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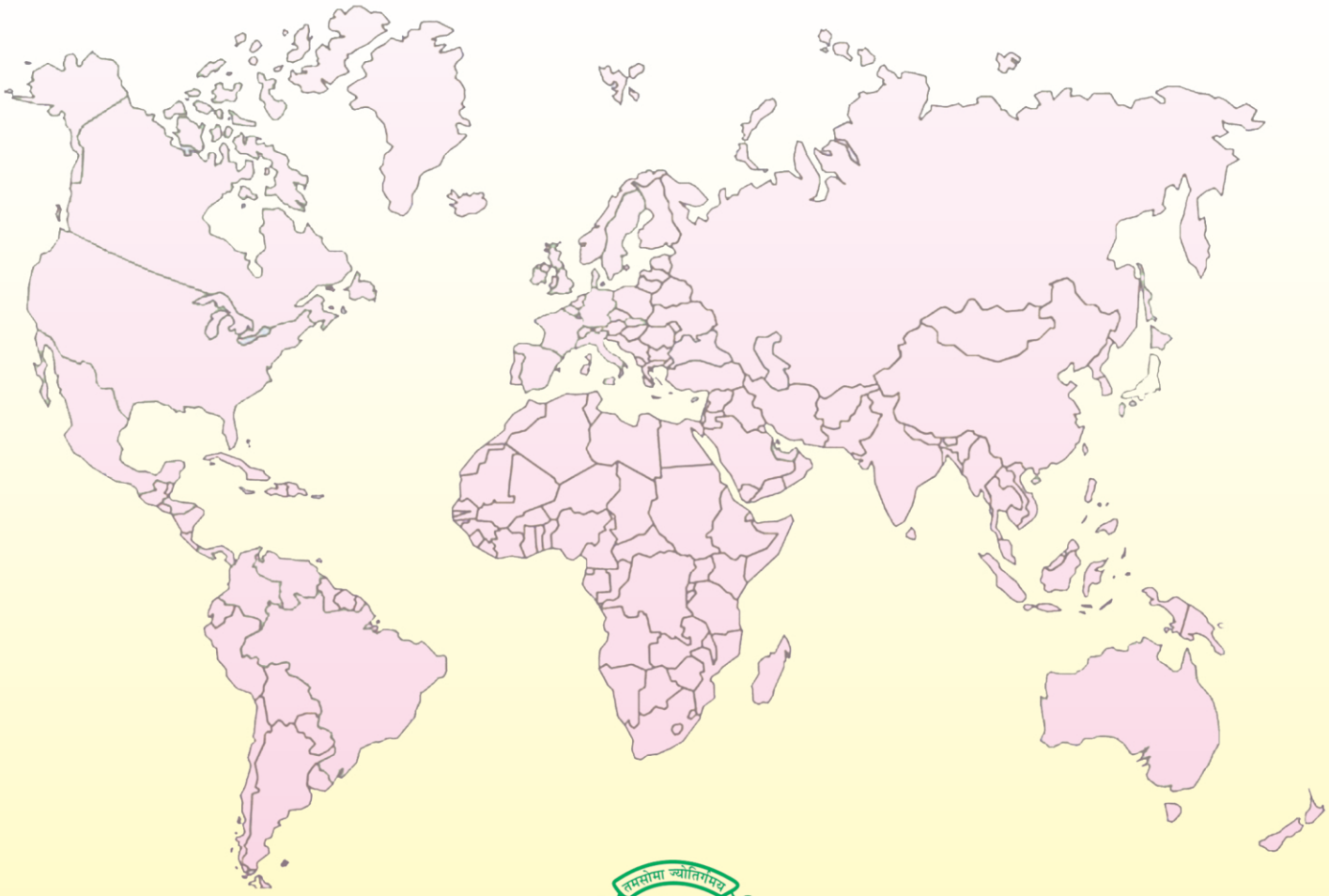

Department of Commerce
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RESEARCH PAPERS

Page No

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IMPACT OF FIRM CHARACTERISTICS ON FINANCIAL PERFORMANCE OF INSURANCE COMPANIES IN NEPAL

Jagadish Bist, Rabeena Mali, SabitaPuri, Rajesh Kumar Jha, SachyamKayastha, and Salina Bhattarai
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ABSTRACT

This study examines the impact of firm specific characteristics on the performance of Nepalese insurance companies. The return on asset (ROA) is the dependent variable. The independent variables are the leverage, diversification, size, liquidity, age, claim payment and premium growth. This study is based on the secondary sources of data that are collected from 18 Nepalese insurance companies leading to a total of 105 observations. The data were collected from annual reports of the selected Nepalese insurance companies. The regression models are estimated to test the significance and impact offirm specific characteristics onfinancial performance of insurance companies in Nepal. The regression models are estimated to test the significance and impact offirm specific characteristics on financial performance of insurance companies in Nepal.

The study reveals that leverage is positively correlated to return on assets. This shows that higher the leverage, higher would be the return on asset.Similarly, premium growth rate is positively correlated to return on assets.This indicates that higher the premium growth rate, higher would be the return on assets. However, diversification is negatively correlated to return on assets. This indicates that higher the number of branches, lower would be the return on assets. Similarly, size is negatively correlated to return on assets. This indicates that higher the size of firm, lower would be the return on assets.The result also shows that liquidity is negatively correlated to return on assets. This means that higher the liquidity of firm, lower would be return on assets. However, age of firm is positively correlated to the return on assets, which shows that higher the age of firm, higher would be return on assets. The study also shows that there is negative relation between claim payment and return on assets. This indicates that higher the claim payment incurred, lower would be the return on assets.The result of the regression analysis shows that beta coefficients are positive for leverage and premium growth. However, the coefficients are negative and insignificant for the diversification, size, liquidity and claim payments. The coefficients are significant for leverage and premium growth at 1% level.

Keywords:*Return on assets,* leverage, diversification, size, liquidity, age, claim payment, premium growth*and insurance companies.*

1. Introduction

The past decade has seen a dramatic rise in the number of insolvent insurers. The perceive causes of these insolvencies were myriad. Some of the insolvencies were precipitated by rapidly rising or declining interest rates, mispricing of insurance policies, natural catastrophes, and changes in legal interpretations of liability and the filing of false claims, poor credit policies among others. The churning of polices by unscrupulous sales agents, insolvencies among the re-insurers backing the policies issued, non-compliance with insurance regulation, and malfeasance on the part of officers and directors of insurance companies affected as well (Baldoni, 2008). As a result of globalization, deregulation and terrorist attacks, the insurance industry has gone through a tremendous transformation over the past decade (Sanchez, 2006).

The insurance industry plays a major role in the society as they stimulate the economy at large. This is because the sector is part of immune and repair

system of an economy and successful operation of the industry can set energy for other industries and development of an economy (Abate, 2012). Indeed, a well-developed and evolved insurance industry is critical to conditions for economic development as it provides long term funds for long term investment and at the same time strengthens the risk taking ability of the country.

The performance of any business firm not only plays the role to increase the market value of that specific firm but also leads toward the growth of the whole sector and the overall success of the economy (Ahmed, 2011). In this regards, a sound financial management should be consistent with the drives to improve and increase profitability so as to meet the goal of individual firm owners. The primary desire of any firm is to earn more profit and enhance the wealth of its stakeholders (Gitman, 2007). However due to challenges in internal and external environment, most firms are unable to meet their goals. In other words, performance is a function of the ability of an organization to gain and manage its resources in several different ways so as to develop competitive advantages (Iswatia&Anshoria, 2007).

The performance of the businesses is very important because it leads towards the growth of the whole sector where it is involved and of the overall prosperity of the economy. Profitability, defined as proxy of financial performance, is one of the main objectives of insurance companies' management (Burca&Batrinca, 2014). Discussing and analyzing the determinants of performance of insurance companies, is considered important in the corporate finance literature because of their role as intermediaries. These companies provide the mechanism of risk transfer and also these institutions channelize the funds to support the business activities in the economy. However, it has received little attention particularly in Albania. There are studies on insurance schemes in Albania (Sinaj et al., 2014), role and evolution of insurance industry (Sharku et al., 2011), management on insurance companies (Kume&Xhuka, 2010), but there isn't any prior research on the factors that determine insurance profitability.

Insurance companies provide unique financial services to the growth and development of every economy. Such specialized financial services range from the underwriting of risks inherent in economic entities and the mobilization of large amount of funds through premiums for long term investments. The risk absorption role of insurers promotes financial stability in the financial markets and provides a "sense of peace" to economic entities. The business world without insurance is unsustainable since risky business may not have the capacity to retain all kinds of risks in this ever changing and uncertain global economy (Ahmed et al., 2010). Insurance companies' ability to continue to cover risk in the economy hinges on their capacity to create profit or value for their shareholders.

Indeed, a well-developed and evolved insurance industry is a boon for economic development as it provides long- term funds for infrastructure development of every economy (Charumathi, 2012). The majority of research on life insurer performance has been in terms of identifying those insurer-specific variables that aid in identifying insurers that are more likely to become insolvent. BarNiv and Hershbarger (1990) andDeakin(2005) examined the run on the bank risk, and found that prior to 1992 rating organizations generally did not appreciate the risks inherent in liabilities such as guaranteed investment contracts. Cummins et al (1999) showed that cash flow simulation variables add explanatory power to solvency prediction models.

While insurance companies hold billions of shillings belonging to the general public, including buyers of their products, retirement benefit schemes and fund's managers, information on these companies is scanty. For large consumers of insurance products, this group usually relies on the expertise of qualified risk management consultants to offer advice on where to place their insurance covers (Kumba, 2011).

Financial performance is a measure of an organization's earnings, profits, appreciations in value as evidenced by the rise in the entity's share

price. In insurance, performance is normally expressed in net premiums earned, profitability from underwriting activities, annual turnover, returns on investment and return on equity. These measures can be classified as profit performance measures and investment performance measures. Profit performance includes the profits measured in monetary terms. Simply, it is the difference between the revenues and expenses. These two factors, revenue and expenditure are in turn influenced by firm-specific characteristics, industry features and macroeconomic variables. Investment performance can take two different forms. One the return on assets employed in the business other than cash, and two, the return on the investment operations of the surplus of cash at various levels earned on operations (Chen and Wong, 2004).

In the insurance business, capital is referred to as surplus. Surplus is required for insurance companies to have collateral for outstanding policies. Without it, insurance companies cannot fulfil their obligations towards the customers. Legislation requires insurance companies to hold certain levels of surplus to cover default risks (Myers & Read, 2001).

The subject of financial performance has received significant attention from scholars in the various areas of business and strategic management. It has also been the primary concern of business practitioners in all types of organizations since financial performance has implications to organization's health and ultimately its survival. High performance reflects management effectiveness and efficiency in making use of company's resources and this in turn contributes tothe country's economy at large (Naser, and Mokhtar, 2004).

Financial distress relates to a broad concept with several situations in which a firm faces financial difficulty. These common situations defining financial distress include bankruptcy, insolvency and failure (Maina and Sakwa, 2012). According to Outechever (2007), financial distress is a gradual dynamic process where a firm moves in and out of financial trouble as it passes out through various stages. These stages have specific attributes and consequences as they contribute differently to business failure. Financial distress varies with time. Therefore as a firm enters one state, it does not stay in the same state until it recovers or is liquidated. The change in financial condition triggers the transition from one state of financial distress to another. If these conditions are not aggravated, this may lead the firm into bankruptcy problems.

Owing to an apparent lack of uniform financial reporting formats, a number of insurance companies have not published their profit and loss accounts, making it difficult for the general public to gauge their profitability, overall written premiums or even their net incomes. Companies using this format simply give a skeleton balance sheet, providing little or no information to the public. The scanty financial statements, released to the public by some companies, create a lot of grey areas and room for such unprofessional activities as tax evasion and concealing of critical ratios and figures. Based on available credit rating methods, profit combined with other ratios and computations can provide useful indicators to anyone looking for a stable and financially sound insurance company (Kumba, 2011).

Other financial ratios, includes current ratio which simply shows how fast an insurance company can settle a claim. These ratios are critical in determining the financial strength and ability of any insurance company to settle claims and stay in business. For those wishing to determine if their insurance company is failing, risk management experts' advice that one needs to calculate the Debt/Equity ratio, which is total liabilities divided by shareholders equity. This ratio is also known as risk gearing and shows the extent to which a company is financed by borrowed funds. Other ratios include acid test ratios, which is liquid assets divided by current assets and the current ratio. All the above ratios can determine whether it is safe to place a cover with the insurance company (Kumba 2011). Carson and Hoyt (1995) found that surplus and leverage measures are strong indicators of insurer financial strength, and also

found a slightly higher risk of failure among stock insurers than mutual insurers.

In Nepal, banking industries have been suffered from the various anomalies and in insurance sector may happen at any time if we are not aware on such a vulnerable situation. Insurance industries get momentum after adopting liberalization policy in financial sector which is become more organized, Systematized and well regulated after establishment of Insurance Board.

Therefore management of insurance company and the evaluation of their work are very complex. As insurance sector is currently facing many challenges such as increased competition, consolidation, solvency risks and a changing regulatory environment, maintaining the sound financial health of insurance industry is most challenging job for regulatory agencies while its contribution to the economy and society is noteworthy (Ghimire, 2013).

The main objective of this study is to examine the relationship of financial performance in the insurance companies in Nepal. Specifically, it examines the claim experience, premium growth, size of companies, liquidity, Age of companies (no. of years since establishment), and diversification (no. Of branch across the region) and leverage on financial performance of Nepalese Insurance Companies and motivates for best practice and valued the benefits of good financial performance in Nepal.

The remainder of this study is organized as follows. Section two describes the sample, data, and methodology. Section three presents the empirical results. Section four draws conclusions and discusses the implications of the study.

2. Methodological aspects

The study is based on the secondary data, which are gathered from 18 Nepalese Insurance Companies for the study periods of 2008-2016 leading to a total of 105 observations. The data are collected from the annual report of listed enterprises.

Table 1 shows the number of Insurance Companies selected for the study along with the study period and number of observations.

Table 1: List of sample insurance companies selected for the study along with the study period and number of observations

S.N.	Name of the insurance companies	Study period	Observations
1	Asian Life Insurance Company Ltd.	2009-2013	5
2	Everest Insurance Company Ltd.	2010-2011	2
3	Gurans Life Insurance Company Ltd.	2011-2014	4
4	Himalayan General Insurance Company Ltd.	2010-2016	7
5	Life Insurance Company (Nepal) Ltd.	2010-2015	6
6	Lumbini General Insurance Company Ltd.	2010-2015	6
7	National Life InsuranceCompany Ltd.	2010-2015	6
8	NB Insurance Company Ltd.	2011-2016	6
9	Neco Insurance Company Ltd.	2011-2016	6
10	Nepal Life Insurance Company Ltd.	2010-2016	7
11	NLG Insurance Company Ltd.	2013-2016	4
12	Premier Insurance Company Ltd.	2008-2016	9
13	Prudential Insurance Company Ltd.	2015-2016	2
14	Sagarmatha Insurance Company Ltd.	2008-2016	9
15	Shikhar Insurance Company Ltd.	2008-2016	9
16	Siddhartha Insurance Company Ltd.	2011-2016	6
17	Surya Life Insurance Company Ltd.	2010-2014	5
18	United Insurance Company Ltd.	2010-2015	6
	Total Observations		105

Thus, the study is based on the 105 observations.

The model

The model estimated in this study assumes that the performance of insurance companies depends on several firm specific characteristics Therefore, the model takes the following form:

Performance = *f* (leverage, diversification, size of companies, liquidity, age of companies, claim experience and premium growth).

More specifically, the given model has been segmented into following models:

$$lnROA_{it} = \hat{a}_0 + \hat{a}_1 LEV_{it} + \hat{a}_2 DV_{it} + \hat{a}_3 SZ_{it} + \hat{a}_4 LQ_{it} + \hat{a}_5 AG_{it} + \hat{a}_6 CP_{it} + \hat{a}_7 PG_{it} + e_{it}$$

Where,

ROA = Return on total assets; net profit before tax/ total assets

LEV = Leverage; total liabilities/ total assets

DV = Diversification; no. of branches across the region

SZ = Size of companies; natural log of total assets

LQ = Liquidity; current assets/ current liabilities

AG = Age of companies; no. of years since establishment

CP = Claim payment; net claims incurred/ net earned premiums

PG = Premium growth; PG (t)-PG (t-1)/ PG (t-1) and

e = errors.

Leverage

Leverage is the ratio of a company's total liabilities to total assets. Insurance leverage is defined as reserves to surplus by (Chen and Wong, 2004). This ratio demonstrates the potential impact of deficiencies in technical reserves due to occurrence of unexpected losses on the equity (Adams and Buckle, 2003). In this study, insurance leverage ratio is calculated by dividing the net technical reserves to the equity. Capital structure literature suggests that as the leverage increases up to an optimum point, so will the firm value and after surpassing this optimum level, the firm value will decline and the likelihood of insolvency will increase depending on the increased leverage (Carson and Hoyt, 1995). Therefore, it is expected that excessive insurance leverage may have a negative impact on profitability. Based on the above arguments, the following hypothesis is proposed:

H1: There is a positive relationship between the leverage and ROA.

Diversification

Firm diversification is a corporate strategy to increase sales volume from new products and new markets. Diversification is the ratio of the squared fraction of sales in a segment to total sales and financial performance was measured by ROA (Kaguri, 2012). Diversification is the number of branches and subbranches of a firm across the region or country. If large number of branches and sub branches are established by an insurance company, the performance of the firmdecreases.Ramanujam and Varadarajan(1990) found that there are no consistent or conclusive findings between firm diversification and performance. Based on the above arguments, the following hypothesis is proposed:

H2: There is a negative relationship between the diversification and ROA.

Size

Size of companies represents the natural log of total assets. Company size is positively related to financial performance as large insurance companies have greater capacity for dealing with adverse market fluctuations than smaller insurance companies. Large insurance companies can easily recruit capable and skilled employees with professional knowledge compared to smaller insurance companies, which is the most significant production factor for delivering insurance services.Beard &Dess(1981) has shown empirically that company size is positively related to the financial performance. (Beard &Dess, 1981) revealed that firm size has positive impact on firm performance. Likewise, Ahmed et al. (2011) indicated that firm size is positively related to firm

performance. Additionally, Malik (2011) found a positive relationship between firm size and financial performance. Based on above discussion, following hypothesis has been developed.

H3: There is positive relationship between firm size and ROA.

Liquidity

Liquidity is the degree to which an asset or security can be quickly bought or sold in the market without affecting the asset's price. A firm can meet their short-term financial obligations with the liquid assets available to them. . Liquidity allows financial institutions to seize opportunities by converting cash easily and quickly. Liquidity position of a firm can be determined by using ratio analysis. It is calculated by dividing the total current assets by the total current liabilities.Amihud and Mendelson (2008) found a positive association between liquidity and firm performance. Fang et. al. (2009) indicated that liquidity is positively related to firm performance. Similarly,Arabsalehi et al. (2014) identified a consistent positive relationship between liquidity and firm performance. The firm with good liquidity position shows that the firm is able to maintain emergency situation and the firm has low chance of solvency. Chen and Wong (2004) explained that liquidity is the important determinant of financial health of insurance companies. Based on above discussion, following hypothesis has been developed.

H4: There is positive relationship between liquidity and ROA.

Age

Company's age measured as the number of years a company is operating in the market since it was founded. Firm age is an important determinant of financial performance. Past research shows that the probability of firm growth, firm failure, and the variability of firm growth decreases as firm's age. Maturity brings stability in growth as firms learn more precisely their market positioning, cost structures and efficiency levels. Malik (2011) found that there is no relationship between profitability and age of the company. Similarly, Loderer and Waelchli (2013) stated that there is negative relationship between the age of companies and firm performance. Firm age is an important determinant of financial performance. Past research shows that the probability of firm growth, firm failure, and the variability of firm growth decreases as firm's age.

H5: There is negative relationship between age of companies and ROA.

Claim payment

Claim payment is apayment made by an insurance company in case of loss or accidents incurred by their client. The insurance companies review the claim for its validity and then pay out to the insured.Claim payment is measured as the ratio of incurred claims to earned premiums. The smaller insurance companies have less profitability as a result of very high claims as compared to the premiums earned whereas thelarger insurance companies have larger reserves for claims payment. Kaguri, (2012) found that there is negative but significant relationship between claim payment and firm performance. Denuit (2006) stated that amount of premium depends upon the insured risk profile and claim history. On the basis of premium earned from the client, the company paid back claim amount.Lemaire(1995)also explained that claim payment is positively correlated to pure premium earned from the customer.

H6: There is positive relationship between claim payment and ROA.

Premium growth

Premium growth is an important financial variable that influences the financial performance of insurance companies. It is measured by percentage change in total assets or sometimes as percentage changes in premium of insurance companies and also measures the rate of market penetration. Some studies view that premium growth has positive and significant influence on the performance of insurance companies Ahmed et al *(*2011) and Ayele,(2012). Based on their outcome, they argued

further that growth in premium improves the profitability of the core operations of insurers and their overall performance. Contrary to the view Charumathi (2012) states an inverse relationship between premium growth and firm performance. The first reason according to them is the overwhelming focus of most insurance companies on various marketing activities to generate more premiums to the detriment of their investment activities, that is, if more resources, especially human and capital, are directed towards the underwriting of more policies to grow premium with a proportionate concentration of such resources on the management of their assets 28 and liabilities, the investment income will decline despite an increase in net written premiums. They further argued that much of premiums written are outstanding which sometimes turn out as bad debt.

H7: There is positive relationship between premium growth and ROA.

3. Results and discussion

Descriptive statistics

Table 2 presents the descriptive statistics of selected dependent and independent variables during the period 2008-2016.

Table 2: Descriptive statistics

(This table shows the descriptive statistics of dependent and independent variables of Nepalese insurance companies). Dependent variable is ROA (return on assets defined as net income divided by total assets, in percentage) and independent variables are LEV (leverage is defined as total liabilities divided by total assets), DV(diversification is number of branches across the region),SZ(size is natural log of total assets), LQ(liquidity is defined as current assets divided by current liabilities), AG(age is number of years since establishment), CP(claim payment is defined as the net claims incurred divided by net earned premiums) and PG(premium growth is measured by percent increase in gross written premiums).

Table 2 Description Statistics of Nepalese Insurance Companies

Variables	Minimum	Maximum	Mean	Std. Deviation
ROA	-0.26	3.19	0.14	0.33
LG	0.02	16.47	1.18	1.71
DV	5.00	114.00	28.15	28.35
SZ	0.00	24.27	20.28	2.47
LQ	0.68	38.17	3.58	5.28
AG	2.00	28.00	14.45	6.53
CP	0.01	7.22	0.42	0.74
PG	-0.98	113.49	2.11	13.12

Table 2 shows descriptive statistics for dependent and independent variables. The average return on assets is 14 percent. The leverage ranges from minimum of 0.02 percent to the maximum of 16.47 percent with the mean of 1.18 percent. Similarly, diversification range from minimum5numbersto maximum114numbers with mean of 28.15 numbers. The size of companies ranges from minimum0 to maximum 24.27 with mean of 20.28. The liquidity ranges from minimum0.68 to maximum 38.17 with mean of 3.58. The age of companies ranges from minimum 2 years to maximum 28 years with mean of 14.45 years. The claim payment ranges from minimum 0.01 to maximum 7.2214 with mean of 0.42. The premium growth ranges from minimum -0.98 to maximum 113.49 with mean of 2.11.

Correlation analysis

Having indicated the descriptive statistics, Pearson correlation coefficients are computed and the results are presented in Table 3.

Table 3: Pearson correlation matrix

(*This table shows the Pearson correlation coefficients among dependent and independent variables. Dependent variable is ROA (return on assets defined as net income divided by total assets,*

in percentage) and independent variables are LEV (leverage is defined as total liabilities divided by total assets), DV(diversification is number of branches across the region),SZ(size of companies is natural log of total assets), LQ(liquidity is defined as current assets divided by current liabilities), AG(age of companies is number of years since establishment), CP(claim payment is defined as the net claims incurred divided by net earned premiums) and PG(premium growth is measured by percent increase in gross written premiums).

Table 3 Pearson Correlation Matrix

Variables	ROA	LG	DV	SZ	LQ	AG	CP	PG
ROA	1							
LG	0.903**	1						
DV	-0.132	-0.315**	1					
SZ	-0.156	-0.316**	0.471**	1				
LQ	-0.156	-0.299**	0.678**	0.386**	1			
AG	0.044	0.083	-0.011	0.183	-0.054	1		
CP	-0.011	0.022	-0.166	0.017	-0.030	0.109	1	
PG	0.776**	0.775**	-0.054	-0.109	-0.062	0.037	-0.027	1

*The asterisk ** and*Sign indicate that correlation is significant at 1percent level and 5percent levels respectively.*

The result also shows that there is positive relation between leverage andreturn on assets indicates that higher the leverage, higher would be the return on assets. Similarly, age is positively correlated to the return on assets. This means that higher the age of the company, higher would be return on assets. Likewise, premium growth rate is positively correlated to return on assets, which indicates that higher the premium growth rate, higher would be return on assets. However, diversification is negatively correlated to return on assets, which indicates that higher the number of branches and sub branches, lower would be the return on assets. Similarly, size is negatively correlated to return on assets. It indicates that larger the size of firm, lower would be the return on assets. Likewise, liquidity is negatively correlated to return on assets. This means that higher the liquidity, lower would be return on assets. There is negative relation between claim payment and return on assets. This means that higher the claim payment, lower would be the return on assets.

