medical shops / petrol bunks / individual Public Call Office (PCO) operators are proposed to be allowed to categories as Microinsurance agents.*
  —It is proposed to permit the Insurers to redesign/repackage the existing regular products so as to ensure that they fit within the extant regulatory parameters that have been prescribed
  —It is proposed to make it mandatory to all insurers that their entire existing infrastructure; branch network shall be made available to microinsurance policyholders and microinsurance agents for effective rendering of microinsurance policy service.

• Non-life insurance
  —Non-life insurance company has the option of appointing microinsurance agents either to any one sector of; micro enterprises or to small enterprises or to medium enterprises or to all three or any combination of two.
  —Capacity building amongst the microinsurance agents.
  —The maximum premium allowed under this segment of non-life microinsurance policy is proposed to be pegged at INR 25,000.

Proposals in The Finance Bill, 2013

• Empowering insurance companies to open branches in tier II cities and below without prior approval of the IRDA.
• Know your customer (KYC) of the banks will be sufficient to acquire insurance policies.
• Banking correspondent allowed to sell microinsurance products.
• Goal of having an office of LIC and one public general insurance company in town with population of 10,000 or more.
The Classification of respondents on the basis of gender

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Gender</th>
<th>Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Male</td>
<td>30</td>
<td>60%</td>
</tr>
<tr>
<td>2</td>
<td>Female</td>
<td>20</td>
<td>40%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>

Interpretation:
The table number 1 shows that among 50 investors, 30 are male and remaining 20 are female. It is clear that majority of investors are male, very much interested to invest in Mutual Fund Industry than the female.

Table No:2
Table Showing the Classification of Respondents on the basis of Age Group

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Age Group</th>
<th>Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Less than 30</td>
<td>09</td>
<td>18%</td>
</tr>
<tr>
<td>2</td>
<td>30-40</td>
<td>18</td>
<td>36%</td>
</tr>
<tr>
<td>3</td>
<td>40-50</td>
<td>11</td>
<td>22%</td>
</tr>
<tr>
<td>4</td>
<td>Above 50</td>
<td>12</td>
<td>24%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>

Interpretation:
The table number 2 shows that among 50 investors, 9 people belongs to the age group of less than 30, 18 people belongs to the age group 30, 11 people belong to the age group of 40-50 and remaining 12 people belong to the age group of above 50. It is clear that majority of investors who are in the group of 30-40 years, are very much interested to invest in Mutual Fund. It has attracted only at the age of 30-40 years of people than the other age group i.e. less than 30, 40-50 and above 50.

Table No: 3
Table Showing the Classification of Respondents on the basis of Investment Sector

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Investment Sector</th>
<th>Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Insurance</td>
<td>40</td>
<td>80%</td>
</tr>
<tr>
<td>2</td>
<td>Bonds</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>3</td>
<td>Mutual Funds</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>4</td>
<td>Fixed Deposit</td>
<td>10</td>
<td>20%</td>
</tr>
<tr>
<td>5</td>
<td>Equity Shares</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>6</td>
<td>Others</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Field Survey

Interpretation: The table 3 shows that among 50 respondents-5 belong to insurance sector, investors belong to mutual fund sector and remaining 10 belongs to the fixed investors. Majority of respondents invested their savings under the Mutual Funds. The people are more attracted by Mutual Fund and the people are eager to gain knowledge on Mutual Fund than the other investment sector such as Insurance, Bonds, Fixed Deposits, Equity shares and any other investment avenue.
Table No: 4
Table Showing the Classification of Respondents on the basis of their opinion and investment in Micro Insurance of Life Insurance Company.

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Micro Insurance LIC</th>
<th>Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Heard</td>
<td>50</td>
<td>100%</td>
</tr>
<tr>
<td>2</td>
<td>Not Heard</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>

Interpretation:
The table number 4 shows that among 50 investors, all 50 investors belong to Micro Insurance of Life Insurance Company. Majority of respondents having a good opinion on Micro Insurance of Life Insurance Company. The company is providing a best service and benefits.

Table No: 5
Table Showing the Classification of Respondents on the basis of Schemes of Micro Insurance of Life Insurance Company

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Micro Insurance Schemes</th>
<th>Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>JeevanMadhur</td>
<td>35</td>
<td>70%</td>
</tr>
<tr>
<td>2</td>
<td>JeevanMangal</td>
<td>15</td>
<td>30%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>

Interpretation:
The table number 5 shows that among 50 respondents, 35 investors invested in JeevanMadhur Scheme, 15 investors invested in JeevanMangalSchemes. On the basis of survey, more respondents invested in JeevanMadhurSchemes of Life Insurance Company and also they are very much attracted on the result of micro insurance.

Table No: 6
Table Showing the Classification of Respondents on the basis of performance of micro insurance

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Invested Insurance</th>
<th>Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Micro Insurance</td>
<td>46</td>
<td>92%</td>
</tr>
<tr>
<td>2</td>
<td>Health Insurance</td>
<td>4</td>
<td>8%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>

Interpretation:
The table number 6 shows that among 50 respondents’ 46 investors known about MicroInsurance and also they were invested but remaining 4 investors don’t know on that. It states that, more respondents are invested in SIP which it helps to satisfy the investor’s financial goal in the market. It is easy way to invest in Micro Insurance by disciplined investors.

Table No: 7
Table Showing the Classification of Respondents on the basis of the Benefits of Micro Insurance

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Benefits of Micro Insurance</th>
<th>Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Enjoyed</td>
<td>46</td>
<td>92%</td>
</tr>
<tr>
<td>2</td>
<td>Not Invested</td>
<td>4</td>
<td>8%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>
**Interpretation:**

The table number 7 shows that among 50 respondents- 46 investors enjoyed the benefits of Micro Insurance of Life Insurance Company but remaining 4 investors were not known micro insurance. By the analysis, the majority of investors enjoying a benefits from Micro Insurance of LIC. They also are having an opinion that there is no best plan other than Micro Insurance Company.

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Opinion</th>
<th>Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Good</td>
<td>13</td>
<td>26%</td>
</tr>
<tr>
<td>2</td>
<td>Satisfied</td>
<td>25</td>
<td>50%</td>
</tr>
<tr>
<td>3</td>
<td>Highly Satisfied</td>
<td>8</td>
<td>16%</td>
</tr>
<tr>
<td>4</td>
<td>Not Satisfied</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>5</td>
<td>Not Invested</td>
<td>4</td>
<td>8%</td>
</tr>
</tbody>
</table>

**Table No: 8**

Table Showing the Classification of Respondents on the basis of their opinion about Micro Insurance

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Recommend to Others</th>
<th>Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Recommend</td>
<td>35</td>
<td>70%</td>
</tr>
<tr>
<td>2</td>
<td>Not Recommend</td>
<td>11</td>
<td>22%</td>
</tr>
<tr>
<td>3</td>
<td>Not Invested</td>
<td>4</td>
<td>8%</td>
</tr>
</tbody>
</table>

**Interpretation:**

The table number 8 shows that among 50 investors- 13 investors felt good, 25 investors felt satisfied, 8 investors felt highly satisfied and remaining 4 investors were not known about Micro Insurance. As per the survey, more of respondents are fully satisfied on Micro Insurance. The investors enjoying a return from Micro Insurance. However most of the respondents are agreed that satisfaction is the success of their investment.

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Opinion</th>
<th>Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Good</td>
<td>13</td>
<td>26%</td>
</tr>
<tr>
<td>2</td>
<td>Satisfied</td>
<td>25</td>
<td>50%</td>
</tr>
<tr>
<td>3</td>
<td>Highly Satisfied</td>
<td>8</td>
<td>16%</td>
</tr>
<tr>
<td>4</td>
<td>Not Satisfied</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>5</td>
<td>Not Invested</td>
<td>4</td>
<td>8%</td>
</tr>
</tbody>
</table>

**Table No: 9**

Table Showing the Classification of Respondents on the basis of Recommend to others

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Recommend to Others</th>
<th>Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Recommend</td>
<td>35</td>
<td>70%</td>
</tr>
<tr>
<td>2</td>
<td>Not Recommend</td>
<td>11</td>
<td>22%</td>
</tr>
<tr>
<td>3</td>
<td>Not Invested</td>
<td>4</td>
<td>8%</td>
</tr>
</tbody>
</table>

**Interpretation:**

The table number 9 shows that among 50 respondents- 35 investors are ready to recommend others to invest in Micro Insurance, 11 investors are not ready to recommend others and remaining 4 were not invested in Micro Insurance. On the basis of analysis. Majority of investors are ready to recommend the new investors to invest their valuable savings in Micro Insurance of Life Insurance Company.

7. Findings:

1. 40% of respondents are the female investors in Micro Insurance in Life Insurance Company.
2. Only 18% of respondents are the below 30 age group.
3. Many of the rural people they doesn’t know about micro insurance.
4. Many of the policy holders are shared their opinion that there are very less schemes in micro insurance.
5. 10% of respondents doesn’t know that regarding micro insurance.

"Aano bhadraa krathavo yanthu vishwathaha"-“Let the noble thoughts come to all from all directions”. Page No.116

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8. Suggestions:

1) The company should provide the awareness to make an investment in LIC especially on micro insurance.
2) The company should grab the attraction of below 30 age group towards on making investment in insurance.
3) The company should provide the advertisements and awareness program in rural areas.
4) The company should develop some of the new micro insurance schemes or policies in insurance sector by the help of portfolio managers.
5) Insurance having a good performance especially in micro and health insurance.
6) The Micro Insurance developing the growth and opportunity to the customers or policy investors.

9. Conclusion:

Finally, we can conclude that almost all the industries in the world trying hard for survival due to the major economic meltdown. Indian life insurance industry is one of the sectors that is still observing good growth. For micro insurance to succeed, demand has to be generated through building awareness, creating specific and simple products. It is evident that the micro insurance sector will soon cease to be influenced by the rural and social sector obligations. However, the regulator needs to respond to the new realities of the sector. Every life and general insurance company needs to fulfill their mandatory rural and social sector obligations. Group based policies, alternative micro insurance products and distribution innovations have to be brought under the regulation of micro insurance to protect and accelerate the growth of micro insurance in India.

10. References:

1) Information Technology(IT) Applications in Insurance; Business Environment.
2) CRISIL Budget Analysis; July 2014.
3) Insurance Tech Trends;2013; Elements of postdigital
4) Innovation Insurance; The path to progress.
5) Dr. ArnikaSrivatsava, DrSarikaTripathi; Journal of Arts, Science and Commerce; E-ISSN 2229-4686; ISSN 2231-4172.