Regression analysis

Having indicated the Pearson correlation coefficients, the regression analysis has been carried out and the results are presented in Table 4.

Table 4: Regression of firm characteristics on Return on Assets

(The results are based on pooled cross-sectional data of 18 insurance companies with 105 observations by using linear regression model. The model is, $lnROA_{it} = \hat{a}_0 + \hat{a}_1 LEV_{it} + \hat{a}_2 DV_{it} + \hat{a}_3 SZ_{it} + \hat{a}_4 LQ_{it} + \hat{a}_5 AG_{it} + \hat{a}_6 CP_{it} + \hat{a}_7 PG_{it} + e_{it,}$ *where, dependent variables is ROA (Return on assets defined as net income divided by total assets), and independent variables are LEV (leverage is defined as total liabilities divided by total assets), DV(diversification is number of branches across the region),SZ(size of companies is natural log of total assets), LQ(liquidity is defined as current assets divided by current liabilities), AG(age of companies is number of years since establishment), CE(claim payment is defined as the net claims incurred divided by net earned premiums) and PG(premium growth is measured by percent increase in gross written premiums).*

Table 4 Regression Co-efficient Matrix

Models	Intercept	Regression coefficients of ROA							Adj. R^2	SEE	F
		LG	DV	SZ	LQ	AG	CP	PG			
1	-0.0620 (-3.73**)	0.1718 (21.37**)							0.8142	0.1400	456.88
2	0.1833 (4.11**)		-0.0015 (-1.35)						0.0078	0.3237	1.81
3	0.5602 (2.15*)			-0.0206 (-1.62)					0.0153	0.3225	2.62
4	0.1753 (4.60**)				-0.0096 (-1.60)				0.0149	0.3225	2.57
5	0.1005 (4.93**)							0.0192 (12.48**)	0.5981	0.206	155.79
6	-0.1286 (-5.72**)	0.1819 (23.06**)	0.0019 (4.08**)						0.8388	0.1305	271.52
7	-0.3528 (-3.00**)	0.1850 (23.29**)	0.0015 (2.97*)	0.0114 (1.94)					0.8430	0.1288	187.16
8	-0.3500 (-2.95*)	0.1853 (23.10**)	0.0014 (2.16*)	0.0113 (1.89)	0.0012 (-2.95*)				0.8417	0.1293	139.19
9	-0.3509 (-2.97*)	0.1866 (23.18**)	0.0014 (2.14*)	0.0132 (2.17*)	0.0009 (0.26)	-0.0027 (-1.35)			0.8429	0.1288	112.62
10	-0.3512 (-2.96*)	0.1866 (23.06**)	0.0013 (2.04**)	0.0133 (2.17*)	0.0009 (0.28)	-0.0027 (1.31)	-0.0035 (-0.19)		0.8414	0.1294	92.94
11	-0.3117 (-2.58*)	0.1700 (12.60**)	0.0012 (1.82)	0.0122 (1.98*)	0.0004 (0.13)	-0.0024 (-1.21)	-0.0025 (-0.14)	0.0025 (1.53)	0.8435	0.1285	81.10

The asterisk (**) and (*) sign indicates that the results are significant at 0.01 and 0.05 level of significance respectively.

The table 4 shows that the beta coefficient for the leverage has positive and significant impact on ROA at 1% significance level. This indicates that higher the leverage, higher would be the value of firm. This finding is consistent with the findings of Carson and Hoyt (1995). Similarly, premium growth has positive and significant impact on ROA. This indicates that as the premium of insurance company's increases then the firm performance also increases. This finding is consistent with the findings of Ahmed et al (2011) and Ayele, (2012) but inconsistent with the findings of Charumathi (2012). However, the beta coefficients for diversification, size, and liquidity and claim payments have negative and insignificant impact on ROA. This indicates that increment in the value of these specific characteristics leads to the lower ROA. The beta coefficient for age has positive but insignificant impact on ROA. This indicates that as the age of companies increases, the performance of firm decreases. This finding is consistent with the findings of Loderer and Waelchli (2013).

4. Summary and Conclusion

The performance of insurance companies plays an important role in any economy and Nepal is no exception. The insurance companies collect large amount of money from general people in terms of premium and shares. So the performance of insurance companies must be better to protect the

interest of shareholders, buyer of insurance policies and employees. The insurance companies has significant role in development of Nepalese business and economy. Therefore, it needs to be regulated properly to enhance the Nepalese business environment. Insurance companies provide the cushion for business to grow and compete in the market. It gives variety of financial services range from the underwriting of risks inherent in economic entities and the mobilization of large amount of funds through premiums for long term investments.

This study attempts to examine the impact of leverage, diversification, size of companies, liquidity, age of companies, claim payment and premium growth on financial performance of Nepalese insurance companies. The study is based on the secondary data gathered for 18 Insurance companies of Nepal with 105 observations of 2008 to 2016.

The study shows that leverage and premium growth rate is positively correlated to return on assets. This indicates that higher the leverage and premium growth rate, higher would be return on assets. However, diversification is negatively correlated to return on assets. This indicates that higher the number of branches, lower would be the return on assets. Similarly, size is negatively correlated to return on assets. This indicates that larger the size of firm, lower would be the return on assets. The result also shows that liquidity is negatively correlated to return on assets. This means when the liquidity increases, return on assets will decrease. However, age is positively correlated to the return on assets, which shows that higher the age of firm, higher would be return on assets. The study also shows that there is negative relation between claim payment and return on assets. This indicates that higher the claim payment, lower would be the return on assets. The result of the regression analysis shows that beta coefficients are positive for leverage and premium growth. However, the coefficients are negative and insignificant for the diversification, size, liquidity and claim payments. The coefficients are significant for leverage and premium growth rate at 1% level.

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CROP INSURANCE: FARMERS PERCEPTIONS AND AWARENESS IN SELECT DISTRICT OF TELANGANA STATE

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ABSTRACT

Agriculture classified as a primary sector and its playing pivotal role in providing employment, income and fulfilment of hunger needs and prime source of livelihood for more than 60% of the population. Its defect on vagaries of Nature such as flood, drought, tornado, and lightning. In the face of uncertainty and risk faced by the farming community, various schemes and programmes have evolved over time in different countries to protect farmers against risks, such as guaranteed prices, subsidised credit, and crop insurance. This paper discusses the farmer's perceptions and awareness of crop insurance, Firstly it measures the awareness level and source of awareness, secondly examines the farmers' perception, towards crop insurance. The study was conducted in selected districts of Telangana state. 100 convenient respondents were chosen and been carried out in the month of March, 2016. From the analysis farmers awareness level about crop insurance was medium with lack of advertisement, Most of the farmers were not willing to pay for crop insurance because of insecurity, instable income level, premium rate, no or low compensation, problems with lack of financial knowledge.

Key words: *Awareness, Perception, Crop Insurance.*

Introduction :

Agriculture is a prime sector for rural India and Indian economy and this sector faces different types of uncertain as natural disaster (drought, flood etc.) and delay monsoon which are beyond the control of the farmers. Due to the natural calamities the agricultural production, gross national product and also the income of the farmers decrease. Agriculture in India includes with risk and uncertainty all over the world because agriculture is subject to vagaries of nature like flood, drought and cyclone. Agriculture contributes to 24 per cent of the GDP and any change has a multiplier effect on the economy as a whole. Economic growth and agricultural growth are inextricably linked to each other. Crop insurance helps in stabilization of farm production and income of the farming community. It helps in optimal allocation of resources in the production process. Indian Government has been concerned about the risk and uncertainty prevalent in agriculture. As all of us are aware about the unfortunate deaths of farmers in Maharashtra who got caught in a debt trap and the devastating effect it had on their families. In the face of uncertainty and risk faced by the farming community, various schemes have evolved over time in different countries to protect farmers against risks, such as guaranteed prices, subsidised credit, and crop insurance. Agriculture is an primary economic activity for the rural population in India more than 60 percept of population directly and indirectly depends on Agriculture sector. People in Telangana State about 60% of the total population depends on it. The soil and natural conditions of state of Telangana and select districts allows multiple

cropping pattern and high cropping intensity, but paddy is being the predominant crop.

Agriculture in sample area is shrinking in terms of arable land and crop net production due to increasing demand for land from other economic sectors, insufficient labour, frequently affected by natural calamities, and the increasing cost of agricultural inputs such as seeds, fertilizers, pesticide and low market price. It is here that crop insurance plays a vital role in anchoring a stable growth of agricultural sector. Crop insurance is an insurance arrangement aiming at mitigating the financial losses suffered by the farmers due to damage and destruction of their crops as a result of various production risks (A.I.C of India). In this view of this, the need for protecting farmers from the various risks and hazards was recognized by the government and introduce National Agricultural Insurance scheme in the state of Telangana. The crop insurance scheme is delivered as compulsory along with crop loan from the financial institutions like primary agricultural banks, regional rural banks and commercial banks and voluntary basis for non crop loaners. But there is need to study how farmers perceive crop insurance, are they fully aware about it and whether the non crop loaners are willing to join and pay for crop insurance schemes. The present study examines the farmers' awareness and perception level and source of awareness, finally identify the farmers willingness in paying for crop insurance in the State of Telangana select districts.

Historical Overview of Crop Insurance :

The policy makers in India are concerned about the risk and uncertainty prevalent in agriculture. Work on crop insurance received much attention after India's independence in 1947. However, crop insurance was conceptualized and J.S. Chakravarthi presented a practical scheme suited to Indian conditions as early as in 1920. A book entitled "Agricultural Insurance: A practical Scheme Suited to Indian Conditions" was published in 1920. In this book he proposed a rain insurance scheme for the Mysore state to protect farmers against vagaries of monsoon culminating in drought. The subject of crop insurance was discussed in the Parliament (Central Legislature) the 1947 and then minister of Food and Agriculture, gave an assurance that the feasibility of introducing crop and livestock insurance should be considered by government. Two pilot schemes on crop insurance, prepared by Mr. G.S. Priolkar, an officer on special duty, were circulated to the states for adoption. However, none of the states agreed to implement the schemes, mainly due to paucity of funds. The interest in the subject was rekindled during the third five year plan (1961-1966). However, the working group on agriculture was averse to included crop insurance in the plan. At the same time the government of Punjab proposed the inclination

Mr.Pandaraiah. G & Dr.KV.Sashidar of crop insurance in its state plan and sort financial assistance from the central government. The state government could not introduce crop insurance as the power to pass the Legislation related to insurance was vested with central government. Following these developments and increasing demand for crop insurance, in 1965, the government of India decided to have a Crop Insurance Bill and Model Scheme of Crop Insurance. It and it was formulated so that the interested states could introduce crop insurance in the area under their jurisdiction. A Draft Bill and Model Scheme were prepared and circulated to states to elicit their views and comments on the same. Further, incorporating the comments and the views of the states, the government of India in March 1970 considered the Draft Bill and Model Scheme. The Draft Bill and Model Scheme were then referred to the expert committee (Under the Chairmanship of Dharm Naraian) in July 1970 for fuller examination of the economic, administrative, financial, actuarial implications. The committee reported that in the conditions obtaining in the country, it was not advisable to introduce crop insurance in the near future on pilot or experimental basis. Despite the unfavorable report of the Dharm Naraian Committee, political compulsions forced the government to introduce crop insurance in the country on experimental basis under the General Insurance Department

(Danadekar 1976). The following schemes have been implemented by government of India.

Crop Insurance Scheme (CIS) 1972- 1978:-

Based on "Individual Approach" the General Insurance Corporation of India introduced this programme and this covered H-4 cotton in Gujarat and it extended to Paddy, Groundnut. Later this CIS was extended to other States.

Pilot Crop Insurance Scheme (PCIS) 1979-1984:-

In the history of Crop Insurance in India this scheme was introduced based on 'Homogeneous Area Approach' by General Insurance Corporation of India. This scheme covered the crops like cereals, millets, oil seeds, cotton, potato, and gram spread across the 13 states but the programme was restricted to loanee farmers.

Comprehensive Crop Insurance Scheme (CCIS) 1985-1998:-

It had also introduced by GIC based on 'Homogeneous Area Approach'**.** This scheme covered cereals, millets, oilseeds and pulses spread cross the 15 states and 2 union territories in India, latter it spill over to five more states in later few years. Scheme was restricted to loanee farmers up to of the crop loan or maximum of 10,000 per farmers.

National Agriculture Crop Insurance Scheme (NAIS) 1999-2000:-

India's modified crop insurance program which is called as National Agricultural Insurance Scheme is implemented since Rabi 1999-2000.Union budget 2002-03 proposed set up of Agricultural Insurance Corporation (AIC) with capital participation from General Insurance Corporation of India (GIC), four public sector general insurance companies viz. 1. National Insurance Co Ltd., 2. New India Assurance Co. Ltd., 3.Oriental Insurance Co. Ltd and 4. United Insurance Co. Ltd. and NABARD. The promoter's subscription to the paid up capital will be: 35 by GIC, by NABARD and each by the four public sector general insurance companies. The authorized capital of the new organization will be Rs.1500 crore, while the initial paid-up capital will be Rs.200 crore. National Agricultural Insurance Scheme (NAIS) shall be transferred to the new organization and shall form the core of business to begin with. Transition to actuarial regime will be made over a period of time. The new organization will, in due course of time covers other allied rural/agricultural risk along with crop insurance. The specific objectives of the program are to provide insurance coverage and financial support to the farmers in the event of failure of any of the notified crop as a result of natural calamities; pests and diseases. To encourage the farmers to adopt progressive farming practices, high value inputs and improved technology in agriculture.

Review of Literature :

Ali, Jabir and Sanjeev Kapoor (2008), this paper provides an assessment of agricultural diversification trends towards fruits and vegetables production in the state of Uttar Pradesh. In the first part, food consumption, crop production patterns and value of output in the region during the past two decades are reviewed. Next, the farmers' perceived risks on a variety of sources and the use of different risk management strategies are discussed. The principal contribution of this paper is to draw of attention towards some neglected aspects of diversification, especially the bio physical and economic constraints to the process of fruits and vegetables production system. The data were collected using a pre tested structured questionnaire and data was also collected from the Agricultural Statistics at a glance. The study has revealed that the annual growth in production of high value crops has increased to augment income and manage risks and uncertainties. Cultivation of high value crops involves risk and uncertainty due to high resource requirement and high perishes ability. Thus, farmers' adoption of crop diversification practices requires a favorable environment that fulfills resource Requirements and effective policy support for Reducing their risk. Public intervention scan facilitate better risk management through improved information system, development of financial markets and promotion of market based

price and yield insurance schemes, thus ensuring that the marginal farmers are able to benefit from these interventions as well as participate in the emerging system.

Mamata Swain, (2008) The paper attempts to examine the need for crop insurance in an agriculturally backward state like Orissa in Eastern India and to what extent the crop insurance scheme as implemented in the state has helped the farmers in managing risk in agricultural production. A crop insurance scheme was introduced in Orissa on pilot basis from Kharif 1981 to Rabi 1984-85, but it showed a high and unfavorable claim- premium ratio. The Comprehensive Crop Insurance Scheme (CCIS) was launched in Orissa in 1985 and its major drawback was that its coverage was very low. As it was accredit linked insurance scheme, only the farmers taking loans from institutional credit agencies (typically the medium and large farmers) could insure their crops. Further, it was found to be financially unsustainable due to high claim- premium ratio. To overcome the above problems, the improved National Agriculture Insurance Scheme (NAIS) was implemented in Orissa since 1999. This scheme was extended to non-loanee farmers, as a result of which area and number of farmers under the scheme increased enormously. The claim-premium ration was also found to be favorable in most seasons. However, it was also suggested in this scheme that along with crop insurance other risk reducing measures like income generating activities in non-farm sector and food for work programme should be undertaken to lower income variability. In

Mr.Pandaraiah. G & Dr.KV.Sashidar (2010) a frequently disaster affected state like Orissa, along with the public sector, private sector participation in agricultural insurance needs to be encouraged by providing subsidy, guarantee and reinsurance facility. Credible long-term statistical information should be made available for formulation of policies. Vulnerability maps of different regions should be prepared which will help in setting the price of risk (premium). Education and training to farmers on the benefits of crop insurance and different insurance products should be imparted.

Insurance is a contract made for financial arrangement between two parties when few suffered losses are met from the funds accumulated through small contributions made by many who are exposed to similar risks.

Crop Insurance : Crop insurance has been one of the most reliable and longest running programs for stabilization and risk management for farmers in many countries. This has been particularly true in parts of North America, where crop insurance became more common and commercially available around 1960. Multi-peril crop insurance, the most popular type of crop insurance, usually insures farmers against yield losses from natural causes such as weather (e.g. drought, excessive moisture, wind, snow, and frost), insects, and disease. A properly designed and implemented crop insurance programme will protect the numerous vulnerable small and marginal farmers from hardship, bring in stability in the farm incomes and increase the farm production (Bhende 2002).

The farmer is likely to allocate resources in profit maximizing way if he is sure that he will be compensated when his income is catastrophically low for reasons beyond his control. A farmer may grow more profitable crops even though they are risky. Similarly, farmer may adopt improved but uncertain technology when he is assured of compensation in case of failure (Hazell 1992). This will increase value added from agriculture, and income of the farm family. Bhende (2005) found that income of the farm households from semi-arid tropics engaged predominantly in rain-fed farming was positively associated with the level of risk. Hence, the availability of formal instrument for diffusion of risk like crop insurance will facilitate farmers to adopt risky but remunerative technology and farm activities, resulting in increased income. It is observed that insured households invest more on agricultural inputs leading to higher output and income per unit of land. Interestingly, percentage increase in output and income is more for small farms. Based on 1991 data, CCIS was found to contribute 23, 15, and 29 per cent increase in income of insured farmers in

Gujarat, Orissa and Tamil Nadu, respectively (Mishra 1996)

Objectives of the Study :

1. To assess the farmers awareness and perception towards crop insurance.
2. To identify the non insured farmers willingness in join for crop insurance.

Study Area :

Warangal district was selected purposively. Total number of 100 respondents was selected through random sampling from five villages. The structured schedule was developed keeping in view the objectives and variable to be studied. The respondents were contacted personally for data collection. For the purpose of the study, knowledge was defined as the perception and awareness, extent and manner of the use of the Crop insurance scheme was measured by knowledge test used in this study. Knowledge about the scientific Crop insurance scheme using the knowledge test developed by the investigator and used. The modifications in the existing knowledge test were in relation to item regarding scientific Crop insurance Scheme. All the question for knowledge was dichotomized having two dimension yes/no, if the answer was yes the respondents were assigned 1 score and if answer was no, the respondents were assigned 0 score. The study was carried on knowledge and adoption of Crop insurance scheme among farmers. The range of scores obtained by the respondents might vary in low, medium and high range in the knowledge test which indicated the knowledge level of the respondents.

Results and discussion

Result and discussion of crop insurance scheme in select districts of Telangana state about knowledge and awareness about the crop insurance scheme.

Table No: 1: Awareness about crop insurance

S. No	Statement	Respondents	
		%	Ranks
1	Have you heard about crop insurance?	98	
2	Do you know about crop insurance scheme?	96	
3	Are you aware that crop insurance is mandatory with crop loan provided by bank?	91	
4	What do you know about some insurance companies provide crop insurance?	85	
5	It provides the loan for the Rabi and Kharif	82	
6	Do you know about of crop loan from any bank?	80	
7	Do you know about of Kisan Credit Card (KCC)?	79	
8	Do you know about the crop insurance period?	76	
9	It is provides the short term credit to the rural poor.	75	
10	Do you think agriculture insurance provides collateral security to bank loan portfolio?	73	
11	Have you heard about crop insurance that is based on crop yield estimated through crop cutting year?	72	
12	Have you heard about the crop insurance based on weather data?	71	
13	Crop insurance scheme provide the accidental insurance to the borrower farmer.	68	
14	Have you heard about government's loan waiver scheme?	65	

15	Do you know about allied agriculture insurance?	62	
16	Crop insurance scheme covers the contingent needs.	61	
17	Crop insurance scheme covers ancillary credit requirement related to crop production.	59	
18	Crop insurance scheme provide the financial liquidity and credit to the rural farmer.	57	
19	Crop loans disbursed under crop insurance scheme for Notified crops are covered under National Crop.	52	
20	Do you set your target yield in any crop season?	51	
21	Do you know about premium of bank?	50	
22	Do you know about some standards of crop insurance?	49	
23	Do you know share of centre and state government in crop insurance?	47	
24	Do you know crop insurance provides other insurance of farmer?	43	
Overall adaptation index		68.41	

Data Source: Through Primary Data Collection

Interpretation

From the Table 1 That among all 24 Statement Crop insurance scheme, Have you heard of crop insurance and do you know about of crop insurance awareness and kisahan credit cards (98%) was rank at 1st as far as knowledge possessed by the respondents was concerned. Do you know about the crop insurance period? rank at 2nd (96%), followed by Do you know about allied agriculture insurance? at rank 3rd (91%), Do you know about crop insurance scheme at rank 4th (85%),and It provides the loan for the Rabi and Kharif crop production not for Zayad crop at rank 5th (82%), The overall adoption index was calculated to be 68.41 %. Knowledge level of farmers in Crop insurance scheme

Table No: 2:

Perceptions and Adaptation of crop insurance

S. No	Statement	Respondents	
		%	Ranks
1.	Do you adopt agricultural insurance from any bank?	85	i.
2.	Do you avail any loan for repaying the old loan?	82	ii.
3.	Do you prefer crop insurance?	81	iii.
4.	Are you adopting payable premium of crop?	79	iv.
5.	Which type crop insurance scheme is preferred?	75	v.
6.	Are you adopting KCC?	73	vi.
7.	Which type of insurance adopted by you?	72	vii.
8.	Do you have related with any implementing agency of crop insurance?	70	viii.
9.	Do you think adopt crop insurance is necessary for crop cultivation?	69	ix.
10.	Have you prefer the bank for the loan?	68	x.
11.	You have adopted government's loan waiver scheme?	65	xi.

12.	You have adopted financial liquidity and credit provided by Crop insurance scheme.	62	xii.
13.	You have adopted crop insurance based on weather data?	61	xiii.
14.	How many premium you pay to bank?	58	xiv.
15.	Do you adopt standards of crop insurance?	56	xv.
Overall adaptation index		70.4	

Data Source: Through Primary Data Collection

Interpretation

Table-2 shows that among all 15 variables do you adopt agricultural insurance from any bank, which type of crop insurance scheme is preferred and which type of insurance adopted by you at rank 1st 85 % as far as adoption possessed by the respondents was concerned. Are you adopting crop insurance, and do you prefer crop insurance at rank 2nd 82%, Have you prefer the bank for the loan at rank 3rd 81%, and you have adopted crop insurance based on weather data at respectively. The overall adoption index was calculated to be 70.4 %. It can be calculated that the extent of knowledge and adoption bout Crop Insurance Scheme seems to be satisfactory.

CONCLUSION

It can be concluded that 96% of the farmars are aware about the crop insurance and they would like to do with metionalised Banks only. This indicates that crop insurance among select respondents in Warangal needs more awareness among people.

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OPPORTUNITY FOR FDI IN INSURANCE SECTOR IN INDIA

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ABSTRACT

Parliament has passed Insurance Laws (Amendment) Bill, 2015. It was first passed in Lok Sabha on 4 March 2015 and later in Rajya Sabha on 12 March 2015, which will become an Act when the President signs it. The amendment bill aims to bring improvements and revisions in the existing laws relating to insurance business in India. The bill also seeks to remove archaic provisions in previous laws and incorporate modern day practices of insurance business that are emerging in a changing dynamic environment, which also includes private participation. It is expected that the foreign investment would bring about 20,000-25,000 crore in short funds. The amendment bill hikes Foreign Direct Investment (FDI) cap in the insurance sector to 49 percent from present 26 percent. The foreign investment in insurance would be routed under foreign direct investment, foreign portfolio investment, foreign venture capital investment, depository receipts, and non resident Indians. Insurance companies are permitted to raise capital through instruments other than equity shares. Instruments would be specified through separate regulations by the Insurance Regulatory and Development Authority of India (IRDA). However, the voting rights of shareholders are restricted only to equity shares. Sale of shares over 1% of the total equity share capital and purchase of shares resulting in total equity share capital of more than 5%, requires the prior approval of the IRDA. It also adds provision for the establishment of Life Insurance Council and the General Insurance Council. These councils will act as self-regulating bodies for the insurance sector. The bill also grants permission to PSU general insurers to raise funds from the capital market and increases the penalty to deter multilevel marketing of insurance products. There is a strong relationship between foreign investment and economic growth. Larger inflows of foreign investments are needed for the country to achieve a sustainable high trajectory of economic growth. A major role played by the insurance sector is to mobilize national savings and channelize them into investments in different sectors of the economy. FDI in insurance would increase the penetration of insurance in India; FDI can meet India's long term capital requirements to fund the building of infrastructures. The present paper focuses on the overview of the Indian insurance sector along with the opportunities due to expansion of FDI in insurance in India and the major challenges that it faces.

Keywords: *Insurance; FDI; Insurance Laws (Amendment) Bill*

Introduction

The insurance industry of India consists of 53 insurance companies of which 24 are in life insurance business and 28 are non-life insurers. Among the life insurers, Life Insurance Corporation (LIC) is the sole public sector company. Apart from that, among the non-life insurers there are six public sector insurers. In addition to these, there is sole national re-insurer, namely, General Insurance Corporation of India. Other stakeholders in Indian Insurance market include agents (individual and corporate), brokers,

surveyors and third party administrators servicing health insurance claims[1].

Out of 28 non-life insurance companies, five private sector insurers are registered to underwrite policies exclusively in health, personal accident and travel insurance segments. They are Star Health and Allied Insurance Company Ltd, Apollo Munich Health Insurance Company Ltd, Max Bupa Health Insurance Company Ltd, Religare Health Insurance Company Ltd and Cigna TTK Health Insurance Company Ltd. There are two more specialized insurers belonging to public sector, namely, Export Credit Guarantee Corporation of India for Credit Insurance and Agriculture Insurance Company Ltd for crop insurance.

Insurance in India is a flourishing industry in India with both national and international players competing and growing at rapid rate. Together with banking and real estate it constitutes 12.9% of GDP in India. However the penetration of insurance coverage for both life and non life insurance is still very less and was 3.9% in 2013.

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 14 years. With raising the cap on FDI into Indian insurance companies to 49% from the 26% would allow global reinsurance companies to set up branches in India [2].

According to the insurance amendment bill (2015), the section 24 of the Pension Fund Regulatory and Development Authority (PFRDA) Act provides that the foreign investment limit in the pension sector will be linked with the ceiling in the insurance sector, which has gone up to 49% from 26%. Under the legislation, while up to 26 per cent foreign capital will be under the automatic route, the balance 23 per cent has to secure approval from the Foreign Investment Promotion Board (FIPB). According to the General Insurance Business (Nationalization) Act, 1972 (GIBNA, 1972) the four general insurance companies (GICs) had to be 100% government owned, however The Insurance Laws (Amendment) Bill, 2015 — passed by the Rajya Sabha on March 12 and by the Lok Sabha on March 4 — will change that. The GICs "are now allowed to raise capital, keeping in view the need for expansion of the business in the rural and social sectors, meeting the solvency margin for this purpose and achieving enhanced competitiveness subject to the government equity not being less than 51% at any point of time. The amendment also clearly defines health insurance business to include travel and personal accident cover. It is also expected that the proposed increase in the FDI limit will have a follow on impact on other sectors, including the pension industry creating further momentum.

Objectives of the Study

The present paper focuses on

- The overview of the Indian insurance sector
- To know opportunities and expansion of FDI in insurance in India
- To know major challenges that it faces.

Global Overview of Insurance Sector

The global insurance industry is facing increasing competition, which has put significant pressure on companies to become more efficient, enhance their technology-related processes and alter their business models. Globally, most insurance companies are trying to enhance the efficiency of their underwriting process, cut their overheads and reduce claims leakage since returns from investment are shrinking. With high competition in the insurance industry, companies will need to strengthen their product lines, investment strategies and corporate infrastructure (Figure 1).

Source: Swiss Re Research and Consulting

Figure 1: Global Life Insurance Premium Volume in millions (US$).

According to the latest study performed by the global re-insurer Swiss Re on world insurance in 2013, India ranked 15th in terms of premium volume, from 14th in 2012. According to the swiss Re report the premiums written in the global insurance industry was 2.5 percent in 2012 and it grew by 1.4 percent in real terms to $4 641 billion in 2013[1]. The reason behind the slowdown was mainly due to weakness in the life sector in the advanced markets. In Swiss Re's sigma study, India's life insurance penetration was 3.1 per cent, while in non-life insurance it was 0.8 per cent. A premium as a percentage of Gross Development Product is referred to as insurance penetration whereas insurance density refers to per capita premium or premium per person. The study also revealed that the insurance penetration in India fell to 3.9 percent in 2013 when compared to four percent in 2012. Also in terms of insurance density India stood at $52 when compared to $53 in 2012, thus in simple words both insurance penetration and density was low (Tables 1 and 2).

Regions/Countries	Life	Non-Life	Total
Advanced Countries	-0.2	1.1	0.3
Emerging Markets	6.4	8.3	7.4
Asia	-6.5	2.2	-4.1
India	-1.1	2.5	-0.4
World	0.7	2.3	1.4

Table 1: Total Real Premium Growth Rate in 2013(in percent).

Region/Countries	Life	Non-Life	Total
Advanced Countries	2200.25(57.1%)	1653.02(42.9)	3853.27(100)
Emerging Markets	407.84(51.8)	379.83(48.2)	787.67(100)
Asia	898.41(70.3)	380.37(29.7)	1278.78(100)
India	52.17(79.6)	13.40(20.4)	65.58(100)
World	2608.09(56.2)	2032.85(43.2)	4640.94(100)

Table 2: Region wise Life and Non-Life Insurance Premium (USD Billion).

Indian Insurance Sector

Insurance in India is listed in the Constitution of India in the Seventh Schedule as a Union List subject, meaning it can only be legislated by the Central government. The history of insurance date backs to 1818, when Oriental Life Insurance Company was started. In 1870, Bombay Mutual Life Assurance Society became the first Indian insurer. In the year 1912, the Life Insurance Companies Act and the Provident Fund Act was passed to regulate the insurance business. This was the first statutory measure to regulate life insurance business. In 1928, the Indian

Insurance Companies Act was enacted to enable 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. The Government of India issued an Ordinance on 19 January 1956 nationalizing the Life Insurance sector and Life Insurance Corporation came into existence in the same year. The Life Insurance Corporation (LIC) absorbed 154 Indian, 16 non-Indian insurers as also 75 provident societies—245 Indian and foreign insurers in all. In 1972 the parliament passed General Insurance Business (Nationalization) Act, and consequently, General Insurance business was nationalized with effect from 1 January 1973[1]. 107 insurers were amalgamated and grouped into four companies, namely National Insurance Company Ltd., the New India Assurance Company Ltd., the Oriental Insurance Company Ltd and the United India Insurance Company Ltd. The General Insurance Corporation of India was incorporated as a company in 1971 and it commence business on 1 January 1973.

In 1993, the Government set up a committee under the chairmanship of RN Malhotra, former Governor of RBI, to propose recommendations for reforms in the insurance sector. Following the recommendations of the Malhotra Committee report, in 1999, the Insurance Regulatory and Development Authority (IRDA) was constituted as an autonomous body to regulate and develop the insurance industry. The IRDA was incorporated as a statutory body in April, 2000. The key objectives of the IRDA include promotion of competition so as to enhance customer satisfaction through increased consumer choice and lower premiums, while ensuring the financial security of the insurance market.

The IRDA opened up the market in August 2000 with the invitation for application for registrations. Foreign companies were allowed ownership of up to 26%. The Authority has the power to frame regulations under Section 114A of the Insurance Act, 1938 and has from 2000 onwards framed various regulations ranging from registration of companies for carrying on insurance business to protection of policyholders' interests.[2]

The LIC had monopoly till the late 90s when the Insurance sector was reopened to the private sector. Before that, the industry consisted of only two state insurers: Life Insurers (Life Insurance Corporation of India, LIC) and General Insurers (General Insurance Corporation of India, GIC). GIC had four subsidiary companies. With effect from December 2000, these subsidiaries have been de-linked from the parent company and were set up as independent insurance companies: Oriental Insurance Company Limited, New India Assurance Company Limited, National Insurance Company Limited and United India Insurance Company Limited [3].

Registered Insurers in India

At the end of March 2014, there are 53 insurance companies operating in India, out of which 24 are in the life insurance business and 28 are in the non-life insurance business (Table 3).

Type of business	Public Sector	Private Sector	Total
Life Insurance	1	23	24
Non-Life Insurance	6	22	28
Reinsurance	1	0	1
Total	8	45	53

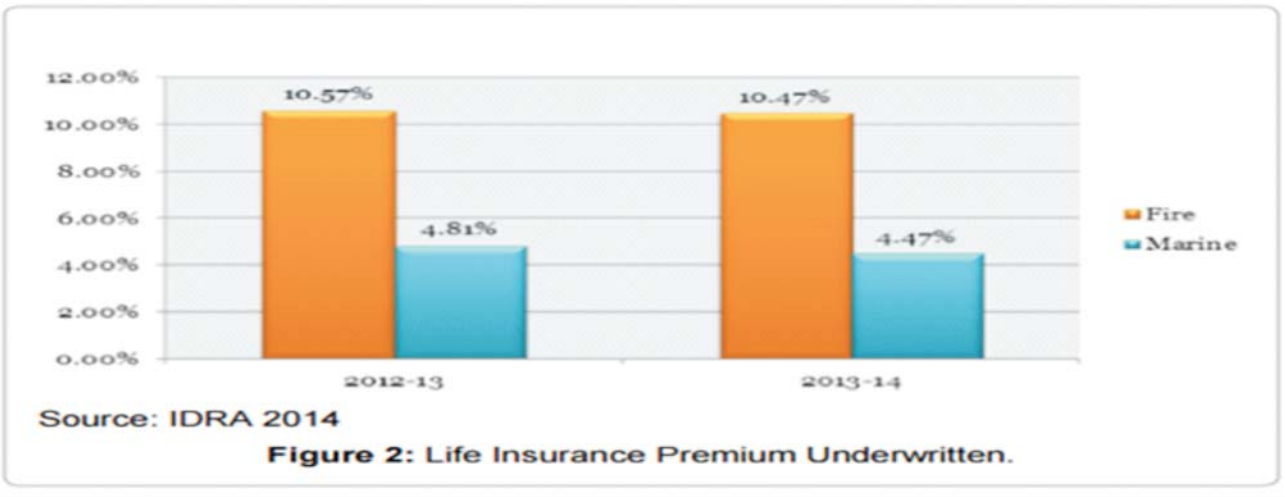
Source: IDRA, 2014

Table 3: Life Insurance Premium Underwritten in Rs (Crore).

Insurance Premium Underwriting

Life insurance

The Life insurance industry recorded a premium income of Rs.3,14,283 crore during 2013-14 as against Rs.2,87,202 crore in 2012- 13 registering a growth of 9.43%. While private sector insurers posted 1.35% decline in their premium income,LIC recorded 13.48% growth (Figure 2 and Table 4).



Source: IDRA 2014

Figure 2: Life Insurance Premium Underwritten.

Distribution of Offices of Life Insurers Number of Life Offices				
Insurer	Metro	Urban	Others	Total
Private	676	1926	3591	6193
LIC	372	617	3850	4839
Industry	1048	2543	7441	11032

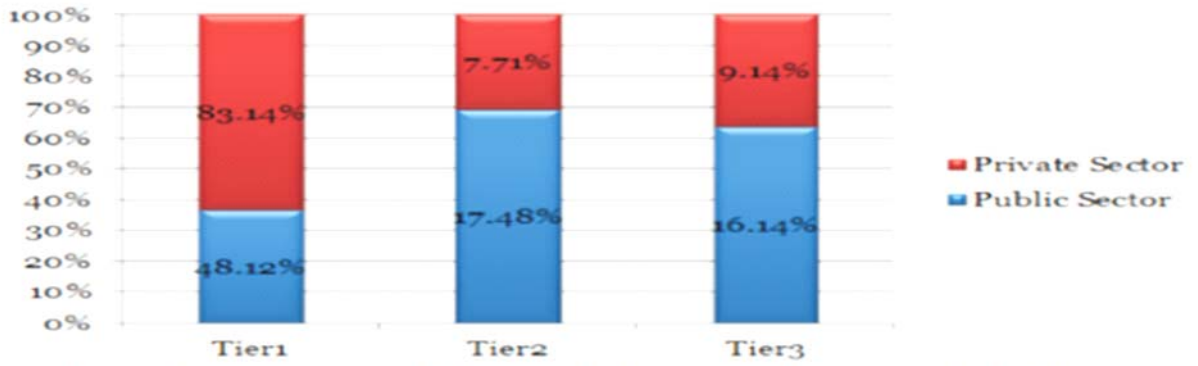
Source: IDRA 2014

Table 4: Life Insurance Premium Underwritten in Rs(Crore).

District level distribution of life insurance offices

As at 31st March, 2014, the sole public sector life insurer, LIC of India had its offices in 597 districts out of 640 districts (As per the Decennial Census -2011) in the country. As such, it covered 93.28 per cent of all districts in the country, whereas the private sector insurers had offices in 560 districts covering 87.50 per cent of all districts in the country. In total, both LIC and private insurers together covered 94.37 per cent of all districts in the country. The number of districts with no presence of life insurance offices stood at 36 in the country. Out of these, 23 districts belong to the six of the north eastern states namely Arunachal Pradesh, Manipur, Meghalaya, Mizoram,

Nagaland and Sikkim. In 21 states/union territories (out of a total of 35 states/union territories in the country), all their districts were covered through life insurance offices (Figure 3 and Table 5).



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Source: IDRA-2014

Table 5: Distribution of Offices of Life Insurers Number of Life Offices.

Non-life insurance

The non-life insurance industry had underwritten a total premium of Rs.70610 crore in India for the year 2013-14 as against Rs. 62973 crore in 2012-13, registering a growth of 12.13 per cent as against an increase of 19.10 per cent recorded in the previous year. The public sector insurers exhibited growth in 2013-14 at 10.21 per cent; over the previous year's growth rate of 14.60 per cent. The private general insurers registered growth of 14.52 per cent, which is lower than 25.26 per cent achieved during the previous year (Figure 4 and Table 6).

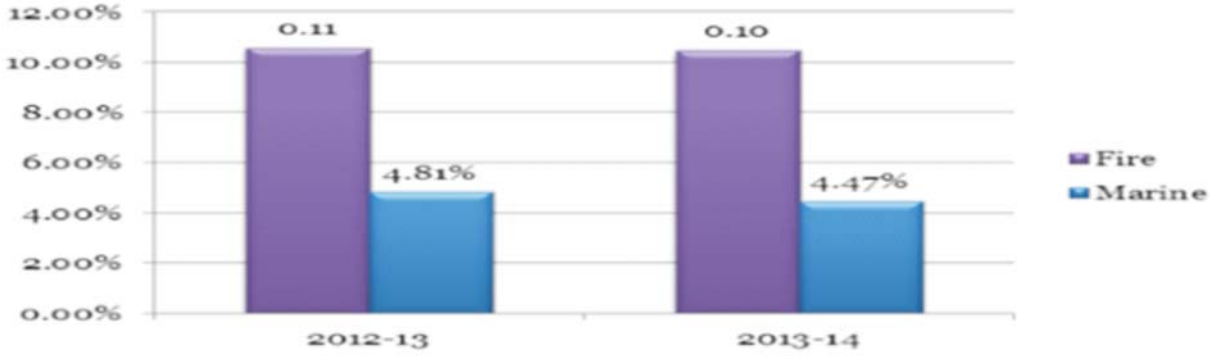

Figure 4: Non-Life Insurance Premium Underwritten in Rs(Crore).

Non-Life Insurance Premium Underwritten in Rs (Crore)		
Insurer	2012-13	2013-14
Public Sector	35022.12(14.60%)	38599.71(10.21%)
Private Sector	27950.53(25.25%)	32010.30(14.52%)
Total	62972.65(19.10%)	70610.02(12.13%)

Table 6: Non-Life Insurance Premium Underwritten in Rs (Crore).

Segment wise premium of non life insurance

The Motor insurance business continued to be the largest nonlife insurance segment with a share of 47.90 per cent (47.05 per cent in 2012-13). It reported growth rate of 14.15 per cent (22.24 per cent in 2012-13). The premium collection in health segment continued to surge ahead at 15663 crore in 2013-14 from '13,975 crore of 2012- 13, registering a growth of 12.08 per cent. However, the market share of health segment which is 22.18 has remained more or less at the same levels of previous year which was 22.19 per cent in the year. The premium collection from Fire and Marine segments increased by 11.01 per cent and 4.13 per cent respectively in 2013-14 whereas for the previous year the growth rate in the Fire and Marine segments were 22.63 and 5.36 respectively (Table 7, Figures 5 and 6).

Segment Wise Premium of Non-Life Insurance(Within India in crore)		
Department	2012-13	2013-14
Fire	6659(10.57%)	7392(10.47%)
Marine	3029(4.81%)	3154(4.47%)
Motor	29630 (47.05%)	33824 (47.90%)
Health	13975 (22.19%)	15663 (22.18%)
Others	9680 (15.37%)	10577 (14.98%)
Total Premium	62973	70610

Table 7: Segment Wise Premium of Non-Life Insurance (Within India in crore).

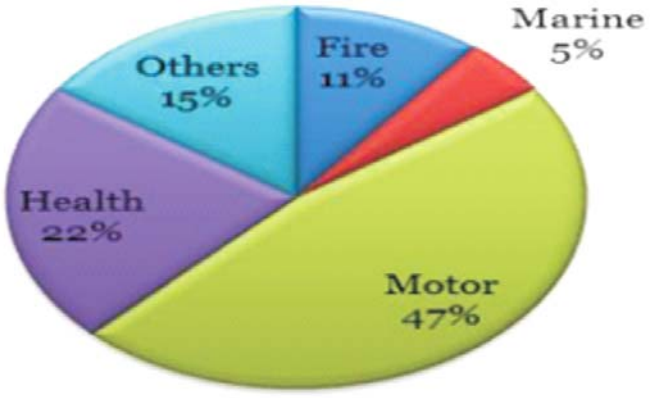

Figure 5: Segment Wise Premium of Non-Life Insurance (Within India in crore) for Year 2012-13.

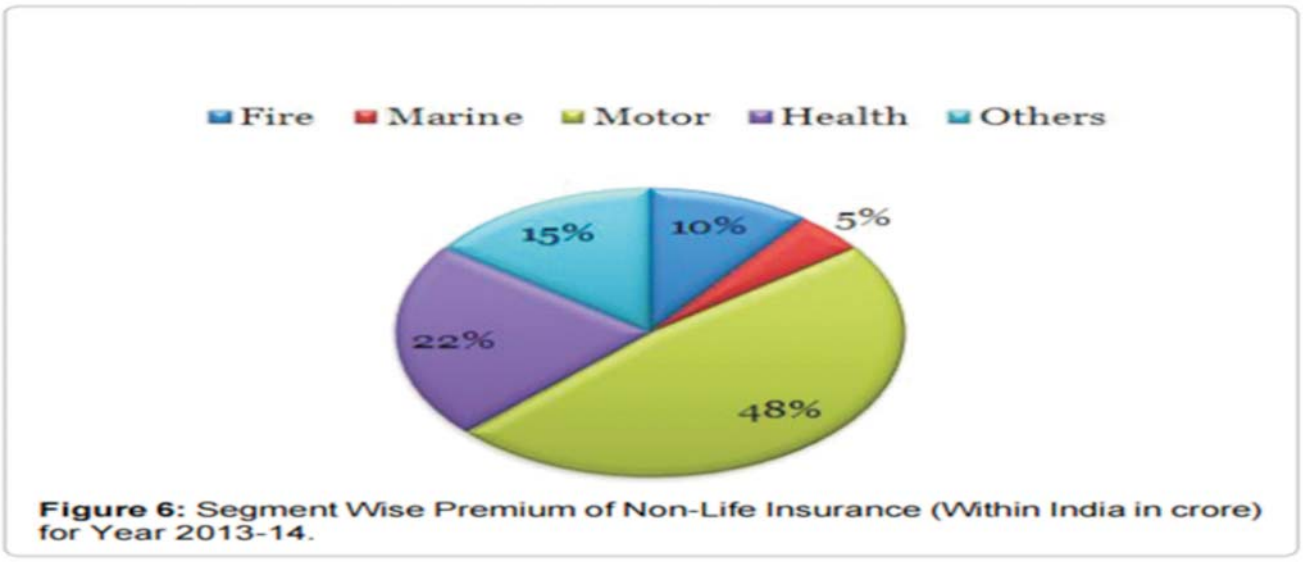

Figure 6: Segment Wise Premium of Non-Life Insurance (Within India in crore) for Year 2013-14.

Number of non life insurance offices-tier wise

When compared to life insurance, the proportion of districts covered by non-life insurers is less. While the four public sector nonlife insurer has offices at 601 districts out of 640 districts in the country (94 per cent), the private sector insurers cover only 45 per cent of the districts in the country by having offices in 286 districts. There are 39 districts (6 per cent of districts) in the country, which do not have any non-life insurance office. Private sector insurance offices have not yet opened any offices in 354 districts. Further only 19 States/ Union Territories (out of 35 States/ Union Territories) have non-life insurance offices in all of their districts. This lower level of coverage of districts by non-life insurers might also have led to the low non-life insurance penetration in the country, as compared to penetration of life insurance (Table 8 and Figure 7).

Insurance penetration and density in India

The measure of insurance penetration and density reflects the level of development of insurance sector in a country. While insurance penetration is measured as the percentage of insurance premium to GDP, insurance density is calculated as the ratio of premium to population (per capita premium) (Table 9).

Year	Life		Non-Life		Industry	
	Density (USD)	Penetration (%)	Density (USD)	Penetration (%)	Density (USD)	Penetration (%)
2001	9.1	2.15	2.4	0.56	11.5	2.71
2002	11.7	2.59	3	0.67	14.7	3.26
2003	12.9	2.26	3.5	0.62	16.4	2.88
2004	15.7	2.53	4	0.64	19.7	3.17
2005	18.3	2.53	4.4	0.61	22.7	3.14
2006	33.2	4.1	5.2	0.6	38.4	4.8
2007	40.4	4	6.2	0.6	46.6	4.7
2008	41.2	4	6.2	0.6	47.4	4.6
2009	47.7	4.6	6.7	0.6	54.3	5.2
2010	55.7	4.4	8.7	0.71	64.4	5.1
2011	49	3.4	10	0.7	59	4.1
2012	42.7	3.17	10.5	0.78	53.2	3.96
2013	41	3.1	11	0.8	52	3.9

Source: IDRA 2014

Table 9: Insurance penetration and density in India.

FDI in India

A foreign direct investment (FDI) is a controlling ownership in a business enterprise in one country by an entity based in another country. Apart from being a critical driver of economic growth, foreign direct investment (FDI) is a major source of non-debt financial resource for the economic development of India. Foreign companies invest in India to take advantage of cheaper wages, special investment privileges like tax exemptions, etc. For a country where foreign investments are being made, it also means achieving technical know-how and generation of employment.

Forms in which Business Can Conducted by Foreign Company in India

A foreign company planning to set up business operations in India may: Incorporate a company under the Companies Act, 1956, as a Joint Venture or a Wholly Owned Subsidiary. Set up a Liaison Office / Representative Office or a Project Office or a Branch Office of the foreign company which can undertake activities permitted under the Foreign Exchange Management (Establishment in India of Branch Office or Other Place of Business) Regulations, 2000.

Procedure for receiving Foreign Direct Investment in an Indian company

Automatic route

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.

Government route

FDI in activities not covered under the automatic route requires prior approval of the Government which is considered by the Foreign Investment Promotion Board (FIPB), Department of Economic Affairs, Ministry of Finance.

Opportunities due to Expansion of FDI

Increase insurance penetration

With the population of more than 100 crores, India requires Insurance more than any other nation. However, the insurance penetration in the country is only around 3 percent of our gross domestic annually. This is far less as compared to Japan which has an insurance penetration of more than 10 percent. Increased FDI limit will strengthen the existing companies and will also allow the new players to come in, thereby enabling more people to buy life cover. More companies would enter the insurance sector, which would lead to higher competition and cheaper insurance premium for the customers product with respect to over-all premiums underwritten.

Level playing field

With the increase in foreign direct investment to 49 percent, the insurance companies will get the level playing field. So far the state owned Life Corporation of India controls around 70 percent of the life insurance market.

Increased capital flow

Most of the private sector insurance companies have been making considerable losses. The increased FDI limit has brought some much needed relief to these firms as the inflow of more than ‘20,000-‘25,000 crore is expected in the near term. This could go up to ‘40,000-‘60,000 crore in the medium to long term, depending on how things pan out.

Job creation

With more money coming in, the insurance companies will be able to create more jobs to meet their targets of venturing into under insured markets through improved infrastructure, better operations and more manpower.

Consumer friendly

The end beneficiary of this amendment will be common men. With more players in this sector, there is bound to be stringent competition leading to competitive quotes, improved services and better claim settlement ratio.

Challenges

Foreign investment of up to 26% of the total paid up equity of the insurer would be allowed through the automatic route and the increase of FDI from 26% to 49% (i.e.23%) would be allowed through Foreign Investment Promotion Board, and not through automatic route, which means that FIPB would issue guidelines regarding the management

control, which would lie with the Indian counterpart, also there are concerns about the voting rights of the foreign shareholders, which should not go beyond 26%. FIPB guidelines would also decide on the appointments of CEO's and CFO's of the insurance joint ventures. Another issue is the stability of Indian financial markets as there is a possibility of insurance companies bringing in contagion risk such as risky derivatives and contaminated balance sheet. The government is looking primarily on how much funds the insurance companies can bring with them, and not on the amount of business which these companies could generate as it is expected that their rural penetration would be low. To get listed on bourse to raise FIIs may not be attractive for all insurance companies. According to Insurance Regulatory and Development Authority (Irda) norms, companies whose embedded value is two times their paid-up capital can list on the bourses. Embedded value is a common valuation measure in the insurance industry calculated by adding the adjusted net asset value and the present value of future profits of a firm. The present value of future profits considers the potential profits that shareholders will receive in the future, while adjusted net asset value considers the funds belonging to shareholders that have been accumulated in the past. Another issue could arise when insurers list their shares on stock exchanges. Indian law requires 25 per cent of a listed company to be owned by public. So if an insurer launches an initial public offering and the foreign partner increase its stake, then the Indian company would end up with a smaller holding in the joint venture.

Some of the Major Highlights of the Insurance Law (Amendment) Bill 2015 are

Capital availability

In addition to the provisions for enhanced foreign equity, the amended law will enable capital raising through new and innovative instruments under the regulatory supervision of IRDAI. The four public sector general insurance companies, presently required as per the General Insurance Business (Nationalization) Act, 1972 (GIBNA, 1972) to be 100% government owned, are now allowed to raise capital, keeping in view the need for expansion of the business in the rural and social sectors, meeting the solvency margin for this purpose and achieving enhanced competitiveness subject to the Government equity not being less than 51% at any point of time.

Consumer Welfare

Laws will enable the interests of consumers to be better served through provisions like those enabling penalties on intermediaries / insurance companies for misconduct and disallowing multilevel marketing of insurance products in order to curtail the practice of mis-selling. The amended Law has several provisions for levying higher penalties ranging from up to '1 Crore to ' 25 Crore for various violations including mis-selling and misrepresentation by agents / insurance companies. With a view to serve the interest of the policy holders better, the period during which a policy can be repudiated on any ground, including mis-statement of facts etc., will be confined to three years from the commencement of the policy and no policy would be called in question on any ground after three years. The amendments provide for an easier process for payment to the nominee of the policy holder, as the insurer would be discharged of its legal liabilities once the payment is made to the nominee. It is now obligatory in the law for insurance companies to underwrite third party motor vehicle insurance as per IRDAI regulations.

Empowerment of IRDAI

The Act will entrust responsibility of appointing insurance agents to insurers and provides for IRDAI to regulate their eligibility, qualifications and other aspects. It enables agents to work more broadly across companies in various business categories; with the safeguard that conflict of interest would not be allowed by IRDAI through suitable regulations. IRDAI is empowered to regulate key aspects of Insurance Company operations in areas like solvency, investments, expenses and commissions and to formulate regulations for payment of commission and control of management expenses. It empowers the Authority to regulate the functions, code of

conduct, etc., of surveyors and loss assessors. The onus to prove that a wrong statement was not made at the time of taking the policy would lie with the policyholder and not the insurance company, i.e. if a person dies and his widow and children will have to prove why the husband or father made a wrong statement, i.e. if a person dies and his widow and children will have to prove why the husband or father made a wrong statement. An insurance policy cannot be challenged on any ground after three years. This means if a fraud is detected three years after the policy has been in force, insurance companies will have to pay the policy holder. It also expands the scope of insurance intermediaries to include insurance brokers, re- insurance brokers, insurance consultants, corporate agents, third party administrators, surveyors and loss assessors and such other entities, as may be notified by the Authority from time to time. Further, properties in India can now be insured with a foreign insurer with prior permission of IRDAI; which was earlier to be done with the approval of the Central Government.

Health Insurance

It empowers the Authority to regulate the functions, code of conduct, etc., of surveyors and loss assessors. It also expands the scope of insurance intermediaries to include insurance brokers, reinsurance brokers, insurance consultants, corporate agents, third party administrators, surveyors and loss assessors and such other entities, as may be notified by the Authority from time to time. Further, properties in India can now be insured with a foreign insurer with prior permission of IRDAI; which was earlier to be done with the approval of the Central Government.

Promoting Reinsurance Business in India

The amended law enables foreign reinsurers to set up branches in India and defines‘re-insurance’ to mean “the insurance of part of one insurer’s risk by another insurer who accepts the risk for a mutually acceptable premium”, and thereby excludes the possibility of 100% ceding of risk to a re-insurer, which could lead to companies acting as front companies for other insurers. Further, it enables Lloyds and its members to operate in India through setting up of branches for the purpose of reinsurance business or as investors in an Indian Insurance Company within the 49% cap.

Strengthening of Industry Councils

The Life Insurance Council and General Insurance Council have now been made self-regulating bodies by empowering them to frame bye-laws for elections, meetings and levy and collect fees etc. from its members. Inclusion of representatives of self-help groups and insurance cooperative societies in insurance councils has also been enabled to broad base the representation on these Councils.

Robust Appellate Process

Appeals against the orders of IRDAI are to be preferred to SAT as the amended Law provides for any insurer or insurance intermediary aggrieved by any order made by IRDAI to prefer an appeal to the Securities Appellate Tribunal (SAT).

Conclusion

The fundamental regulatory changes in the insurance sector would be significant for the future growth and would have huge impact on various sectors of economy. Active foreign participation is crucial for the sector as it would bring the best know how and implementing the best practices. India is one of the fastest growing insurance market and it is expected that Indian insurance industry can grow up to 125% in the next decade. However there is also a risk that unless given the management control the foreign insurers would be reluctant to invest in India.

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A STUDY ON UNIVERSAL INSURANCE PROGRAM FOR RURAL INSURANCE DEVELOPMENT

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ABSTRACT

In spite of a challenging environment in 2015 with moderate global economic growth of 2.5%, direct premiums written grew 3.8% in real terms, up from 3.5% growth in 2014. However, in nominal US dollar (USD) terms, global premiums were down by 4.2%, due to currency depreciation against the USD, particularly in the advanced markets. There was a slight slowdown in the life sector in 2015, with global premium growth dipping to 4.0% from 4.3%, due to weaker performance in the advanced markets. On the non-life side, strong growth in the advanced markets of Asia, and improvement in North America and Western Europe, contributed to a 3.6% increase in global premiums, up from 2.4% growth in 2014.The sigma includes a special chapter on the slowdown in global trade in recent years, and its possible impact on the insurance sector. Life insurance dominates the global insurance market, accounting for 59.7% of the market2 s value. Europe accounts for 39.3% of the universal insurance market2 s value. With the widening of the economy, the demand for new types of insurance products emerges. Insurance now extends not only to product market but also to service industries including finance. It is equally true that growth itself is facilitated by insurance. The global consolidation of the financial services sector is in large part driven by acquisition activity. Companies competing for a greater share of consumer funds are seeking quick access to new markets, new products and new channels of distribution, both globally and economically. Even though the insurance industry is facing more problems in International markets so, there is need to frame a common program for Universal Insurance. Universal Insurance Program have been a hot topic over the past few years among insurance buyers in Europe, the united states& elsewhere global programs deliver on three C' that all professional buyers focus on coverage, control & cost.

INTRODUCTION:

Life insurance dominates the global insurance market, accounting for 59.7% of the market share value. Europe accounts for 39.3% of the global insurance market share value. AXA generates 4.4% of the universal insurance market's value. With a huge population base and large untapped market, insurance industry brigs opportunity in India for national as well as foreign investors.

India is the fifth largest life insurance market in the emerging insurance economies globally and is growing at 32-34% annually. This impressive growth in the market has been driven by liberalization, with new player's significantly enhancing product awareness and promoting consumer education and information. The strong growth potential of the country has also made international players to look at the Indian insurance market. Moreover, saturation of insurance markets in many developed economies has made the Indian market more attractive for international insurance player.

For years, insurers have been striving to reorganize their systems and upgrade their technological capabilities to reduce unnecessary costs and improve productivity while becoming more flexible and nimble. That quest continues with even more urgency in the current economic climate, with organic growth hard to achieve and bottom lines driven more by how efficiently insurers manage their operations.

One major uncertainty in terms of cost is the impact of regulatory reform, both in the United States with the implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act and in the European Union with Solvency II capitalization requirements and new accounting standards under development. Indeed, insurers that adapt most effectively to the changing rules of the game could gain a competitive advantage. Another goal is to improve the quality of an insurer's decision-making process by taking enterprise risk management to the next level.

NEED FOR THE STUDY:

The insurance industry, as an integral part of the financial services industry does not stand apart from the profound changes in the financial sector. Recently we are witnessing an enhanced competition in the insurance industry probably due to the opening up of this sector to private participants. There is a close inter-action between insurance and economic growth. As economy grows, the living standards of people increase. As a consequence, demand for insurance increases. As the assets of people and of business enterprises increase in the growth process, the demand for general insurance also increases. In fact, with the widening of the economy, the demand for new types of insurance products emerges. Insurance now extends not only to product market but also to service industries including finance. It is equally true that growth itself is facilitated by insurance. The global consolidation of the financial services sector is in large part driven by acquisition activity. Companies competing for a greater share of consumer funds are seeking quick access to new markets, new products and new channels of distribution, both globally and economically. Even though the insurance industry is facing more problems in International markets so, there is need to frame a common program for Global Insurance.

OBJECTIVES OF THE STUDY:

The following are the objectives of the paper:

- To examine the performance of global insurance business.
- To overview of Universal Insurance Programe (UIP).
- To describe the GIP approaches and challenges.

METHODOLOGY:

For the present study the required data has been collected from the Secondary sources comprising of the different websites, text books and articles related to the study. The collected data is arranged in a systematic order to draw the conclusion.

UNIVERSAL INSURANCE BUSINESS:

The potential performance of the insurance sector is universally assessed with reference to two parameters viz, Insurance penetration and insurance density. These two are often used to determine the level of development of the insurance sector in a country. Insurance Penetration defined as the ratio of premium country. Insurance Penetration is defined as the rate of premium underwritten in a given year to the Gross Domestic Product (GDP). Insurance Density is defined as the ratio of premium underwritten in a given year to the total population (Measured in USD for convenience of comparison). The fallowing two tables reveal the Insurance penetration and Insurance Density of International Insurance Business for 2011 and 2012.

From Tables-1 and 2 The measure of insurance penetration and density reflects the level of development of insurance sector in a country. So, in globalised era the Insurance Sector also entered in International Market. Globalization keeps changing its colors, it will continue to break down national borders in pursuit of new business opportunities, and it will redefine risk management as we know it. Companies with operations overseas need to take just as global a view of risk as they do of their growth opportunities. In addition to the typical property and liability risks that companies face abroad, they also face often complex compliance and insurance regulations. These may vary greatly from one country to the next. Failure to comply with local insurance regulations may have serious consequences, even

causing insurance policies to be declared null and void by local authorities in some rare cases. The solution is a holistic, centrally managed, international insurance program that anticipates and satisfies varying insurance and compliance needs in each country where you do business. Such a program will include features that address coverage gaps that might occur in programs created from individual policies purchased in each country. It should be a program that can seamlessly incorporate risk transfer tools such as captives.

Table-1: International Insurance Business Penetration

(in percent)

Country	2011			2012			2013			2014			2015		
	Total	Life	Non-Life	Total	Life	Non-Life	Total	Life	Non-Life	Total	Life	Non-Life	Total	Life	Non-Life
Australia	6.0	3.0	3.0	5.6	2.8	2.8	5.2	3.0	2.1	6.0.	3.8	2.2	5.7	3.5	2.2
Brazil	3.2	1.7	1.5	3.7	2.0	1.7	4.0	2.2	1.8	3.9	2.1	1.9	3.9	2.1	1.8
France	9.5	6.2	3.3	8.9	5.6	3.3	9.0	5.7	3.2	9.1	5.9	3.1	9.3	6.2	3.1
Germany	6.8	3.2	3.6	6.7	3.1	3.6	6.7	3.1	3.6	6.5	3.1	3.4	6.2	2.9	3.4
Russia	2.4	0.1	2.3	1.3	0.1	1.2	1.3	0.1	1.2	1.4	0.2	1.2	1.4	0.2	1.2
South Africa	12.9	10.2	2.7	-	-	-	15.4	12.7	2.7	14.0	11.4	2.7	14.7	12.0	2.7
Switzerland	10.0	5.5	4.5	9.6	5.3	4.3	9.6	5.3	4.4	9.2	5.1	4.1	9.2	5.1	4.1
United Kingdom	11.8	8.7	3.1	11.3	8.4	2.8	11.5	8.8	2.8	10.6	8.0	2.6	10.0	7.5	2.4
United States	8.1	3.6	4.5	8.2	3.7	4.5	7.5	3.2	4.4	7.3	3.0	4.3	7.3	3.1	4.2
Hong-Kong	11.4	1.1	1.4	12.4	11.0	1.4	13.2	11.7	1.5	14.2	12.7	1.4	14.8	13.3	1.5
India	4.1	3.4	0.7	4.0	3.2	0.8	3.9	3.1	0.8	3.3	2.6	0.7	3.4	2.7	0.7
Japan	11.0	8.8	1.8	4.8	3.1	1.7	11.1	8.8	2.3	10.8	8.4	2.4	10.8	8.3	2.6
Malaysia	5.1	3.3	1.8	4.8	3.1	1.7	4.8	3.2	1.7	4.8	3.1	1.7	5.1	3.4	1.7
Pakistan	0.7	0.4	0.3	0.7	0.4	0.3	0.7	0.5	0.3	0.8	0.5	0.3	0.8	0.5	0.3
PR China	3.0	1.8	1.2	3.0	1.7	1.3	3.0	1.6	1.4	3.2	1.7	1.5	3.6	2.0	1.6
Singapore	5.9	4.3	1.5	6.0	4.4	1.6	5.9	4.4	1.6	6.7	5.0	1.6	7.3	5.6	1.7
South Korea	11.6	7.0	4.6	12.1	6.9	5.3	11.9	7.5	4.4	11.3	7.2	4.1	11.4	7.3	4.1
SriLanka	1.2	0.6	0.6	1.2	0.5	0.7	1.1	0.5	0.7	1.1	0.5	0.7	1.2	0.5	0.7
Taiwan	17.0	13.9	3.1	18.2	15.0	3.2	17.6	14.5	3.1	18.9	15.6	3.3	19.0	15.7	3.2
Thailand	4.4	2.7	1.7	5.0	3.0	2.1	5.5	3.8	1.7	5.8	3.6	2.2	5.5	3.7	1.8
World	**6.6**	**3.8**	**2.8**	**6.5**	**3.7**	**2.8**	**6.3**	**3.5**	**2.8**	**6.2**	**3.4**	**2.7**	**6.2**	**3.5**	**2.8**

Various Annual Reports of IRDA

Table-2: International Insurance Business Density

(in US Dollars)

Country	2011			2012			2013			2014			2015		
	Total	Life	Non-Life	Total	Life	Non-Life	Total	Life	Non-Life	Total	Life	Non-Life	Total	Life	Non-Life
Australia	4094.0	2077.0	2017.0	3922.3	1987.7	1934.7	3528	2056	1472	3736	2382	1354	2958	1830	1128
Brazil	398.0	208.0	189.0	414.2	225.5	188.7	443	246	197	422	222	200	332	178	154
France	4041.0	2638.0	1403.0	3543.5	2239.2	1304.3	3736	2391	1345	3902	2552	1350	3392	2263	1129
Germany	2967.0	1389.0	1578.0	2804.6	1299.3	1505.3	2977	1392	1585	3054	1437	1617	2563	1181	1381
Russia	303.0	8.0	295.0	182.4	12.1	170.3	199	19	180	181	20	161	117	15	102
South Africa	1037.0	823.0	215.0	1080.9	882.3	198.6	1025	844	181	925	748	176	843	688	155
Switzerland	8012.0	4421.0	3591.0	7522.1	4121.1	3401.1	7701	4211	3490	7934	4391	3542	7370	4079	3292
United Kingdom	4535.0	3347.0	1188.0	4350.2	3255.8	1094.4	4561	3474	1087	4823	3638	1185	4359	3292	1067
United States	3846.0	1716.0	2130.0	4047.3	1808.1	2239.2	3979	1684	2296	4017	1657	2360	4096	1719	2377
Hong-Kong	3904.0	3442.0	462.0	4543.9	4024.7	519.2	5002	4445	557	5647	5071	575	6271	5655	616
India	59.0	49.0	10.0	53.20	42.70	10.50	52	41	11	55	44	11	55	43	12
Japan	5169.0	4138.0	1031.0	5167.5	4142.5	1024.9	4207	3346	861	3778	2926	852	3554	2717	837
Malaysia	502.0	328.0	175.0	514.2	329.9	184.3	518	341	176	524	338	186	472	316	157
Pakistan	8.0	4.0	4.0	8.7	5.3	3.4	9	6	3	11	7	4	12	8	4
PR China	163.0	99.0	64.0	178.9	102.9	76,0	201	110	91	235	127	109	281	153	128
Singapore	3106.0	2296.0	810.0	3362.0	2471.8	890.2	3251	2388	863	3759	2840	919	3825	2932	894
South Korea	2661.0	1`615.0	1045.0	2785.4	1578.1	890.2	2895	1816	1079	3163	2014	1149	3034	1940	1094
SriLanka	33.0	15.0	18.0	32.9	14.8	18.1	36	16	21	40	17	23	43	19	25
Taiwan	3371.0	2757.0	614.0	3759.6	3107.1	652.5	3886	3204	682	4072	3371	701	4094	3397	698
Thailand	222.0	134.0	88.0	266.2	156.5	109.7	310	214	96	323	198	125	319	215	104
World	**661.0**	**378.0**	**283.0**	**655.7**	**3726.0**	**2831.0**	**652**	**386**	**285**	**662**	**368**	**294**	**621**	**346**	**276**

Various Annual Reports of IRDA

Note: Insurance Density is measured as ratio of premium (in US Dollar) to total population

UNIVERSAL INSURANCE PROGRAM:

Universal Insurance Program have been a hot topic over the past few years among insurance buyers in Europe, the united states& elsewhere global programs deliver on three C' that all professional buyers focus on coverage, control & cost. The program can offer more consistent coverage great control over risk & loses & lower costs. Universal Insurance programs first were developed in the United States & the United Kingdom, followed closely by continental Europe & now Asian & Later American companies are starting to buy their insurance centrally through a global program. The large players in the global program market emerged from their strong domestic bases & followed their clients overseas by opening their own offices or through acquisition of foreign insures. Industries with sophisticated levels of risk management such energy, mining and manufacturing companies, are the natural clients for global insurance programs, but the key drivers is the need for uniformity of coverage and service, rather than an industry sector.

Insurance programs are not simple off the shelf products. Their structures vary considerably to reflect clients' corporate culture and specific needs, but they also are influenced by important considerations such as compliance, cost & service. It is difficult to design a typical global insurance program because structure varies greatly depending on the client. But there are some key characteristics, such as the ability to control a company's risks & insurance program centrally. Perhaps the most important driver behind a global program. GIP came in all shapes & sizes, but typically there is a central insurance policy, knowns as in master policy, potential several local policies writer in overseas territories. The master policy can cover international risks on a nonasmitted basis or include differences in condition & difference-in-limits classes to plug any gaps in the coverage provided by local policies.

STUCTURE OF UNIVERSAL INSURANCE PROGRAM:

When structuring a UIP, it is considered that where clients risks are located and charts "green" areas, where it can locally issue local paper or write non-admitted coverage and 'red' areas where it does not have the ability to issue policies locally an where non-admitted cover is not permitted by local insurance. The insurer then structures global program to offer coverage that complies with local laws. The program can use difference-in condition and difference-in-limits policies or financial interest coverage, which is issued in the home territory and will pay the parent company for losses at a local subsidiary. The global shifts taking place in the insurance market over the last fifty years share of premium shifted away from Europe and Anglo Sexon market to Asian markets. The share of Europe and Anglo-Sexon market in global premium volume fell from 93 per cent in 1962 to 56 per cent in 2012. Over the next ten years, this shift is likely to become the second largest insurance market after the USA.

APPROACHES TO UNIVERSAL INSURANCE PROGRAM:

Locally Admitted Approach:

In this approach foreign subsidiaries of a multinational compact act autonomously in buying insurance. There is no corporate risk management philosophy guiding insurance buying. The main advantages of this approach are it is legal acceptable, premium are tax deductible and policies are in local language. The disadvantages are loss on purchasing power, lack of uniformity in coverage, possible coverage gap, insufficient insurance, duplication and difficult to monitor local insurer's solvency.

Non-Admitted Approach:

This approach consists of a single policy that covers all foreign subsidiaries of a multinational corporation. The main benefits of this program are the bulk buying power, broad flexible coverage, single currency and uniform protection worldwide. Limitations of the program are illegal in many countries, restricted tax deductibility, premium tax issues, investigation, defense of claims mare different and loss settlement could be taxable.

Difference-In Conditions (DIC) Approach:

This program takes the minimal admitted cover bought by foreign operations, supported by non-admitted (DIC) policy in the home territory. The benefit of this program is DIC covers local-policy differences, local premiums deductable on taxes, local management can choose their insurer's. The problems with this program are it does not fully utilize bulk buying power, lack of uniformity in coverage, duplication of coverage and possible tax problems for claims paid under DIC policy.

Controlled Masters Approach:

In this program a single insurer provides master policy in parent company's home territory that acts as an excess/DIC policy over locally issued policy. Where legal, local policy mirrors the master policy. Where legal, local policy mirrors the master policy. If illegal, local policy issued to follow local laws, regulations. Master policy acts in excess/DIC capacity. Local coverage now meets corporate risk management stands. The pros of this approach are bulk buying power, local/central policy control, enhances local management in controlling losses, premium allocation for calculating tax can be done controlling and is more complain, eliminate coverage gaps and legal in local territories.

Global Approach:

This approach combines overseas home territory cover with one insurer. The advantages of this approach are premium reflect, size, experience, more efficient loss control, foundation of other risk-financing options. The disadvantages are limited number of underwriters and unsuitable for large U.S. casualty risks.

Benefits of Universal Insurance Program:

The following are the some important benefits of Universal Insurance Program:

1. The UIP are particularly suitable for smaller insurance-buying departments because they give comfort and a safety net for a lone risk manager.
2. A Global Property Program will give all-risk cover internally all insurers wherever he/she may be.
3. UIP give risk managers comfort that there is comparable level of insurance provision globally.
4. UIP risk tolerance of the group is likely to be higher than that of the subsidy and through risk finance the group can take a large deduction.
5. UIP will give continuity of cover through the primary and excess layers.
6. The tax implication while buying insurance is easily manageable centrally with UIP.
7. With a Global Approach it is easier to keep track as to what converge is require and whether non-admitted coverage is permissible.
8. The evaluation of insurers' credit worthiness can be done centrally whereas local subsidiaries lack the resources.
9. GIP also can help risk-manager with compliance issues and serve as a support tool to answer reporting and legal requirements.

Challenges of UIP:

As companies continue to expand internally, global insurance program have proven to be an attractive and economical way to arrange coverage. But the challenge of building a program that is complaint with local tax and insurance requirements threatens to undo some of the benefits. Every country has its own regulatory requirements, such as what coverages are compulsory and where and from whom insurance can be purchased. And each country has its own tax requirements, whether they are insurance premium taxes or levies for national insurance pools. Building a global insurance program can be particularly difficult for companies with operations in countries such as Brazil, Russia, India and China:; where compliance challenges are most acute.

CONCLUSION

Over the past ten years, universal insurance premiums have risen by more than 50%, with annual growth rates ranging between 2 and 10%. In 2004, global insurance premiums amounted to $3.3 trillion. The global insurance market grows by 7.6% in 2007 to reach a value of $3,688.9

billion. In 2012, the global insurance market is forecast to have a value of $4,608.5 billion, an increase of 24.9% since 2007. The global consolidation of the financial services sector is in large part driven by acquisition activity. Companies competing for a greater share of consumer funds are seeking quick access to new markets, new products and new channels of distribution, both globally and economically. Even though the insurance industry is facing more problems in International markets so, there is need to frame a common program for Global Insurance. The potential performance of the insurance sector is universally assessed with reference to two parameters viz, Insurance penetration and insurance density. Global Insurance programs first were developed in the United States & the united kingdom, followed closely by continental Europe & now Asian & Later American companies are starting to buy their insurance centrally through a global program. The large players in the global program market emerged from their strong domestic bases & followed their clients overseas by opening their own offices or through acquisition of foreign insures. As companies continue to expand internally, global insurance program have proven to be an attractive and economical way to arrange coverage. But the challenge of building a program that is complaint with local tax and insurance requirements threatens to undo some of the benefits. Every country has its own regulatory requirements, such as what coverage's are compulsory and where and from whom insurance can be purchased.

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MARKETING STRATEGIES OF SELECT PRIVATE LIFE INSURANCE COMPANIES IN INDIA

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ABSTRACT

Indian insurance industry has witnessed tremendous growth in the presence of a fairly large number of insurers both in life and non-life segment. While the world is eyeing India for growth and expansion, Indian companies are becoming increasingly world class. There is scope for many more players in this large underinsured market. India with a population of over one billion, insurance companies compete to capture market share through better pricing and cliental services based on benefits aimed at specific market segmentation. The study recommends strategies to management to meet create new customers base and to build the long term relationship with the existing customers. It also considers means by which management improve the quality of service delivery which in turn contributes for greater efficiency in meeting customers' expectations. The purpose of the study is to assess the service marketing mix elements among the customers with respect to their awareness, satisfaction and loyalty. The study also to evaluate the sales executives empowerment, service quality delivery, customer relationship management and e-CRM initiatives of the select private life insurance companies.

INTRODUCTION

Humans today continue their quest to achieve security and reduce uncertainty and rely on others for financial stability, others may be the employer, the government or an insurance company, but the concept is the same. This research study exposed too many serious perils such as personal losses, property losses from incapacity and death. Although individuals cannot predict or completely prevent such occurrences, they can provide for their financial losses. The function of insurance is to safeguard against such misfortunes by having contributions of the many pay for the losses of the unfortunate few. This is the essence of Insurance.

Life insurance, today is vastly more challenging than that which existed just a decade ago. Not only has competition from other financial intermediaries such as banks, securities firms and mutual funds has forced insurers to recognized that they must respond with far greater efficiency and effectiveness in all operational areas. The life insurance business will continue to evolve. Indeed, change in insurance is occurring at an unpredicted pace. Many of yesterday s insurance practices differ from those of today, and many of tomorrow s practices will differ significantly from those of today. The fundamentals of risk and insurance however do not change, although one understanding of them deepens with time.

The overall purpose of coming up with Service Marketing strategies is to improve marketing productivity and enhance mutual value for both customer and the insurers. Marketing strategies facilitate the achievement of operational goals such as lower cost of acquiring customer, reduction in the distribution costs, streamlining insurance policy processing and retention of customer that economize the acquisition cost of new customers which contributes for the enhancement of marketing efficiency.

Service Marketing Mix

STATEMENT OF THE PROBLEM

The insurance sector has undergone tremendous changes, since economic reforms in India. Insurance which was the state monopoly for a quite a long time became an open and regulated market with private participants both from India and abroad. Despite of growing numbers of private life insurance companies since 2001, LIC of India continues to be the giant market shareholder in the industry. The private insurance companies in the early years of their entry recorded a rapid growth in terms of penetration, density, premium collection and the opening up of offices all over the country.

In the initial years of competitive insurance market the ULIPs have shown an unprecedented growth however, after 2008, the global economic meltdown depicted a downward trend, giving scope for replacing a conventional insurance product.

Insurance market in India is of a unique nature which is partly oligopolistic as there are only 24 players including the public sector LIC which is a very small number when compared to a wide market of about 127 crores of people. On the other hand it is a regulated market governed by IRDA s prescriptions. Insurance companies are expected to operate within the policy guidelines and don t have much to do on their own with the task of marketing their products. Though, the private insurance companies have initiated several strategies to expand their market base, the outcome is not encouraging enough. There are instances that during several financial years, the premium, penetration rate, density and market share of private life insurance companies were on the decline. Therefore, there is an unidentified bias in the market, which is still in favor of the conventional products and the public sector insurance provider. It has become inevitable to identify the market drivers and the competitive

strategies that could help the survival of the private life insurance companies.

The studies conducted so far provides relatively little support for the effectiveness of marketing strategies of private life insurance companies. Adequate research has not been done to understand and analyze the service marketing mix strategies of private life insurers. The present study attempts to bridge this gap of information by studying marketing strategies of private life insurance companies in India. The industry needs updated information on the customer s expectations and possible means to fulfill them.

The present study is an attempt to analyze the marketing strategies of the major private life insurance companies to identify the contributing variables towards their marketing performance.

NEED FOR THE STUDY

At present, there are 23 private life insurance players operating in India along with public giant LIC. There is a tremendous growth of these private companies over 15 years since the entry. There was high growth of private life insurance till 2010-11 and after that it has seen the downturn and LIC has started regaining its market share and customers started losing trust in the private life insurers. Taking the above background into consideration, the main focus of the research is to analyze such setback and probable solutions to increase market share of private life insurers, to gain the required competitive advantage and to understand the present and future expectations of the customer to regain the trust and evolve service strategies to meet their expectations.

OBJECTIVES OF THE STUDY

The following are the objectives of the present study:

1. To analyze the life insurance environment in India after Privatization.
2. To analyze the marketing strategies of select private life insurance companies in India.
3. To evaluate the customer awareness about private life insurance companies in India.
4. To examine the effectiveness of e-CRM in of select private life insurance companies in India.

HYPOTHESES

The following are the hypotheses for the present research study:

H_0 : There is no significant difference in the service marketing mix strategies of select private life insurance companies.

H_1 : There is a significant difference in the service marketing mix strategies of select private life insurance companies.

SCOPE OF THE STUDY

The present research encompasses the study of marketing strategies of five private life insurance companies operating in Mysore and Bangalore.

The data has been collected from the customers, sales and marketing managers/executives, advisors/insurance agents of private life insurance companies such as ICICI Prudential Life Insurance Company, Reliance life insurance, Birla Sun Life Insurance Company Limited, Bajaj Allianz Life Insurance and HDFC Standard Life Insurance Company Limited.

METHODOLOGY OF THE STUDY

Research Design: Descriptive method is used for the purpose of conducting research. Data is gathered from customers, marketing executives/ managers, insurance agents/advisors of selected private insurance companies on the basis of convenience sampling method for the purpose of the study.

Source of the data: The proposed research requires both primary and secondary data.

Primary data: Primary data on the marketing strategies, customer satisfaction and loyalty of Life insurance companies is collected through the structured questionnaire. The primary data is collected from the customers, managers, customer care executives, and relationship managers/ executives, insurance agents/advisors of select private life insurance companies.

Secondary data: The secondary data is extracted from among different published sources such as IRDA manuals and reports, magazines, voice and data magazine, research articles, research articles, books and selected websites.

Sampling Design: Around 300 sample customer respondents are selected from the population for the purpose of the study. The composition of the respondents includes insurance buyers from selected private insurance companies ICICI prudential, RELIANCE life insurance, HDFC life insurance, BAJAJ Allianz life insurance, BIRLA Life insurance drawn from Mysore and Bangalore. Around 200 employees of five selected private life insurance companies are selected for the study. Out of this, 40 employees are from each private life insurance companies viz. ICICI, RELIANCE, HDFC, BAJAJ, BIRLA from Bangalore and Mysore are selected for the study. Around 100 advisors of five selected private life insurance companies are selected for the study.

To analyze the data collected from respondents and to prove or disprove hypotheses, various statistical tools and techniques have been applied in this study. For the purpose of processing and analyzing the collected data, statistical tools such as tables, charts are used in this study. Mean, standard deviation and correlation are used for descriptive statistics. Cronbach s alpha was used for determining the predictive validity and reliability of the questionnaire used in the study. The hypotheses are tested using ANOVA test, Cramers Value, P value and Pearson correlation analysis. The data collected from respondents is analyzed with the help of SPSS.

RELIABILITY ANALYSIS OF THE QUESTIONNAIRE:

Reliability analysis is normally considered as the degree of consistency of a scale used in the study. In order to measure the reliability of the questionnaire, the index of Cronbach s Alpha was calculated. Cronbach s Alpha determines the reliability based on internal consistency. Typically, items having a co-efficient of 0.60 are considered adequate for the study. The result of reliability analysis of the variables used in this study is presented below:

Table 1 Result of Reliability Analysis

Customer Views			
Sl. No.	**Variables**	**No. of Statements**	**Cronbach's Alpha**
1	Customers Awareness	16	0.679
2	Place	2	0.663
3	Product	2	0.745
4	Promotion	7	0.810
5	Price	3	0.848
6	People	5	0.802
7	Physical Evidence	3	0.631
8	Process	10	0.758
9	Customer satisfaction and Loyalty	7	0.850
Particulars	**No. of Statements**	**No. Of variables**	**Cronbach's Alpha**
Marketing executives opinion	40	5	0.639
Advisors opinion	20	9	0.708

Source: Field Survey

There are several yardsticks to measure this role and relationship of life insurance and macro economy in the context of market development. They can be listed as below:

1. Growth in GDP and its impact on insurance penetration and insurance density.
2. Increase in household financial savings and its impact on life insurance.
3. Inflation, interest rate and life insurance growth.
4. Population growth and life insurance.

The summary of all the parameters with Pearson correlation values are shown below.

Growth in GDP and its impact on Life Insurance Penetration and Life Insurance Density

Life Insurance penetration is calculated as Life insurance premium as a percentage of GDP of a country and life insurance density is the premium per capita. GDP has significant influence on the level of life insurance premium. Density is the other important indicator of life Insurance and macroeconomic relationship. It is calculated as life Insurance premium as a percentage of population.

Table 2 Correlation between GDP and Life Insurance Penetration in India

Year	GDP (Rs. in Crores)	Penetration [%]
2000-01	2000743	1.20
2001-02	2278952	2.15
2002-03	2454561	2.59
2003-04	2754620	2.26
2004-05	3239224	2.53
2005-06	3706473	2.53
2006-07	4283979	4.10
2007-08	4947857	4.00
2008-09	5574448	4.00
2009-10	6231172	4.60
2010-11	7688250	4.40
2011-12	88,32,012	3.40
2012-13	99,88,540	3.17
2013-14	113,45,056	3.10
2014-15	125,41,208	2.60
Correlation r: = 0.3403 Significant: 0.000		

Source: Annual Report and Statistictimes

GDP is expected to have a positive relationship with life insurance penetration. To test this relationship Pearson Correlation Matrix analysis was performed with GDP and life insurance penetration and insurance density for the period 2000–2015. The analysis indicated a positive correlation with the selected variables, i.e., life insurance penetration (0.34) and life insurance density (0.78) with GDP.

The high growth of GDP induces economic effect through higher per capita and disposable income and savings, which in turn creates favorable market and demand for life insurance. On the other hand life insurance also provides support to the capital market and generation of savings pertaining to Indian life insurance and macro economic variables broadly indicate a close relationship and interdependence between GDP and life insurance penetration and density. However, it has also been observed that in India while the economy in general have registered significant growth, life insurance is not left far behind with a very strong positive correlation between GDP and life insurance penetration and between GDP and life insurance density.

The insurance density of life insurance business had gone up from USD 9.1 in 2001 to reach the peak at USD55.7 in 2010. During 2014-15, the level of life insurance density was USD 44. Similarly the life insurance penetration surged from 2.15 percent in 2001 to 4.60 percent in 2009. Since then, it has exhibited a declining trend reaching 2.6 percent in 2014.

Table 3 Correlation between Gross Domestic Savings and Life Insurance Premium in India

Year	Gross Domestic Savings (Rs. in Crores)	Premium (Rs. in Crores)
2000-01	463750	34898.47
2001-02	306588	50094.46
2002-03	396014	55747.55
2003-04	540637	66653.75
2004-05	723050	82854.80
2005-06	856314	105875.76
2006-07	1049873	156075.84
2007-08	1312251	201351.41
2008-09	1236356	221785.47
2009-10	1283456	265447.25
2010-11	2651934	291638.64
2011-12	2765291	287072.11
2012-13	3707180	287202.49
2013-14	4098005	314301.66
2014-15	4378650	328101.14

Correlation: r = 0.886 Significant: p = 0.000

Source: Annual Report and Statistictimes

An attempt has been made to examine the relationship between gross domestic savings and life insurance premium with the help of data, and it is found that there exists a strong correlation between these factors as reflected in the results of Pearson Correlation Matrix analysis with a correlation coefficient of 0.886 till the year 2000-2015. It is noted that in the year 2011 to 2013 though there is an increase in the gross domestic savings the premium has come down drastically for these 2 years. It picked up again in 2013-14 and 2014-15 showing increase in gross domestic savings also increased the investment in life insurance. So it can be concluded that there is a strong correlation exists between the gross domestic savings and the development of the life insurance industry. Reforms and liberalization have exerted significant impact on income, savings and insurance purchase as found above.

Inflation, Interest Rate and Life Insurance Growth

The following table no 3.5 shows inflation and total life insurance premium underwritten and interest rates and total life insurance premium underwritten from the year 2001-2015.

Table 4 Correlation between Inflation and Total Life Insurance Premium in India

Year	Inflation (in %)	Premium (Rs. In Crores)
2000-01	3.77	34898.47
2001-02	4.3	50094.46
2002-03	4.1	55747.55
2003-04	3.8	66653.75
2004-05	3.9	82854.80
2005-06	5.2	105875.76
2006-07	7.3	156075.84
2007-08	8.1	201351.41
2008-09	9.8	221785.47
2009-10	12.7	265447.25
2010-11	8.87	291638.64
2011-12	9.30	287072.11
2012-13	10.92	287202.49
2013-14	6.37	314301.66
2014-15	5.84	328101.14
Correlation: r = 0.730 significant: p = 0.0000		

Source: Annual Report and Statistic times

In general, the year of low inflation rate witnessed higher growth in life insurance but for some exceptions. Rate of interest and life insurance growth is said to be negatively related to life insurance selling, since higher interest rates in alternative savings and instruments may discourage purchasing life insurance and lower interest rates in alternative savings may encourage purchasing life insurance.

The impact of inflation and interest rates on life insurance has been studied with the help of Pearson Correlation Matrix analysis and the analysis indicated a positive correlation between inflation and life insurance premium with a correlation coefficient of 0.730 whereas interest rate has a negative correlation with life insurance premium as expected with a correlation coefficient of -0.614.

From the table, it is noted that, when the inflation increased to 10.92 in the year 2012-13, there was a fall in the life insurance premium to 2,87202.49. It picked up again from 2013-14 when inflation rate came down to 6.37. In the year 2014-15 it is found that the inflation rate is 5.84 and the insurance premium is increased to 328101.14. Thus it can be inferred from the above analysis that when an inflation rate fluctuates it is also reflected in the insurance premium. The lower the interest rate, there is an increase in the total premium collected for the year 2014-15.

CONCLUSION

Indian life insurance industry, after opening up for the private participation since 2001, has made tremendous impact in terms of increased penetration and density with as many as 24 life insurance companies along with the public sector giant, LIC of India. But the fact that only 26% of Indian population is insured itself is an indication that this industry has huge untapped market on offer for all the players and also will attract many more private players in the time to come. In such a highly competitive environment, the insurance companies are focusing on product innovations and distribution, underwriting and claims management, use of technology to integrate business process, improve service quality delivery, enhance company's image, build customer loyalty and thereby capture high market share. In the back ground of the above scenario, each insurance company have to focus on their marketing strategies in terms of 7 p s of service marketing mix, namely people, process, physical evidence along with other conventional 4 p s namely product, price, place and promotion. The regulator IRDA has given prudent guidelines with respect to products and pricing of insurance products and has led to similar product offers with more or less similar pricing of the policies by all private life insurers. At last all the players have realized that it is not IRDA alone that can control the market, the customers interest is continue to be relevant in force need to analyzed and redefined. In recent years marketing practitioners have focused upon the importance of customer centric approach.

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A STUDY ON AWARENESS OF HOUSEHOLDS REGARDING RURAL POSTAL LIFE INSURANCE

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ABSTRACT

The postal service is under the Department of Posts, which is part of the Ministry of Communications and Information Technology of the Government of India. The country has been divided into 22 postal circles, each circle headed by a Chief Postmaster General For more than 150 years, the Department of Posts (DoP) has been the backbone of the country's communication and has played a crucial role in the country's social economic development.delivering mails, accepting deposits under Small Savings Schemes, providing life insurance cover under Postal Life Insurance (PLI) and Rural Postal Life Insurance (RPLI) and providing retail services like bill collection, sale of forms, etc. Over the years, PLI has grown substantially from a few hundred policies in 1884 to more than 6.4 million policiesRural Postal Life Insurance (RPLI) came into being as a sequel with the recommendations of the malhotra Committee for Reforms in the Insurance Sector (Malhotra Committee).The salient features of the Whole Life, Endowment, Convertible Whole Life and Anticipated Endowment Schemes of RPLI the main purpose of the RPLI is to provide the insurance benefit to the rural public. But because of lack of awareness on insurance benefits till now it is not penetrated to the rural people.

Key Words: *Department of Post, postal life insurance (PLI), Rural postal life insurance (RPLI), premium*

Introduction :

The Department of Posts (DoP), trading as India Post, is a government-operated postal system in India. Generally referred to within India as "the post office", it is the most widely distributed postal system in the world. The postal service is under the Department of Posts, which is part of the Ministry of Communications and Information Technology of the Government of India.

As of 31 March 2017, the Indian Postal Service had 155,048 post offices, of which 139,222 (89.86%) were in rural areas and 15,826 (10.14%) in urban areas. It had 25,560 departmental Post Offices and 129,379 Gramin Dak Sevak, Branch Post Offices. On an average, a post office serves an area of 21.22 square kilometers (8.19 sq mi) and a population of 8,054.Because of its reach and presence in remote areas, the Indian postal service is also involved in other services such as small-savings banking and financial services.

The country has been divided into 22 postal circles, each circle headed by a Chief Postmaster General. Each circle is divided into regions, headed by a Postmaster General and comprising field units known as Divisions. These divisions are further divided into subdivisions. In addition to the 22 circles, there is a base circle to provide postal services to the Armed Forces of India headed by a Director General. The highest post office in the world is in Hikkim, Himachal Pradesh operated by India Post at a height of 15,500 ft (4,700 m).

For more than 150 years, the Department of Posts (DoP) has been the backbone of the country's communication and has played a crucial role in the country's social economic development. It touches the lives of Indian citizens in many ways: delivering mails, accepting deposits under Small Savings Schemes, providing life insurance cover under Postal Life Insurance (PLI) and Rural Postal Life Insurance (RPLI) and providing retail services like bill collection, sale of forms, etc. The DoP also acts as an agent for Government of India in discharging other services for citizens such as Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) wage disbursement and old age pension payments. With 1, 55,048 Post Offices, the DoP has the most widely distributed postal network in the world.

Introduction on PLI:

Postal Life Insurance (PLI) was introduced on 1st February 1884 by Her Majesty, the Queen Empress of India. It was essentially a scheme of State Insurance mooted by the then Director General of Post Offices, Mr. F.R. Hogg in 1881 as a welfare scheme for the benefit of Postal employees and later extended to the employees of Telegraph department in 1888. In 1894, PLI extended insurance cover to female employees of P & T Department at a time when no other insurance company covered female lives. It is the oldest Life insurer in this country.

In the beginning, the upper limit of life insurance was only Rs 4000/- which has now increased to Rs 50 lakhs (Rupees Fifty Lakhs) - Endowment Assurance and Whole Life Assurance. Over the years, PLI has grown substantially from a few hundred policies in 1884 to more than 6.4 million policies as on 31.03.2015. It now covers employees of Central and State Governments, Central and State Public Sector Undertakings, Universities, Government aided Educational institutions, Nationalized Banks, Local bodies, autonomous bodies, joint ventures having a minimum of 10% Govt./PSU stake, credit co-operative societies etc. PLI also extends the facility of insurance to the officers and staff of the Defense services and Para-Military forces. Apart from single insurance policies, Postal Life Insurance also manages a Group Insurance scheme for the Extra Departmental Employees (Gramin Dak Sevaks) of the Department of Posts.

PLI is an exempted insurer under Section 118 (c) of the Insurance Act of 1938. It is also exempted under Section 44 (d) of LIC Act, 1956

Rural Postal Life Insurance

Rural Postal Life Insurance (RPLI) came into being as a sequel with the recommendations of the malhotra Committee for Reforms in the Insurance Sector (Malhotra Committee). The Committee had observed in 1993 that only 22% of the insurable population in this country had been insured; life insurance funds accounted for only 10% of the gross household savings. The Committee had observed

The Committee understands that Rural Branch Postmasters who enjoy a position of trust in the community have the capacity to canvass life insurance business within their respective areas."

The Government accepted the recommendations of Malhotra Committee and allowed Postal Life Insurance to extend its coverage to the rural areas to transact life insurance business with effect from 24.3.1995, mainly because of the vast network of Post Offices in the rural areas and low cost of operations. The prime objective of the scheme is to provide insurance cover to the rural public in general and to benefit weaker sections and women workers of rural areas in particular and also to spread insurance awareness among the rural population. As on 31.03.2015, there are more than 23.51 million RPLI policies

Benefits:

- PLI is the only insurer in the Indian Life Insurance market today which gives the highest return (bonus) with the lowest premium charged for any product in the market

PLI/RPLI policy holders also get following facilities:

- Change of nomination

- The insured can take loan by pledging his/her policy to Heads of the Circle on behalf of President of India, provided the policy has completed 3 years in case of Endowment Assurance and 4 years in case of Whole Life Assurance. The facility of assignment is also available
- Assignment of Policy to any Financial Institution for taking loan
- Revival of his/her lapsed policy. Policy lapses after 6 unpaid premium if it remained in force for less than 3 years and after 12 unpaid premium if it remained in force for more than 3 years
- Issue of Duplicate Policy Bond in case the original Policy Bond is lost, burnt or torn/ mutilated
- Conversion from Whole Life Assurance to Endowment Assurance and from Endowment Assurance to other Endowment Assurance as per rules

RPLI Products:

RPLI offers following types of plans:

1. Whole Life Assurance (GRAMA SURAKSHA)
2. Convertible Whole Life Assurance (GRAMA SUVIDHA)
3. Endowment Assurance (GRAMA SANTOSH)
4. Anticipated Endowment Assurance (GRAMA SUMANGAL)
5. 10 Year RPLI (GRAM PRIYA)
6. Children Policy (BAL JEEVAN BIMA)

The salient features of the Whole Life, Endowment, Convertible Whole Life and Anticipated Endowment Schemes of RPLI are same as the corresponding schemes of PLI except that the minimum Sum Assured is Rs.10000 and the maximum Sum Assured is Rs.10 lac. The maximum age limit of entry is 55 years in case of Whole Life and Endowment Assurance but 45 years in case of other plans.

All the schemes have compulsory medical examination. For the non-medical policies, the maximum limit of Sum Assured is Rs.25000/-, and maximum age is 35 years. In case of Non-standard age proof for Rural PLI policies, the maximum age limit is 45 years.

Objectives of the Study:

1. To know whether general public are having the postal life insurance
2. To study the awareness level of postal life insurance and their products
3. To enhance the knowledge of post life insurance and its importance
4. To identify the customer preference in opting the postal life insurance product

Background of the study:

The main purpose of the RPLI is to provide the insurance benefit to the rural public. But because of lack of awareness on insurance benefits till now it is not penetrated to the rural people.

Research Methodology :

· Research Design	:	Descriptive Research
· Sampling Technique	:	convenient random sampling technique
· Sample size	:	100
· Sample respondents	:	households of Samisragudem ,west Godavari District, , Andhrapradesh
· Research instrument	:	Interview schedule
· Tools used	:	percentage analysis and chi-square.

Sampling unit:

Households of samisragudem, west Godavari District, Andhrapradesh

Data Collection :

Primary data have been directly collected from households through interview schedule

Limitation of the study.

- The study was conducted on only one village samisragudem.so the result may vary for another geological regions.
- The sample size of the study is only 100 so the result may vary for entire village.
- Time constrained is the one of the limitation of study.

Data Analysis:

Table : 1 **HEAD OF THE FAMILY MEMBER AGE**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	30 and below...	16	16.0	16.0	16.0
	31 TO 40	47	47.0	47.0	63.0
	41 TO 50	31	31.0	31.0	94.0
	51 AND ABOVE	6	6.0	6.0	100.0
	Total	100	100.0	100.0	

Source: primarydata

From the above table-1 it is inferred that the maximum age group of the respondent's is 31to40 years are the 47%, and least age group is 51 years and above are 6%.

Table : 2 EDUCATION QUALIFICATION OF FAMILY HEAD.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	illiterate	28	28.0	28.0	28.0
	SSC below	37	37.0	37.0	65.0
	+2 or ITI	22	22.0	22.0	87.0
	degree	9	9.0	9.0	96.0
	P.G	4	4.0	4.0	100.0
	Total	100	100.0	100.0	

Source: primary data

From the above table-2 it is inferred that the most of the respondents education qualification is below SSC are 37% and the least are P.G. i.e. 4%.

Table : 3 **OCCUPATION OF HEAD OF FAMILY**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	daily wager	33	33.0	33.0	33.0
	driver	24	24.0	24.0	57.0
	business	25	25.0	25.0	82.0
	farmer	9	9.0	9.0	91.0
	other works	9	9.0	9.0	100.0
	Total	100	100.0	100.0	

Source: primary data

From the above table-3 it is inferred that the maximum number of respondent's occupation is daily wagers i.e. 33% and least are farmers and other works are 9%.

Table :4 **TYPE OF FAMILY**					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	joint	7	7.0	7.0	7.0
	Nuclear	93	93.0	93.0	100.0
	Total	100	100.0	100.0	

Source: primary data

From the above table-4 it is inferred that most of the respondents are Nuclear family i.e. 93% and the least respondents are joint i.e.7%.

Table :5 **ANNUAL INCOME OF THE FAMILY**					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	UP TO 60000	45	45.0	45.0	45.0
	60001TO120000	27	27.0	27.0	72.0
	120001TO180000	19	19.0	19.0	91.0
	more than 180000	9	9.0	9.0	100.0
	Total	100	100.0	100.0	

Source: primary data

From the above table-5 it is inferred that the majority respondent's annual income is below 60,000 rupees are 45% and 27% are between60000 to 120000 and 19% are 120000 to 180000 rupees and least respondents income is more than 1, 80,000 are 9%.

Table :6 HOW MANY ARE INSURED IN THE FAMILY BANKS					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	one person	30	30.0	30.0	30.0
	two persons	23	23.0	23.0	53.0
	three and more than three persons	7	7.0	7.0	60.0
	no one	40	40.0	40.0	100.0
	Total	100	100.0	100.0	

Source: primary data

From the above table-6 it is inferred that only 60% households having insurance and 40% households do not having any type of insurance.

From the below -7 table it is inferred that the insured persons from the total 60 households the maximum from the public sector like L.I.C., Government Banks with the 98.3% are 59 households. The fewer households from private insurance company with 1.7% is only one house hold.

Table :7 **IF INSURED WHICH COMPANY**					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	public sector	59	59.0	98.3	98.3
	private sector	1	1.0	1.7	100.0
	Total	60	60.0	100.0	

Source: primary data

Table :8 HOW YOU GOT INSURED					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	through agent	59	59.0	98.3	98.3
	directly with company	1	1.0	1.7	100.0
	Total	60	60.0	100.0	

Source: primary data

From the above table -8 it is inferred that 59 respondents out of 60 i.e. 98.3% are insured through an agent and only one respondent i.e.1.7% insured directly without an agent.

Table :9 ARE YOU AWARE ABOUT RPLI IF YES HOW DID YOU COME TO KNOW LEVEL OF AWARENES

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	29	29.0	48.3	48.3
	no	15	15.0	25.0	73.3
	moderate	16	16.0	26.7	100.0
	Total	60	60.0	100.0	

Source: primary data

From the above table-9 it is inferred that 48.3% people known about their policy well, and 16% people known moderately, and 15% people not known about their policy details.

Table :10 **DO YOU KNOW THERE ARE MANY PRIVATE COMPANIES APART FROM LIC**					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	53	53.0	53.0	53.0
	no	47	47.0	47.0	100.0
	Total	100	100.0	100.0	

Source: primary data

From the above table -10 it is inferred that majority of the people known that there are several private insurance companies in the market are 53% and least are unknown i.e. 47%

Table :11 **ARE AWARE ABOUT RPLI**					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	24	24.0	24.0	24.0
	no	76	76.0	76.0	100.0
	Total	100	100.0	100.0	

Source: primary data

From the above table-11 it is inferred that majority of the people that is 76% not aware about the rural postal life insurance. Only 24% people aware about RPLI

Table :12 **IF YES HOW YOU KNOW**					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	by news paper	1	1.0	4.2	4.2
	by postal employees	15	15.0	62.5	66.7
	by friends	8	8.0	33.3	100.0
	Total	24	24.0	100.0	

Source: primary data

From the above table-12 it is inferred that majority of the respondents aware about RPLI by postal employees are 15 respondents i.e. 62.5% and least respondent known by newspaper are only one i.e. 4.2%.

Table :13 **LEVELOF AWARENESS.**					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	HEIGH	5	5.0	20.8	20.8
	MODERATE	8	8.0	33.3	54.2
	LOW	5	5.0	20.8	75.0
	VERY LOW	6	6.0	25.0	100.0
	Total	24	24.0	100.0	

Source: primary data

From the above table-13 it is inferred that majority of the people are 33.3% are moderately level of awareness and 20.8% have low level of awareness about rural post life insurance.

Table :14 **DO YOU KNOW RPLI IS CHEAPER THAN LIC AND PROVIDES MORE BONUS**					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	YES	7	7.0	29.2	29.2
	NO	17	17.0	70.8	100.0
	Total	24	24.0	100.0	

Source: primary data

From the above table-14 it is inferred that majority of the people are not known RPLI cheaper than the L.I.C. are 17 respondents i.e.70.8% and only 7 respondents are known, i.e. 29.8%

Table :15 DO YOU FEEL PAYING INSURANCE PREMIUM BY GOING TO POST OFFICE EVERY TIME IS DIFFICULT?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	10	10.0	10.0	10.0
	no	90	90.0	90.0	100.0
	Total	100	100.0	100.0	

Source: primary data

From the above table-15 it is inferred that majority of the people responding positively to pay the premiums by going post office every time are 90% and only 10% respondents only feeling difficult.

Table :16 **WHICH PLAN WILL YOU PREFER**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	whole life	12	12.0	12.0	12.0
	endowment	44	44.0	44.0	56.0
	children's plan	19	19.0	19.0	75.0
	term assurance plan	4	4.0	4.0	79.0
	money back policy	21	21.0	21.0	100.0
	Total	100	100.0	100.0	

Source: primary data

From the above table-16 it is inferred that majority of the respondents preferring endowment policy are 44% less respondents are preferring term assurance policy are 4%

Table :17 **WHICH MODE WILL YOU PREFER**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	MONTHY	60	60.0	60.0	60.0
	QUATERLY	30	30.0	30.0	90.0
	HALFYEARLY	10	10.0	10.0	100.0
	Total	100	100.0	100.0	

Source: primary data

From the above table-17 it is inferred that majority of the respondents preferring monthly premiums are 60% and least respondents preferring half yearly are 10%and no one preferring annual premiums.

Table :18 **DO YOU FEEL SINGLE POLICY IS BETTER FOR ENTIRE FAMILY**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	78	78.0	78.0	78.0
	no	22	22.0	22.0	100.0
	Total	100	100.0	100.0	

Source: primary data

From the above table -18 it is inferred that majority of the respondents asking single policy for the entire family are 78%.

The result of hypothesis regarding awareness and demographical factors

H0: There is no significant difference between occupation of the head of the family and awareness of RPLI (0.336 is rejected)

H0: There is no significant difference between education qualification and awareness of RPLI. (0.094 is rejected)

H0: There is no significant difference between age and awareness of RPLI (0.150 is rejected)

H0: There is no significant difference between annual income and awareness of RPLI (0.780 is rejected).

The result of hypothesis regarding having insurance other than rpli and demographical factors

H0: There is no significant difference between occupation of the head of the family and having insurance other than rpli(0.045 accepted)

H0: There is no significant difference between annual income and having insurance other than rpli (0.000 accepted).

H0: There is no significant difference between education qualification and having insurance other than rpli. (0.00 accepted)

H0: There is no significant difference between age and having insurance otherthan rpli. (0.434 is rejected)

SWOT ANALYSIS OF INDIA POST

An analysis of strength, weaknesses, opportunity and threat (SWOT) of India Post is presented below to shade light on significant strengths and opportunities which are available to POs to cater the insurance need of the rural Indian.

Strength's	**Opportunities**
• World's largest network • Experience in financial products and services • Credibility and trustworthiness • Knows the customers best and have physical access. • Huge human resources. • Good public image	• High demand of micro insurance products in rural and unorganized sector • Don't need to incur heavy on infrastructural investments • Can redeploy its current employees • High growth rate of GDP. • Huge customer database • Increasing saving rate among rural people

Weaknesses.	Threats
• Low customer awareness. • No business culture • Bureaucratic mentality • Poor incentives • Low skill labour	• Low literacy rate. • More individual agent network. • Own Products (PLI/RPLI). • Insurance Companies are showing more interest in micro-insurance and trying to penetrate the rural areas with individual agents. • National banks also focusing on the rural insurance.

Findings of the study:

After analyzing the data the following findings were found

1. Maximum age group of household respondent's age falls between 31-40 years
2. Maximum Educational qualification of the respondents are illiterate and below SSC are 65%
3. Majority of annual income of respondent is below 60,000 (i.e.) 45% and 40% of households does not have any type of Insurance
4. 98.3% people are insured through agent
5. Majority of respondent are not aware of RPLI (i.e) 76%
6. Level of Awareness is moderate and low
7. 90% of respondents responding positively to pay premium by going to post office
8. Majority of respondent preferring endowment policy (i.e.) 44% and also 60% preferring to pay the premium in monthly basis
9. 78% of respondent prefer to that single policy is better to cover entire family

SUGGESTIONS:

There are no special agents to increase awareness about Rural Postal Life Insurance as L.I.C. So to increase awareness, postal department should adopt Multilevel Marketing through customers.

The postal department is not promoting the products and benefits through marketing channels such as Television, Newspapers, and Social Media.

In Rural areas, the literacy level of people is very low, so to increase awareness regarding insurance, the postal department can conduct campaigns and social awareness programs.

CONCLUSION

Indian Postal departmentneeds technological, up gradation and adopt an agent marketing system it can create a new era in the market.

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ETHIOPIAN INSURANCE CORPORATION – A CASE ANALYSIS

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ABSTRACT

Ethiopian Insurance Corporation(EIC) is the only state owned and the leading insurance company in Ethiopian Insurance Industry. Hence, the study was initiated to find the growth rate of EIC's insurance services and its market share.The case study is based only on secondary data resources that are collected from Ethiopian Insurance Corporation for the period of 21 years from 1995 to 2015 and the case analysis was conducted by using descriptive statistics, CAGR, One way ANOVA and F-test.It is found that Profit before tax rose from 56 million to 672 million and Profit after tax risen from 40 million in 1995 to 471 million in 2015 with a CAGR of 13.14. Return on assets ranges from 5% to 15% (2015) during the study period. Major segments of EIC insurance business were aviation, fire and marine contributing more than 85% of the sum insured business.The EIC's premium revenue has come from by itssub-segments of Fire, Motor, Marine, WC, Aviation, Other and Life representing 6.59%, 39.47%, 16.03%, 2.68%, 9.98%, 19.42% and 5.83% respectively during the financial year 2015 and the motor insurance topped in terms of premium revenue. EIC continues to be a market leader with a substantial share of 38 percent of country's insurance market in 2015. But, EIC share continuous decline from 88 percent in 1995 to 38 percent in 2015. This implies that the private players are penetrating more into the insurance market than the public sector company EIC. To gain market share EIC must put innovative steps to create awareness of financial literacy and benefits of various insurance products EIC in general and life insurance to the community by encouraging saving habit. Internal control system must design appropriately and also the selection and development of human resources of EIC because they are the pillars in pushing the business to next level.

Key words:*EIC, Insurance, Non-Life insurance, Life insurance, premium, Profit before tax, Return on assets.*

Introduction

Ethiopia being one of the world's oldest civilizations, second-most populous country in Sub-Saharan Africa with a population of 99.4 million, and population growth rate of 2.5% in 2015.

The Ethiopian economy has experienced strong and broad-based growth over the past decade, averaging 10.8% per year in 2003/04 - 2014/15 compared to the regional average of 5.4% with a per capita income of $590.

The government of Ethiopia is currently implementing the second phase of its Growth and Transformation Plan (GTP II), which will run from 2015/16 to 2019/20, with a goal to turn the country into a lower-middle-income country by 2025.

Overview of Ethiopian Insurance Industry

In Ethiopia insurance like social devices such as "Idirs", "Equib" and "Debbo" were in existence since early times. However, insurance in its present form was introduced in 1905 by the Bank of Abyssinia or Bank of Egypt during the reign of Emperor Menilik II.

Prior to October 1975,there were fourteen insurance companies operating in Ethiopia. Currently in a competitive environment,there are seventeen private insurance companies and one public insurance corporation is actively operating in the country.

Ethiopian Insurance Corporation (EIC)

EIC was established in 1976 by proclamation No.68/1975. The Corporation came into existence by taking over all the assets and liabilities of the thirteen nationalized private insurance companies, with Birr 11 million (USD 1.29 million) paid up capital.

EIC was operating the business for about nineteen years under protected monopolistic system as state owned-sole insurer. After the demise of the Marxist regime in mid-1991 a fundamental change has taken place and there was a shift in political, economic and social orientation from totalitarianism to that of liberalism. Therefore, EIC was re-established as public enterprise under proclamation number 201/94 with Birr 61 million (USD 7.13 million) paid up capital. EIC is been administered under the Financial Public Enterprises Agency (FPEA) since January 2004 and it also complies with the regulations and directives of the National Bank of Ethiopia. (Source: http://www.eic.gov.et).

Review of Literature

Sanjay Kumar R. S., (2011), doctoral study meant to compare cost efficiency and financial performance of Life Insurance Corporation of India and private sector life insurance companies in India. The financial performance of Life Insurance Corporation of India is better than private life insurance companies in India. The private life insurance sector has nearly grabbed 30% of the market share in terms of total premium income. LIC's new business premium has fallen from 99.23% in 2000-01 to 65.08% in 2009-10 and it has consistently secured a cost efficiency score of 1 in all the years from 2000-01 to 2009-10 stood highest rank.[1]

Dr. Shaik A. M. P. and Dr. Srinivasa R. K., (2017), research paper revealed the availability and features of insurance products emerging markets in general and motor insurance services in specific by comparing Africa, South and East Asia, Latin America and Caribbean, and Central and Eastern Europe Insurance Economies. In Ethiopia, they signified that the share of long term (life insurance) has taken only the marginal share of 5% of the industry's capital in the last 10 years. The dominance of the general insurance business is an indication that an insurance product of the companies is not diversified. Hence, still the rural economy has low insurance coverage, most of the branches are found in the urban centers. By June 30, 2015, 50% of the total branches were located in Addis Ababa.[2]

Shuhrat A. &Sharof A., (2006), research revealed that insurance premiums mostly come from obligatory insurance and the main reasons for the underdeveloped insurance market are low level of insurance culture, low level of citizens income, lack of understanding by the population and legal entities the need in insurance services.[3]

Demis H. Gebreal, (2016), research study conducted on the challenges and opportunities of life insurance business in Ethiopia. The study found that of awareness of people towards life insurance, religious, habit of saving of the people and low level of urban to total population ratio and illiteracy are the major demographic challenges of life insurance business in Ethiopia. The study recommended that insurance companies should create awareness with respect to life insurance, training should be provided for insurance officials and strong training centre should be established.[4]

AyeleDesalegn, (2014), study was conducted on motor insurance in Ethiopia the largest sector in non-life insurance found that motor insurance constitutes to be a loss leader for most insurance companies. Therefore, the study aimed at identifying the main causes of the problems associated with motor insurance, its impact on the revenue account of the insurer, factors contributed to high motor claims ratio. It focuses on the data of insurance industry and awash insurance

company for the past six years (2007/08 to 2012/13). Failure to charge equitable level of premium (inefficiency in pricing); inability to select risk precisely; increased cost of claims; increased administration and acquisition costs; and low investment income; have been identified as a key determinants of the problem. This study recommends that charging equitable level of premium based on statistical data, reducing costs and expenses, and diversifying investment opportunities. [5]

Abdallah N. S., (2012), study revealed that the demand for micro insurance in the informal sector depends on the competitive advantage between formal insurance services and available informal techniques. The low demand for micro insurance can be explained by available informal arrangements which are characterized by closely knit social networks and groups that provide security in exchange for loyalty to the group.[6]

Adam Mantaye, (2011), doctoral study investigated the long run economic relationship and the causal direction of the relationship between life insurance development and private credit consumption across countries using a panel data analysis and a dataset of 98 countries over the period 1960-2009 and found that Life Insurance consumption is positively related to GDP per capita, old age dependency ratio, infrastructural development and social security and welfare; and negatively related to the extended family institution, savings, inflation and risk aversion.[7]

In providingnon-life and life insurance services in Ethiopia, EIC is the only state owned andthe leading insurance company in the industry. Therefore, the study intended to answer the following questions:

- In a competitive environment, what is the growth rate of EIC's Insurance Business?
- What is the financial status and market share of EIC?

Research Objective

The objective of this study is to analyze the trends and share of Ethiopian Insurance Corporation's (EIC) services in Ethiopian Insurance Industry.

Data and Methodology

The study is based on secondary data resources that are collected from Ethiopian Insurance Corporation for the period of 21 years from 1995 to 2015.There are 17 insurance companies are currently serving in Ethiopia, of which EIC is the only public sector undertaking having major market share and hence EIC was been taken for the case analysis by using descriptive statistics, CAGR, One way ANOVA and F-test in the study.

Table -1
Ethiopian Insurance Corporation - Income and Profitability Analysis

Birr in '000

Year	Investment Income	Other Income	Profit Before Tax	Profit Tax	Profit After Tax	Total Asset	Return on Assets	Capital & Reserves	Insurance Funds	Total Funds
1995	16,211	226	56,900	17,070	39,830	563,977	7.06%	83,825	237,953	321,778
1996	21,423	1,625	36,657	10,997	25,660	548,438	4.68%	94,742	223,682	318,424
1997	21,464	1,054	39,200	11,760	27,440	564,970	4.86%	100,422	221,688	322,110
1998	24,584	523	62,843	18,853	43,990	599,943	7.33%	111,629	228,822	340,451
1999	25,873	4,170	63,999	19,200	44,799	612,806	7.31%	122,989	227,870	350,859
2000	26,197	2,926	62,239	18,672	43,567	615,806	7.07%	133,912	225,901	359,813
2001	27,327	1,985	50,935	15,281	35,655	638,759	5.58%	142,663	229,275	371,938
2002	27,984	321	52,866	15,860	37,006	729,451	5.07%	147,561	243,603	391,164
2003	22,650	3,466	52,958	15,887	37,071	743,973	4.98%	158,711	248,305	407,016
2004	28,173	2,318	59,027	17,708	41,319	749,389	5.51%	169,563	265,947	435,510
2005	24,684	1,475	65,964	19,789	46,175	803,325	5.75%	183,386	307,637	491,023
2006	28,341	1,424	65,042	19,513	45,529	919,249	4.95%	266,402	333,255	599,657
2007	35,852	1,713	68,723	20,617	48,106	953,299	5.05%	250,219	387,749	637,968
2008	43,157	3,658	78,241	23,472	54,769	1,077,601	5.08%	275,308	469,007	744,314
2009	51,871	7,894	93,531	28,059	65,471	1,206,237	5.43%	301,258	541,946	843,205
2010	52,833	3,559	129,330	38,799	90,531	1,394,832	6.49%	350,456	676,482	1,026,939
2011	81,594	3,944	144,229	32,084	112,145	1,642,776	6.83%	290,393	836,541	1,126,934
2012	73,483	4,670	261,308	78,392	182,916	2,228,561	8.21%	323,799	1,132,848	1,456,647
2013	83,628	8,860	343,437	103,031	240,406	2,624,480	9.16%	370,027	1,362,927	1,732,954
2014	123,748	11,702	439,999	132,000	307,999	2,911,469	10.58%	134,941	1,480,486	1,615,426
2015	157,592	12,942	672,344	201,703	470,641	3,154,948	14.92%	562,044	1,490,981	2,053,025
CAGR	12.04%	22.43%	13.14%	13.14%	13.14%	8.99%	3.81%	9.98%	9.61%	9.71%
Mean	47,556	3,831	138,084	40,893	97,192	1,204,014		217,821	541,567	759,388
SD	37,235	3,599	162,308	48,733	113,663	824,913		120,017	446,046	536,680
CV	78%	94%	118%	119%	117%	69%		55%		

Source: EIC Reports

EIC's investment income was rose from 16 million in 1995 to 157 million in 2015 with a CAGR of 12% and other income has risen from0.2 million to 12 million with a CAGR of 22% for the study period. Profit before tax rose from 56 million to 672 million and Profit after tax raised from 40 million in 1995 to 471 million in 2015 with a CAGR of 13.14. Return on assets ranges from 5% to 15% during the study period. It was financially sound in the recent financial year with return on assets around 15% which is higher than earlier financial years. Capital, Reserves and Insurance Funds were grown around 9-10% CAGR during the study period which is significant improvement in the study period.

Ethiopian Insurance Corporation's (EIC)insurance business been segmented intoMotor, Marine, Fire, W.C., Aviation, Others and Life they represent 3.78%, 8.65%, 9.18%, 0.99%, 67.47%,9.75% and 0.17% respectively in terms of sum insured in the financial year 2015. Major segments of insurance business are aviation, fire and marine contributing more than 85% of the sum insured business. The CAGR of aviation has shown magnificent growth

with 27% and CAGR of Life Insurance is only 8% for the study period reveals that Non-Life Business is more successful than Life Insurance Business in Ethiopia.

Hypothesis 1 [H0]: There is no significant difference in the means of Sum Insured in various sub-segments of Non-Life Ethiopian Insurance segment.

ANOVA

Source of Variation	Sum of Squares	d.f.	Mean Square	F	P-value	F crit.
Between Groups	1.67555E+17	5	3.35111E+16	2.922625575	0.015868888	2.289851283
Within Groups	1.37593E+18	120	1.14661E+16			
Total	1.54349E+18	125				

From the "F" test one way ANOVA Table as calculated above it shows that Calculated value of Fc = 2.922 while tabular value of Ft = 2.289 which show that calculated value Fc is greater than tabular value Ft. Since, Fc > Ft and P-Value is less than 0.05, Null Hypothesis is rejected and Alternative Hypothesis is accepted. Hence, the contribution of Sum Insured of various non-life sub-segments was unequal in EIC's Non-Life segment.

Table - 2 Ethiopian Insurance Corporation - Analysis of Premium by Class of Business

In'000

Year	FIRE	MOTOR	MARINE	WC	AVIATION	OTHER	LIFE	TOTAL
1995	29,564	111,633	46,092	10,844	57,994	26,700	8,787	291,614
1996	28,575	98,855	37,958	9,485	47,119	25,826	10,158	257,976
1997	29,635	96,152	36,647	7,732	30,145	26,871	11,327	238,509
1998	30,363	88,528	32,302	7,130	24,487	24,803	11,867	219,480
1999	28,782	80,767	28,837	7,181	27,960	27,060	12,338	212,925
2000	27,437	80,492	28,023	7,238	28,966	26,814	14,307	213,275
2001	27,586	77,468	30,237	8,008	41,161	26,307	17,621	228,388
2002	27,549	78,634	37,756	8,246	110,381	33,671	20,342	316,579
2003	30,178	82,800	45,908	8,622	67,216	32,787	22,452	289,962
2004	30,600	84,699	51,068	9,214	62,457	35,149	23,396	296,582
2005	34,074	85,581	68,226	9,818	62,389	42,318	27,283	329,690
2006	35,859	101,701	73,532	11,505	61,695	61,042	31,879	377,214
2007	39,497	130,739	75,149	13,587	58,115	98,632	38,240	453,959
2008	40,531	150,133	123,037	15,834	11,926	154,990	44,653	541,103
2009	47,329	171,428	126,221	18,580	61,605	158,472	53,467	637,102
2010	56,644	217,341	168,383	20,073	93,448	219,483	58,328	833,700
2011	65,969	289,956	237,659	22,376	186,555	183,536	76,628	1,062,680
2012	105,876	539,599	375,712	35,577	227,042	197,229	156,806	1,637,842
2013	116,681	648,552	336,980	36,669	222,114	681,442	125,780	2,168,217
2014	141,989	758,023	340,978	46,453	235,994	359,659	99,440	1,982,536
2015	138,027	827,210	336,065	56,271	209,199	407,046	122,146	2,095,964
CAGR	8.01%	10.53%	10.44%	8.58%	6.62%	14.59%	14.06%	10.36%
Mean	52,988	228,585	125,561	17,640	91,808	135,706	47,012	699,300
SD	38,055	241,859	122,287	14,189	75,132	168,242	44,009	674,158
CV	72%	106%	97%	80%	82%	124%	94%	96%

Source: EIC Reports

Premium growth measures the business expansion of EIC. The insurance premium revenue stood at 292 million birr in 1995 to 2,095 million birr by 2015 with a CAGR of 10.36% for the study period. The premium revenue with it segments of Fire, Motor,Marine, WC, Aviation, Other and Life representing 6.59%, 39.47%, 16.03%, 2.68%, 9.98%, 19.42% and 5.83% respectively during the financial year 2015 and motor insurance stood first in terms of premium revenue. Fire insurance premium shown a share of 10% in 1995 thereafter for four years slightly shown growth in share stood at 14% share in 1998, but later its share has declined continuously reached at 6.5% in 2015. Motor insurance premium revenue consistently showing a share of around 30% to 39% throughout the study period. Life Insurance's share is inconsistence but, in terms value in birr has shown continuous growth.

Hypothesis 2 [H_0]: There is no significant difference in the means of Premium Revenue in various sub-segments of Non-Life Ethiopian Insurance segment.

ANOVA

Source of Variation	Sum of Squares	d.f.	Mean Square	F	P-value	F crit.
Between Groups	5.68411E+11	5	1.13682E+11	6.254881	3.43E-05	2.289851
Within Groups	2.18099E+12	120	18174951966			
Total	2.74941E+12	125				

From the "F" test one way ANOVA Table as calculated above it shows that Calculated value of Fc = 6.25 while tabular value of Ft = 2.289 which show that calculated value Fc is greater than tabular value Ft. Since, Fc > Ft and P-Value is around 0, Null Hypothesis is rejected and Alternative Hypothesis is accepted. Hence, the contribution of Premium Revenue of various non-life sub-segments was different in EIC's Non-Life segment.

Hypothesis 3 [H_0]: There is no significant difference in the means of Premium Revenue in between Non-Life and Life Segments of Ethiopian Insurance.

ANOVA

Source of Variation	Sum of Squares	d.f.	Mean Square	F	P-value	F crit.
Between Groups	3.84678E+12	1	3.84678E+12	19.11651	8.53E-05	4.084746
Within Groups	8.04912E+12	40	2.01228E+11			
Total	1.18959E+13	41				

From the "F" test one way ANOVA Table as calculated above it shows that Calculated value of Fc = 19.116 while tabular value of Ft = 4.084 which show that calculated value Fc is greater than tabular value Ft. Since, Fc > Ft and P-Value is around 0, Null Hypothesis is rejected and Alternative Hypothesis is accepted. Hence, the contribution of Premium Revenue between Life and Non-Life segments was different in EIC.

Table - 3

Ethiopian Insurance Corporation – Analysis of Gross Claims Paid By Class of Business

In '000

Year	MOTOR	MARINE	FIRE	WC	AVIATION	OTHERS	LIFE	TOTAL
1995	78,424	14,613	2,566	4,430	6,201	6,760	5,174	118,168
1996	111,018	19,020	5,859	4,280	15,962	7,000	7,244	170,383
1997	88,794	20,181	3,729	3,715	285,524	9,947	7,856	419,746
1998	62,251	19,334	4,456	4,439	22,428	14,445	8,946	136,299
1999	56,477	12,968	7,300	3,648	40,840	15,167	10,244	146,644
2000	59,043	8,766	5,130	4,687	38,871	12,120	12,540	141,157
2001	58,691	13,801	2,196	5,601	26,878	13,921	12,877	133,965
2002	57,182	14,861	16,120	5,448	44,204	12,647	13,644	164,106
2003	48,125	8,144	23,736	5,529	7,955	11,519	15,806	120,814
2004	56,578	14,674	19,772	4,805	3,702	14,923	16,745	131,199
2005	70,494	10,048	2,739	4,730	3,615	16,765	15,607	123,998
2006	90,165	9,858	4,457	5,374	21,668	20,229	14,890	166,641
2007	81,816	4,746	4,227	6,591	13,912	46,593	15,305	173,191
2008	113,936	6,787	6,994	8,705	38,187	35,321	17,311	227,241
2009	109,453	13,198	7,840	10,353	7,359	35,417	26,351	209,971
2010	164,527	19,137	3,248	12,990	520,784	25,492	22,981	769,158
2011	222,654	29,060	7,121	13,008	26,663	31,868	22,114	352,489
2012	296,064	16,318	22,444	11,889	56,463	43,037	28,193	474,408
2013	448,317	37,250	8,512	13,252	51,403	32,176	41,217	632,127
2014	573,785	18,908	7,048	12,886	39,195	47,245	37,766	736,834
2015	690,171	35,236	12,258	17,159	118,939	47,245	60,123	981,130
CAGR	11.49%	4.50%	8.13%	7.00%	15.92%	10.21%	13.05%	11.16%
Mean	168,475	16,519	8,464	7,787	66,226	23,802	19,664	310,937
SD	182,851	8,568	6,564	4,131	120,784	14,092	13,212	258,889
CV	109%	52%	78%	53%	182%	59%	67%	83%

Source: EIC Reports

Ethiopian Insurance Corporation's (EIC) insurance business been segmented into Motor, Marine, Fire, W.C., Aviation, Others and Life they represent 70.34%,3.59%, 1.25%, 1.75%, 12.12%, 4.82% and 6.13% respectively in terms of Gross Claims Paid in the financial year 2015. Major segments of gross claims paid in insurance business are motor and aviation contributing more than 82%. The CAGR of aviation claim payment is the highest with 15.92 and that of lowest is Marine with 4.5% for the study period.Thestudy reveals that the claim payment of Non-Life Business was accounted for 86-96% share and that of Life Insurance was at 2-13% share in Insurance Business of Ethiopia.

Hypothesis 4 [H_0]: There is no significant difference in the means of Claims Paid in various sub-segments of Non-Life Ethiopian Insurance segment.

ANOVA

Source of Variation	Sum of Squares	d.f.	Mean Square	F	P-value	F crit.
Between Groups	4.11627E+11	5	82325412163	10.21503	3.58E-08	2.289851
Within Groups	9.67109E+11	120	8059245112			
Total	1.37874E+12	125				

From the "F" test one way ANOVA Table as calculated above it shows that Calculated value of Fc = 10.21 while tabular value of Ft = 2.289 which show that calculated value Fc is greater than tabular value Ft. Since, Fc > Ft and P-Value is less than 0.05, Null Hypothesis is rejected and Alternative Hypothesis is accepted. Hence, the insurance claims payment of various non-life sub-segments was unequal in EIC's Non-Life segment.

Table - 4

Ethiopian Insurance Industry - Market Share Analysis

Birr in,000

F.Y.	EIC premium	Private Companies' Premium	Industry premium	Market Share	
				EIC (%)	Pvt. (%)
1995	291,614	41,129	332,743	87.64	12.36
1996	257,976	83,135	341,111	75.63	24.37
1997	238,509	131,814	370,323	64.41	35.59
1998	219,480	165,174	384,654	57.06	42.94
1999	212,925	187,300	400,225	53.20	46.80
2000	213,276	226,036	439,312	48.55	51.45
2001	228,388	246,099	474,487	48.13	51.87
2002	316,590	260,966	577,556	54.82	45.18
2003	289,964	291,215	581,179	49.89	50.11
2004	296,586	300,625	597,211	49.66	50.34
2005	329,690	346,626	676,316	48.75	51.25
2006	377,214	465,564	842,778	44.76	55.24
2007	453,959	579,252	1,033,211	43.94	56.06
2008	541,103	727,107	1,268,210	42.67	57.33
2009	637,102	842,550	1,479,652	43.06	56.94
2010	833,700	1,209,453	2,043,153	40.80	59.20
2011	1,062,680	1,520,331	2,583,011	41.14	58.86
2012	1,637,842	2,353,088	3,990,930	41.04	58.96
2013	2,168,217	2,628,963	4,797,180	45.20	54.80
2014	1,982,536	2,978,992	4,961,528	39.96	60.04
2015	2,095,964	3,461,165	5,557,129	37.72	62.28
CAGR	10.36%	24.81%	15.12%		
Mean	699,301	906,980	1,606,281		
SD	674,157	1,052,524	1,721,247		
CV	96%	116%	107%		

Source: EIC Reports

The table 5 signifies that EIC continues to be a market leader with a substantial share of 38 percent of country's insurance market in 2015. But, EIC share continuous decline from 88 percent in 1995 to 38 percent in 2015. This implies that the private players are penetrating more into the insurance market than the public sector company EIC. This is welcoming and expected results of liberalized economy of Ethiopia where liberalized policies intended encourage private players intended to create fair competitive atmosphere and to render their best serves to the clientele of insurance industry.

Hypothesis 5 [H_0]: There is no significant difference in the means of Premium Revenue in between EIC and Private Companies serving in Ethiopia.

ANOVA

Source of Variation	Sum of Squares	d.f.	Mean Square	F	P-value	F crit.
Between Groups	4.52873E+11	1	4.52873E+11	0.579753	0.450875	4.084746
Within Groups	3.12459E+13	40	7.81147E+11			
Total	3.16988E+13	41				

From the "F" test one way ANOVA Table as calculated above it shows that Calculated value of Fc = 0.579 while tabular value of Ft = 4.084 which show that calculated value Fc is less than tabular value Ft. Since, Fc < Ft and P-Value is more than 0.45, Null Hypothesis is failed to reject. Hence, in the Ethiopian Insurance Industry both public sector EIC and all Private Companies are playing significantly around equal role in terms of Premium Revenue is concerned.

Conclusion

EIC reestablished as a public enterprise in 1992 has transferred its administration control from National Bank of Ethiopia (NBE) to Public Enterprises Supervising Authority (PESA) and later to Financial Public Enterprises Agency (FPEA) in 2004. International Community re-initiation of Official Development Assistance (ODA) to provide aid to Africa in fields of Public Health, Education, and Debt reduction has direct impact on poverty reduction, sustained GDP growth around 8 percent and therefore indirect impact on growth of insurance industry. Ethiopian Insurance Premium has risen from 333 million birr to 5,557 million birr to 2015 with a CAGR of 15.12%. During the study period, EIC's premium CAGR is 10.36% comparatively lower than private companies' premium CAGR of 24.82%. This signifies that private players are penetrating and expanding business operations more than public sector undertaking EIC in Ethiopian Insurance Industry.The supportive and advisory role of FPEA need to be enhanced on par with market needs and demands to make EIC efficient enough in meeting the customer requirements.

In the financial year 2015 Life Insurance accounted for only 0.17% and Non-Life Insurance is claiming 99.83% in terms of the sum insured by its class of business. Motor Insurance segment stood first priority in terms of premium revenue in 2015.Motor insurance claim payments were the highest with 690 million birr in 2015 burdensthe EIC compared to other segments.

Suggestions

Ethiopia being a developing country, Life Insurance needs attention from Government and other players in Ethiopian Insurance Industry, where it requires customer education for enhancing its operations to the fullest extent.

EIC being only Government owned insurance company and having public trust need to implement sustainable strategies in order to compete with private players because it was shown continuous fall of its market share in Ethiopian Insurance Industry. To gain market share EIC must put innovative steps to create awareness financial literacy and benefits of various insurance products EIC in general and life insurance to the community by encouraging saving habit.

The administrative and suggested role of Financial Public Enterprises Agency (FPEA) needs to be enhanced in empowering EIC. Internal control system must design appropriately about the selection and development of human resources of EIC because they are the pillars in pushing the business to next level.EIC must consider employee skill development programs, product innovation, usage of technology in service delivery, etc. Mentoring from some of successful insurance companies across the globe by establishing foreign collaboration with EIC is also needed.

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ANALYSIS ON CLAIMS SETTLEMENT RATIOS FOR 2015-2016 OF LIFE INSURANCE COMPANIES

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ABSTRACT

The financial service industry has made significant changes after liberalization and globalization. Among all, insurance sector is also one of the important sectors in India. Claim Settlement Ratio (or IRDA claim ratio) is the total number of death claims approved by an insurance company, divided by the total no. of death claims received by the insurance company. It is generally measured for a period of one financial year. All claims ratios are measured in percentages standardization done by the IRDA, the Insurance Regulator of India, it's that simple to measure and it is therefore a great idea to use Claim Settlement Ratio for Term Insurance buying. IRDA publishes this information annually. Overall, the claim settlement ratio for the life insurance industry stands at 97%, but a lot of it is because of LIC's large base with very high CSR. A lot of private life insurance companies are now 'matching up' since the last 4-5 years. Claims for which decision is pending or not made are shown as Claims Pending. Pending claims become the opening balance for the next year of all the claims that are approved, as well as the average value of each claim.

Keywords: *Claims, Claims Settlement, Efficiency Claim, Pending and rejection claims and life Insurance Companies*

1. INTRODUCTION

IRDA has announced the Claim Settlement Ratio for 2015-2016 in Dec 2016. This is valid as most recent till Dec 2017, when the next year's data will be published by the Regulator. If looking for a term insurance plan, you must know the IRDA Claim Settlement Ratio (CSR) before making the decision. The financial service industry has made significant changes after liberalization and globalization. Among all, insurance sector is also one of the important sectors in India. The Private and Public Players in insurance industry in India as insurance companies are mushrooming after liberalization. Further, increase in the foreign direct investment from 26% to 49% shows that insurance business will grow in India but facing tough competition from rest of the world and specifically the Asian countries. Hence, there is a chance that there may be some difference observed in between the private and public insurance firms. With the entry of private players, the competition is becoming intense.

DEFINITION / FORMULA OF CLAIM SETTLEMENT RATIO:-

Claims Settlement Ratio IRDA 2015-2016IRDA has announced the Claim Settlement Ratio for 2015-2016 in Dec 2016. This is valid as most recent till Dec 2017, when the next year's data will be published by the Regulator.

Claim Settlement Ratio is the indicator how much death claims Life Insurance Company settled in any financial year. It is calculated as the total number of claims received against the total number of claims settled. Let us say, Life Insurance Company received 100 claims and among that it settled 98, then claim settlement ratio is said to be 98%. Remaining 2% claims the Life Insurance Company rejected.Based on this, we can easily assume how much customer friendly they are in dealing with death claims.

Claim Settlement Ratio = Total Claims Approved (paid to nominees) divided by Total Claims

Received by the Company. So Claim Settlement Ratio (or IRDA claim ratio) is the total number of death claims approved by an insurance company, divided by the total no. of death claims received by the insurance company. It is generally measured for a period of one financial year.

To explain this, if an insurance company received 1000 death claims between Apr 1, 2015 and Mar 31, 2016, out of which itpaid 973 claims to the nominees of those dead,rejected 16 claims, andis yet to take a decision on the remaining (1000-973-16=) 11 claims,thenthe claim settlement ratio (or claims acceptance ratio or claims ratio) of the insurance company = 973/1000 = 97.3%the claim repudiation ratio (or claims rejection ratio) of the company = 16/1000 = 1.6%

The claim pending ratio of the company = 11/1000 = 1.1%

3.REVIEW OF LITERATURE

Research Source	Research Focus	Research Methodology	Research Findings
Kaur (2014)	To measure the job satisfaction level of the employees of public and private insurance sector.	Questionnaire Method 30 questions Factor Analysis	The job satisfaction level differs in some select variable in public and private sectors. If the factors identified through variable are properly redesigned the job satisfaction level can be enhance in the interest of organizational effectiveness.
Hole & Misal (2013)	To make analysis of performance of employees in public and private sector general insurance companies.	Questionnaire Method 150 Respondents Percentage Analysis	The performance of employees in public sector is lower than employees who work private sector in sales division.
Bertola & Koeniger (2008)	To make a cross-country study on Public and Private Insurance companies outcomes and determinates that affect those outcomes	Modeling Approach Descriptive statistics	The patterns of private and public insurance provision across countries depend on differences in the absolute and relative etcefficiency of public and/or private administration

4. OBJECTIVES

1) Analyze the claim settlement ratios for the life insurance industry and Claim Rejection Amount of Insurers in 2015-16
2) LIC of India Insurance Claims Settlement Performance and efficiency for 2015-2016
3) Understand the Claims settlement stages, pending status, rejectionand time taken for handling

5. RESEARCH METHODOLOGY

SecondarySources of data: This study prepared based on secondary sources i.e. data has been collected from the Company AnnualReports, IRDA Reports and their internal documents.

Claim Settlement Ratio 2015-2016 Announced by IRDA

Overall, the claim settlement ratio for the life insurance industry stands at 97%, but a lot of it is because of LIC's large base with very high CSR. Let us see which the best insurance companies on claims ratio are. The ranking is based on the size of the company (New Business Premium generated) so that you get that perspective as well.

Key Observations on Claims Settlement Ratio:-

Older the company better is the claims settlement ratio. This includes companies such as LIC, ICICI Prudential Life, and HDFC Life which have been consistently higher than 90% in the last 6 years. This is not surprising because as companies become older (and larger in terms of customer base), they gain in experience on the kind of population that should be insured.

Table 1: Claim Settlement Ratio 2015-2016 Announced by IRDA

Life Insurance Company	Annual New Business Premium Rs (crores)	Total Value of Claims settled Rs (crores)	Average Value of Claim* Rs (crores)	Claim settlement Ratio
LIC	2,64,975	9,690	1.30	98%
Max Life	6,970	261	2.90	97%
Tata AIA Life	1,731	87	2.70	97%
ICICI Prudential Life	4,782	406	3.80	96%
Aegon Life	336	40	7.90	95%
HDFC Life	7,705	300	2.50	95%
Reliance Life	3,070	220	1.60	94%
SBI Life	8,930	390	2.60	93%
Canara HSBC Life	734	30	5.70	93%
Bajaj Allianz Life	4,166	352	2.10	91%
Sahara Life	146	7	1.00	90%
Future Generali Life	510	30	1.90	90%
Exide Life	1,835	52	1.80	89%
Kotak Life	2,674	94	3.80	89%
Birla Sunlife	2,344	216	3.40	89%
PNB Metlife	1,905	125	4.70	85%
Edelweiss Tokio Life	251	14	11	85%
IDBI Federal Life	950	43	4.70	85%
DHFL Pramerica	858	14	3.00	84%
Aviva Life	883	101	8.10	82%
Star Union Life	887	33	2.	81%
Bharti Axa Life	1,043	50	5.00	80%
IndiaFirst Life	1,425	41	3.00	72%
Shriram Life	964	42	2.80	60%

Source:-Annual Reports 2015-2016 of IRDA

Table 2: Claims handled directly by the insurers

Particulars	Cashless		Reimbursement		Benefit Based		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Claims Pending at the beginning of the period	1,36,067	18,256	67,942	42,290	2,050	5,058	2,06,059	65,604
New claims registered during the period	16,62,818	3,14,607	9,10,272	3,83,734	32,114	18,275	26,05,550	7,16,616
Claims settled during the period	14,54,499	2,37,721	7,07,372	3,23,698	24,559	6,615	21,86,608	5,68,033
Claims repudiated during the period	1,63,951	53,381	2,26,321	79,947	5,389	9,861	3,95,696	1,43,189
Claims pending during the period	1,80,435	25,647	44,521	43,863	4,216	6,886	2,29,303	76,397

Source:-Annual Reports 2015-2016 of IRDA

Table.3

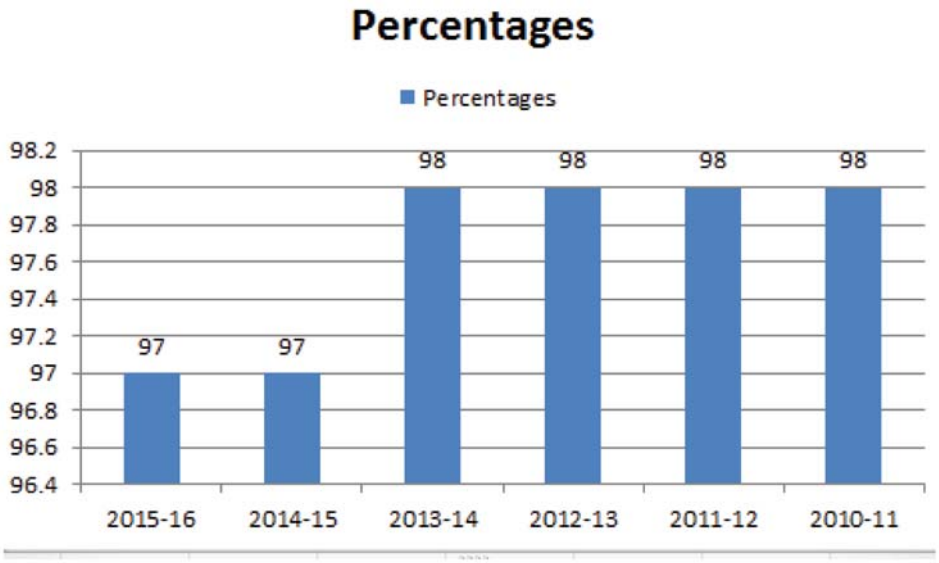
Time taken	Cashless		Reimbursement		Benefit Based		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
< 1 Month	14,14,423	2,30,873	5,96,769	2,62,387	23,625	5,236	20,34,997	4,98,495
1 to 3 Months	29,142	5,415	66,504	31,735	752	1,131	96,398	38,281
3 to 6 Months	699	883	35,206	17,116	126	216	36,031	18,214
6 to 12 Months	10,166	347	5,587	6,021	27	27	15,786	6,396
1 to 2 Year	36	191	1867	5,529	1	1	1,911	5,721
2 Years	33	11	1,439	911	5	5	1,484	926
Total	14,54,499	2,37,721	7,07,372	3,23,698	6,615	6,615	21,86,608	5,68,033

Source:-Annual Reports 2015-2016 of IRDA

LIC of India Insurance Claims Ratio - Last 6 years Trend

The information below shows the trend in LIC of India Insurance Claims Settlement Ratio for the last 6 years. This is based solely on the information published by the Insurance Regulatory & Development Authority of India (IRDA) and is measured on consistently used bases. You may use this information as a key parameter in your term insurance purchase decision.

Figure 1: LIC of India Insurance Claims Ratio - Last 6 years Trend



Source:-Annual Reports 2015-2016 of IRDA

LIC of India Insurance Claims Settlement Performance for 2015-2016

The information below shows how LIC of India Claims Settlement Ratio for LIC of India is arrived at. It starts with the opening balance (which is pending claims of the previous year), to which is added the new death claims made this year. This gives the Total Claims that have to be processed in the year.

Figure 2.1: LIC of India Insurance Claims Settlement Performance for 2015-2016

Claims opening Balance	New claims made	Total claims
3,652	7,58,331	7,61,983

***Source**:-Annual Reports 2015-2016 of IRDA*

Claims approved and claims rejected are shown below. Claims for which decision is pending or not made are shown as Claims Pending. These pending claims become the opening balance for the next year. Also shows are the value (in Rs. crores) of all the claims that are approved, as well as the average value of each claim. Please note that here claims include death claims from all kinds of life insurance policies and not just term insurance.

Figure 2.2: LIC of India Insurance Claims Settlement Performance for 2015-2016

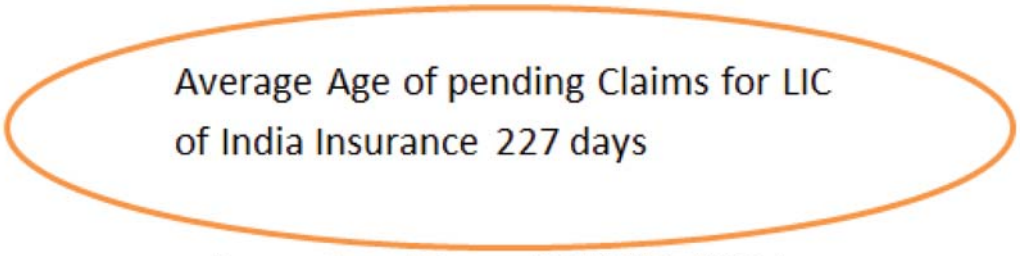
Claims approved	7,49,249	98.33 %
Claims Rejected	7,502	1 %
Claims Pending	3,914	0.5 %
Total Claims	7,61,983	

***Source**:-Annual Reports 2015-2016 of IRDA*

LIC of India Insurance Claims Settlement Efficiency: 2015-2016

Especially when buying term insurance, do not want our nominees to keep waiting for the claim amount. So claims efficiency is a key consideration before deciding on our term policy, especially, the metric around average no. of days taken to settle a claim. This number shows the importance given by the company for processing claims. Lower the number of days taken higher is the efficiency and better is the confidence level when buying a policy from the company.

Figure 3: LIC of India Insurance Claims Settlement Efficiency: 2015-2016

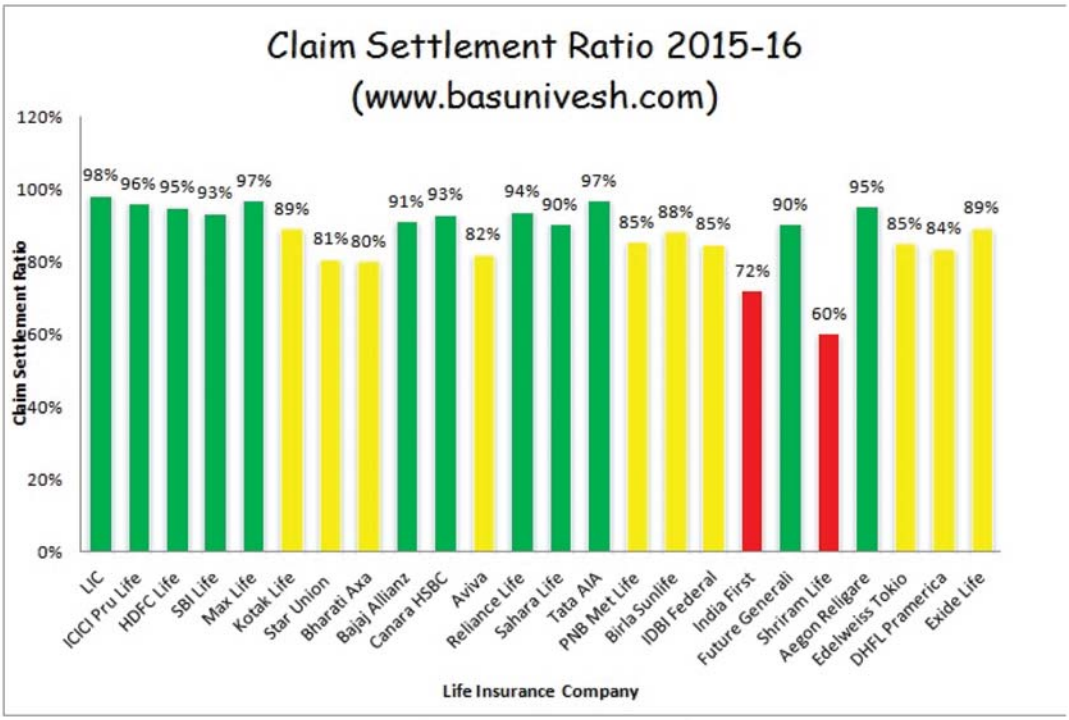


Source:-Annual Reports 2015-2016 of IRDA

Claim Settlement Ratio 2015-16

Below is the Claim Settlement Ratio 2015-16 or up to 31st March, 2016. I differentiated the below table with color code for your better understanding.

Figure 4: Claim Settlement Ratio 2015-16 based on Insurance Company wise



Source:-Annual Reports 2015-2016 of IRDA

Notice that among total 24 Life Insurance Companies; around 12 companies are in GREEN (Claim Settlement Ratio above 90%). Total 10 companies are in YELLOW (Claim Settlement ratio between 80% to 89%). Total 2 companies are in RED (Claim Settlement Ratio below 80%).

As usual LIC tops the list. But don't feel happy. Let us see the claim amount settled by individual companies to arrive at best companies.

The biggest surprising factors from Claim Settlement Ratio of 2014-15 to Claim Settlement Ratio of 2015-16 are as below.

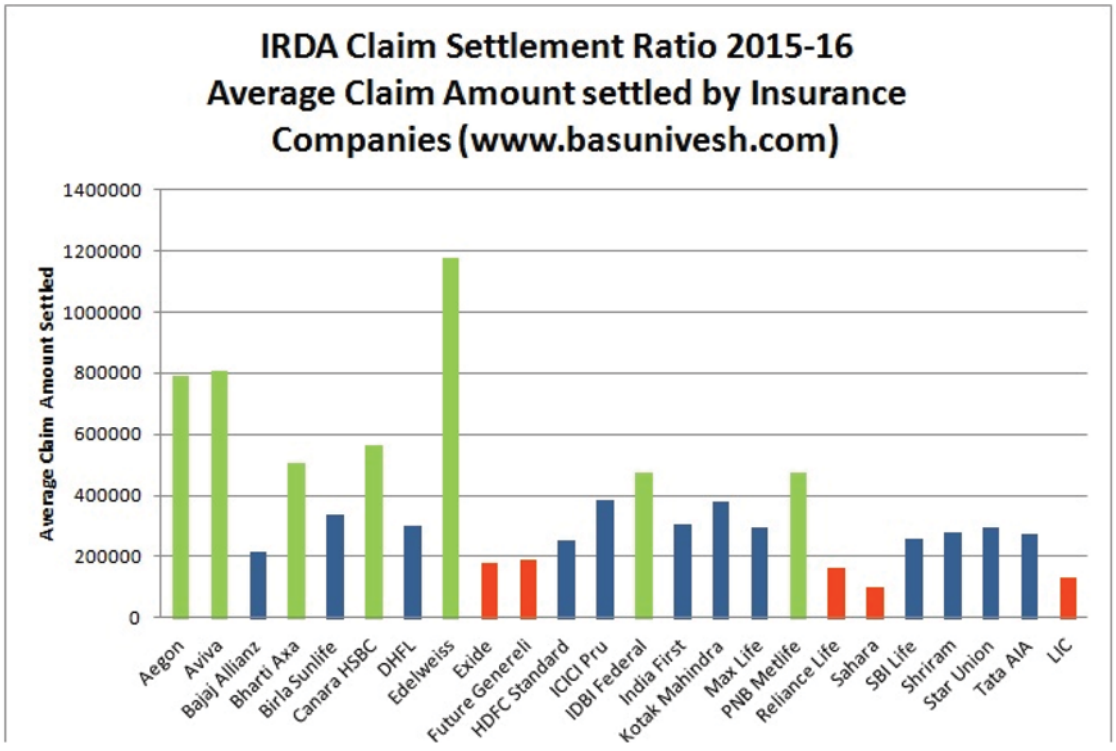
1) Star Union's last year the claim settlement ratio was 94%. Hence, intentionally flagged it RED. Now see this year's result. Its claim settlement ratio dropped to 81%. A drop of 13%.
2) Reliance Life is one more big change. Last year the claim settlement ratio was 84%. But this year, it jumped to 94%.
3) PNB Met Life's last year's claim settlement was 93%. But this year, it dropped to 85%. A change of 8%.
4) Birla Sun Life's last year's claim settlement was 95%. But this year, it dropped to 88%. A change of 8%.
5) IDBI Federal Life's last year's claim settlement was 76%. But this year, it increased to 85%. A change of 9%.
6) Aegon Religare Life's last year's claim settlement ratio was 90%. But this year, it increased to 95%. A change of 5%.
7) Edelweiss Tokio's last year's claim settlement ratio was 60%. But this year, it increased to 85%. A change of 25%.
8) DHLF Pramerica's last year's claim settlement ratio was 57%. But this year, it increased to 84%. A change of 27%.

Now you noticed that new companies claim settlement ratio changing so high around 27% to 8%. Why such change? No specific answers to such big changes (either positive or negative).

Average Claim Settlement Amount of Life Insurance Companies in 2015-16

As said above, the claim settlement ratio will not give the clear picture about which type of products the insurance companies settled. However, assume the types of products they settled by looking at the average claim settlement amount of life Insurance Companies in 2015-16.

Figure 5: Average Claim Settlement Amount of Life Insurance Companies in 2015-16



Source:-Annual Reports 2015-2016 of IRDA

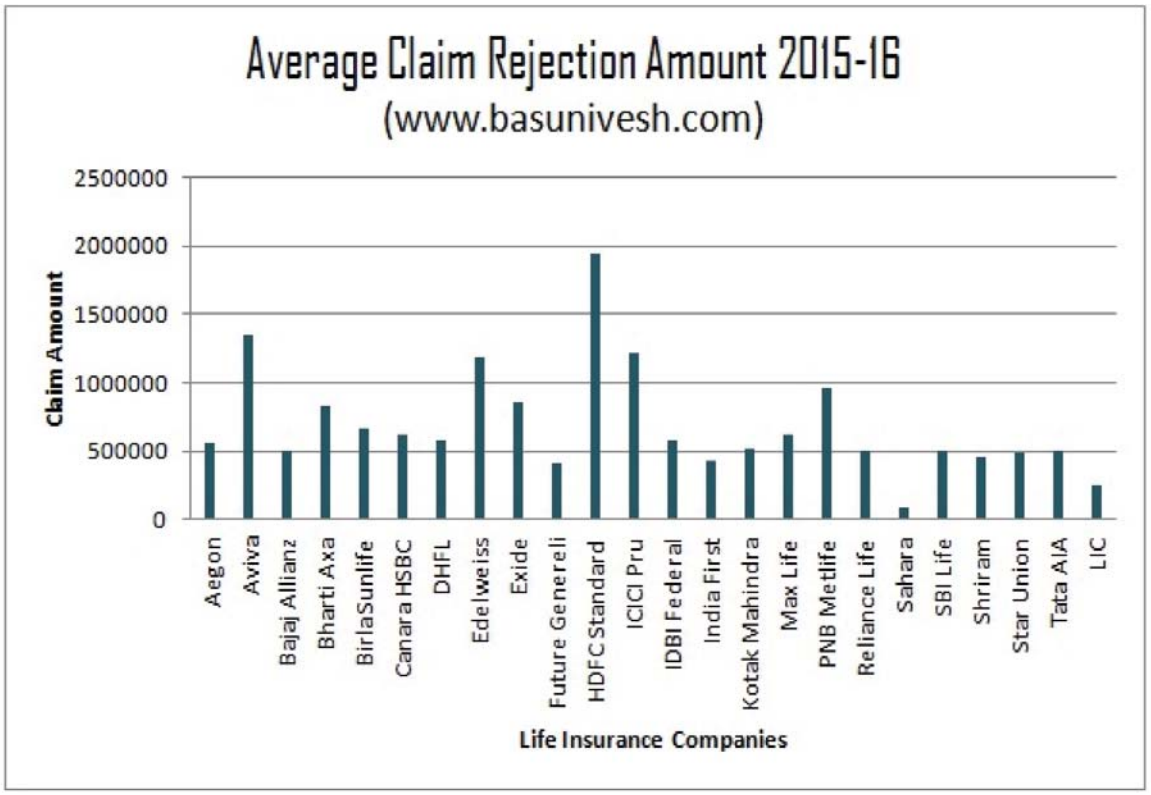
Here come the results!! LIC stands in lowest with red in colour along with Life Insurance Companies like Sahara, Reliance Life, Exide and Future Generali. What it indicating?

It shows that, even though LIC settled the highest number of claims, the majority of such claims are less than Rs.2,00,000 Sum Assured. Hence, it is indicating indirectly that LIC's claim settlement is mainly in the category of Endowment Plans but not Term Insurance.

Average Claim Rejection Amount of Life Insurers in 2015-16

Now let us go deeper into Claim Settlement Ratio 2015-16 and try to analyze the how much amount of claims they rejected. Here, I calculated average amount as I don't have data to check the maximum and minimum amount.

Figure 6: Average Claim Rejection Amount of Life Insurers in 2015-16



Source:-Annual Reports 2015-2016 of IRDA

You notice that Sahara's claim rejection amount is less and then comes the LIC. LIC's claim rejection is less because the quantum of claims it handles is HIGH but value is less. So no need to say that LIC done a great job here.

Claim Pending Status of Life Insurance Companies in 2015-16

The greatest fear for all of us is how firstly the Life Insurance Companies settle the claims. Let us now analyze the data of claims pending with Life Insurance Companies in 2015-16 and how old they are.

Figure 7: Claim Pending Status of Life Insurance Companies in 2015-16

Claim Pending Status 2015-16					
Company	Less than 3 months	3 months to 6 months	6 months to 1 Yr	More than a Year	Total Pending Claims
Aegon	5	0	0	0	5
Aviva	10	0	0	0	10
Bajaj Allianz	377	46	0	0	423
Bharti Axa	68	18	0	0	86
Birla Sunlife	225	10	5	26	266
Canara HSBC	1	0	1	2	4
DHFL	13	0	0	0	13
Edelweiss	3	0	0	0	3
Exide	17	0	0	0	17
Future Genereli	14	1	2	0	17
HDFC Standard	72	7	0	0	79
ICICI Pru	32	0	0	1	33
IDBI Federal	19	0	0	1	20
India First	44	6	0	0	50
Kotak Mahindra	21	12	14	45	92
Max Life	4	0	0	0	4
PNB Metlife	23	3	0	0	26
Reliance Life	163	7	4	9	183
Sahara	24	1	0	0	25
SBI Life	120	24	44	110	298
Shriram	232	26	5	9	272
Star Union	127	55	7	2	191
Tata AIA	0	0	0	0	0
LIC	693	796	1441	984	3914
					(www.basunivesh.com)

Source:-Annual Reports 2015-2016 of IRDA

Noticed that Kotak Life, Reliance Life, SBI Life, Shriram and LIC are leading in pending cases which are more than a year. Reasons may not be known. But it indicates that there are some issues either with insured or insurer.

Best Life Insurance Company in 2017

Based on the IRDA's Claim Settlement Ratio 2015-16, which are the Top and Best Life Insurance Company in 2017? Select only five based on above data. May differ in my view and come up with different set of ideas. But these are my choices.

1) LIC
2) ICICI
3) HDFC
4) Aegon Religare
5) Max Life

6. CONCLUSION

Claim settlement is one of the most important parts of the life insurance services. Person who is holding or planning for the life insurance will always want to have prompt claim settlement. For any insurance company sales of insurance policies is the biggest source of revenue and if claim are not properly settled then it will affect its sales. The study is based on the secondary data collected from IRDA annual report and it shows that LIC of India continue to grow due to its prompt claim settlement, highest insurance premium collections and highest number of policies sold.

Life insurance is mainly taken to cover up risk of death/disability in term of monetary terms and secondary for the purpose of better return as investment option. Claims are filed at the time of

maturity or in case of death/disability. The study focuses on the claim settlement process of life insurance services companies. With the increasing numbers of policies, numbers of claims are also increasing in Life Insurance Company. Therefore it is very much essential to have simple and clear claim settlement process.

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DETERMINANTS OF LIFE INSURANCE POLICY PURCHASE -A STUDY TO EXPLORE NEW MARKETING STRATEGIES FOR PRIVATE LIFE INSURANCE PRODUCTS

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ABSTRACT

Insurance sector occupies an important place in nation's economy. It plays a pivotal role in the economic development of a country and forms the core of the money market in our country. Insurance sector in India has witnessed remarkable changes and development since the onset of the processes of liberalization, globalization and privatization. Marketing strategy converts environmental opportunities into Profitable business activities and helps counter environmental threats .it is a driving force in the corporate strategy to gain sustainable competitive advantage. In this study an attempt has been made to explore the determinants of private life insurance policy purchase of customers in Chennai city through non-random convenient sampling by adopting descriptive and analytical research design. The empirical evidences proves that, Information Factor [IF], Advertisement Factor [AF], Guidance Factor [GF], Promotional Factor [PF], Consideration Factor [CF], Loan Assistance Factor [LAF] and Maintenance Factor [MF] are important underlying dimension for policy purchase in private life insurance companies and the marketers and insurance companies are suggested to give proper guidance, informative advertisement along with various attractive promotional activities to enhance policy purchase of private life insurance companies.

Key Words: Private Life Insurance, Marketing Strategy, Policy Purchase, Information, Advertisement, Consideration and Loan Assistence.

INTRODUCTION

In the organized segment, insurance sector occupies an important place in nation's economy. It plays a pivotal role in the economic development of a country and forms the core of the money market in our country. The insurance sector in India comprises of both public sector as well as private sector insurance. There are one Public sector and twenty three private sector insurance companies functioning in the country presently. Insurance deals with many customers everyday and offered various types of products in the market. It is a well known fact that no business can exist without marketing.

Insurance sector in India has witnessed remarkable changes and development since the onset of the processes of liberalization, globalization and privatization. The challenges ahead for insurance sector have greatly increased with increasing competition and the growing demand for a greater variety and superior quality of insurance services. The growth of the insurance sector has generated a lot of interest primarily because of the entry of many private sector insurance companies and also foreign insurance companies resulting in the availability of a wide variety of innovative products and services in the insurance market.

The marketing orientation of the insurance sector has significantly increased in recent year. The introduction of a new variety of products and services with emphasis on quality of service clearly indicates how insurance address the issue of marketing needs and requirements through a marketing -centric approach.

Marketing strategy

Marketing strategy is concerned with defining the board structure of marketing mix in context of the longer term competitive position of the organization and its constituent business. The goal of marketing strategy is to achieve long -term competitive positions for the company and its strategic business units. Marketing strategy converts environmental opportunities into Profitable business activities and helps counter environmental threats .it is a driving force in the corporate strategy to gain sustainable competitive advantage. Marketing Strategy tries to reduce the impact of surprises and threats emerging in the environment by developing a long term strategy for each of the market served.

Marketing strategy may be defined as the managerial process of developing and maintaining viable fit between the organization objectives, skills and resources and its changing market opportunities marketing strategy provides an approach to raising and addressing strategic choices and to managing complex organization in the context of changing external pressures and threats. It helps to achieve synergy among the multiple markets through coordinated use of resources and skills.

Marketing strategy is characterized as external market orientation, long term perspective empirical research marketing information system base, entrepreneurial thrust and inter disciplinary approach.

REVIEW OF LITERATURE

Farhad Sadeh et.al, (March 2012) the study starts with the objectives to explore the important promotional and communication strategies adopted by financial services entities and their level of effectiveness in Iran the author adopted Primary data collection done by survey method from 340 respondents and analyzed through twenty three promotional tools and five promotion strategies. With these tools and strategies the author concludes that the Price-Offs and Contests tools are in the highest position in the Ranking, Publicity and Public Relation (PR) is the effective promotional strategy from the respondents view followed by sales promotion activities. Then the study particularly concludes that the Publicity and PR, personal selling and sales promotion is most appropriate strategies for the insurance companies to informing and reminding.

Archana Kanungo (2014) the study reveals that one of the Major Research Gaps among the previous national and internationals studies. Is the strategic position of life in insurance companies in general focused on Indian society, the study particularly focused on modern life insurance industries and emphasized on various strategic position of Life insurance companies (LIC) like 4 Ps, that is People, Product, Price & Promotion and how it effects on 3Cs, that is Customers, Companies & Clients which are consider as the major stake holders of Indian LIC.

Alla Venkaiah and Sudhir.B (June 2013) the study is focused on 7P's i.e. Product, Price, Place Promotion, People, Process and Physical Evidence of Life insurance Corporation and Private insurance companies. The author collected data from the sample of 400 policy holders with the help of structured questionnaire. This study found that the Life Insurance Corporation of India is in better position regarding product and price mix and the private life insurance companies are in the better position in the aspect of place, promotion, people, process and physical evidence. LIC of India should focuses more on promotion and distributional activities and it should work on improving Physical evidence to retain its Top most position in the market.

Chilar Mohamed.P and Guru Murthy.R (Nov 2012) the author identified from the above analysis, the present Private insurance players are

like, ICICI, SBI, etc., had started to pull up the market share of the Life Insurance Corporation of India which is showed in the annual report of IRDA (2006-2011) that market share of LIC of India came down from 81.92% to 69.78% in the period of study. the author suggested that the insurance industries should focused on market the products through various distributions channel such as agents, bank assurance, internet, and to come up with new ideas and initiatives the Insurance Industry should have well established infrastructure, call centers, different New Product Development and Studying Market Segmentation which is adopted carefully after studying various factors.

Aashish S.Jani (2013) the article is to compare the service quality perception of the consumers in public and private Non-Life Insurance Companies. This study inferred that through various statistical tests and proved that there is a significant difference exists in the Consumer perception on Service quality of Private and Public Sector Non-Life Insurance Companies. It also identified that the both Public and Private Non-Life Insurance Companies has its own areas of strengths and areas which yet to for possible improvement. It concluded that there was a change in LPG climate government encouraging insurance sectors to increase FDI limit by granting them incentives. It is for the public & Private Non-Life Insurance Companies which is great opportunity to achieve this insurance companies should understand the Customers Perception towards service quality which altogether helpful to growth of Private and Public Non-Life Insurance Companies.

Rajavardhan Reddy.P and JahangirY (Jan 2015), this study was examined the perception of customers towards life insurance services in rural market analysis various factors like Age, gender, marital status, household annual income, education, mode of employment, family size of customer. Data collected from 120 samples through survey. It has been concluded that the consumer's perception towards Life insurance policy is positive mind sets for their investment patterns in insurance policies then the insurance market need some more actions for developments.

Tanima Kad and Aarti Narang (June 2016) this study analysed the existing status of protocols, investment parameters and policies of Insurance companies, role of Life Insurance Company in India and their modus operandi and the Satisfaction level of clients of Life insurance Products and Services. This study also identified that many research gaps with the analysis of previous research protocols and clearly defined major role of life insurance Company in India and analyzed satisfaction level of customers of life insurance products and services through various statistical tests. It also suggested that Insurance Institutions should shorten its procedures with regards to transaction which will helpful to reduce the time taken for enormous transactions which will lead to effective handling of clients.

Reenu Lulla and Monu Bhargava (March 2015) This study reveals that the Life Insurance Corporation is ruling the market beyond all private sector insurance companies. The Life Insurance Corporation has 73.9%. This is the major market share in the insurance industry when compared to private sector insurance companies. Further it also inferred that private insurance companies are gave the good completion of many innovative and new life insurance products to attract the customers. It has been suggested that the LIC should improve their systems and practice to the expanded level and to retain the same market share than the Private sector life insurance companies and it should ensure that the prompt and efficient sales services to their customers that may leads to retain their loyalty in the insurance industry.

Objectives of the study

1. To study the personal profiles of the respondents in Chennai city.
2. To identify the underlying dominant dimensions of determinants of private life insurance policy purchase in Chennai city.

Research Methodology

This study in descriptive and analytical in nature and the researcher adopted survey method for its findings. The primary data were collected through

well structured and well-designed questionnaire from 70 private sector life insurance holders residing in Chennai city using convenient sampling method. The data collected were subjected to cronbach's Alpha reliability co-efficient to test the reliability and consistency of the instrument the value being 0.874, scale is more consistent and highly reliable

Questionnaire Design

The questionnaire is divided into two-sections.

Section I deals with personal profiles of the respondents such as, age, gender, marital status, educational qualification, occupation, monthly family income and nature of family.

Section II deals with 24 variables related to determinants of private sector life insurance policy purchase.

Statistical tools used

The primary data were collected subjected to analysis such as percentage analysis and factor analysis using SPSS Version 17.0.

Table 1 - Personal Profiles and Descriptive Statistics of the Respondents

PROFILE	Groups with Frequency					Total
GENDER	**Male = 38 [54.3%]**			Female = 32 [45.7%]		**70 [100%]**
AGE[Yrs.]	**Mean = 38.19**, S.D = 10.12					**70 [100%]**
EDUCATIONAL QUALIFICATION	School Education = 10 [14.3%]	Diploma = 7 [10.0%]	**U.G = 24 [34.3%]**	P.G = 18 [25.7%]	Professionals = 11 [15.7%]	**70 [100%]**
OCCUPATIONAL STATUS	**Government Employee = 29 [41.4%]**	Private Employee = 27 [38.36%]	Business Man = 8 [11.4%]	Pensioners = 2 [2.9%]	Professional = 4 [5.7%]	**70 [100%]**
NATURE OF FAMILY	**Nuclear Family = 48 [68.6%]**		Joint Family = 22 [31.4%]			**70 [100%]**
MARITAL STATUS	**Married = 49 [70.0%]**		Unmarried = 21 [30.0%]			**70 [100%]**
FAMILY MONTHLY INCOME(Rs)	Upto Rs. 20,000 =13 [18.6%]	**Rs. 20,001-40,000 = 29 [41.4%]**	Rs. 40,001-60,000] = 18 [25.7%]	>Rs.60,000 = 10 [14.3%]		**70 [100%]**

Table 1 reveals that Majority of the respondents are Male (54.3%), Married (70.0%) and hailing from Nuclear Families (68.6%). Sizeable portion of the respondents are Under Graduates (34.3%), Government Employees (41.4%) and earning Rs. 20,001 to 40,000 Rupees as monthly family income (41.4%). Average age of the respondents is 38.19 Years.

Table 2 Factorisation of Determinants of Policy Purchase (DPP) Variables

Factors & Variance Explained	Variables	*Factor Loading*	*Mean*	*S.D*	*Commu -nalities*	*MSA*
Information Factor [IF] 13.172%	Frequent interaction with the policy holders	0.898	3.40	1.334	**0.862**	0.697
	Intermediaries information are reliable	0.849	3.51	1.225	0.813	0.576
	Pamphlets are informative about the schemes	0.724	3.51	1.164	0.769	0.677
	Co- operation to buy the new policy	0.648	3.44	1.163	0.753	0.676
Advertisement Factor [AF] 12.989%	Advertisements are more informative	0.864	3.21	1.190	0.751	0.699
	Updated technologies are beneficial	0.853	3.53	1.086	0.772	0.619
	Advertisement visual appeals are effective	0.816	3.26	1.212	0.741	**0.719**
	Website portals are informative	0.650	3.64	1.077	**0.651**	0.665
Guidance Factor [GF] 11.269%	Assistance in grievance solvency	0.834	3.49	1.032	0.800	0.682
	Helpfulness in claim settlement	0.790	3.60	1.109	0.764	0.674
	Adequate knowledge about the products	0.750	3.61	1.171	0.684	0.556
Promotional Factor [PF] 11.149%	Additional Benefit offers adequate risk cover	0.866	3.67	1.100	0.758	0.715
	Premium is fair	0.773	3.40	1.147	0.717	0.606
	Tax relief purpose	0.683	3.59	1.110	0.594	0.622
	Bonus is adequate	0.604	3.27	1.076	0.738	0.612
Consideration Factor [CF] 10.116%	Risk coverage	0.797	3.86	0.952	0.746	0.600
	Security for the future	0.751	3.64	0.600	0.686	0.621
	Adequate returns	0.743	3.77	0.904	0.655	0.598
	Fulfillment of specific requirements	0.638	3.63	1.038	0.718	0.579
Loan Assistance Factor [LAF] 8.369%	Insurance company provides assistance in reviving policy	0.867	3.50	1.087	0.795	**0.480**
	Promptness in sanctioning the loans	0.794	3.41	1.186	0.808	0.489
Maintenance Factor [MF] 7.858%	Documents are prompt	0.859	3.31	1.234	0.813	0.593
	Updated accurate records were maintained	0.814	3.34	1.115	0.803	0.559
	Claim settlement on maturity is fair	0.635	3.53	1.139	0.791	0.593
KMO – MSA = 624 Total % of Variance Explained = 74.922						
Bartlett's Test of Sphericity Chi Square value of 940.591 with df 276 at P Value of 0.000						

Table 2 shows that Determinants of Policy Purchase [DPP] Variables with their communality values and MSA ranging from 0.651 to 0.862 and 0.480 to 0.719 have goodness of fit for factorization. KMO-MSA value of 0.624 and chi-square value of 940.591 with df of 276 and P-value of 0.000 reveal that factor analysis can be applied for factorization of 24 DPP variables. Seven independent factors have been extracted out of 24 DPP variables of which Information Factor [IF] is the most dominant one followed by, Advertisement Factor [AF], Guidance Factor [GF], Promotional Factor [PF], Consideration Factor [CF], Loan Assistance Factor [LAF] and Maintenance Factor [MF] in their order of dominance and all the factors together explaining 74.922% of variance.

MAJOR FINDINGS OF THE STUDY

1. Majority of the respondents are Male, Married and hailing from Nuclear Families. Sizeable portion of the respondents are Under Graduates, Government Employees and earning Rs. 20,001 to 40,000 Rupees as monthly family income.
2. Average age of the respondents is approximately 38 Years.

3. Seven independent factors have been extracted out of 24 DPP variables of which Information Factor [IF] is the most dominant one followed by, Advertisement Factor [AF], Guidance Factor [GF], Promotional Factor [PF], Consideration Factor [CF], Loan Assistance Factor [LAF] and Maintenance Factor [MF] in their order of dominance

SUGGESTIONS AND CONCLUSION

1. Respondents are opinion that they are giving more importance to information aspects such as, Frequent interaction with the policy holders, Intermediaries information are reliable, Pamphlets are informative about the schemes and Co-operation to buy the new policy rather maintenance aspects such as, promptness of documents, updating accurate records, and claim settlement on maturity.
2. Private life insurance policy holders are giving importance to Information, advertisement, guidance, promotion, consideration, loan assistance and maintenance for purchasing private life insurance policies.
3. Advertisers are suggested to create informative advertisement by using technological platforms and visual appeals through website portals of private life insurance companies to attract customers to purchase policies.

To conclude, this study was conducted to identify the underlying dimensions of determinants of private life insurance policies in Chennai city. The results reveal that, Information, advertisement, guidance, promotion, consideration, loan assistance and maintenance are predominant dimensions of private life insurance policy purchase determinants. Finally in order to attract new customers the private life insurance companies are suggested to give proper guidance, informative advertisement along with various attractive promotional activities to purchase life insurance products of private companies.

LIMITATIONS OF THE STUDY

1. This study adopted convenient non-random sampling, so, limitations associated with non-random sampling is also applicable to this study.
2. Due to time and cost constraint the sample size is restricted to 70.
3. This study is only conducted in Chennai city, so findings of the study may not be generalised to other cities, states in India.

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ROLE OF TECHNOLOGY IN INDIAN INSURANCE SECTOR– A SELECT STUDY

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ABSTRACT

The Insurance Regulatory and Development Authority of India (IRDAI) has released its draft regulations for facilitating and regulating e-commerce in the Indian insurance industry. Online sale of policies was permitted already but that has been neither paperless nor without human interventions. The e-commerce guidelines and regulations, however, point to a clear step forward to usher in an absolutely new channel to market or to purchase an insurance product. The Insurance Self-network Platform indicates a system or tool which the buyer will use to choose and buy an insurance product without any direct intervention at any stage by the entity setting up the platform. Once the prospective customer visits the website, he will have access to all available products, their features, terms and conditions regarding eligibility, endorsements and exclusions. A major feature is the opening of e-insurance account by the policyholder who transacts on ISNP. The insurance repositories approved by IRDAI will take care of this provision. The present paper discussed about the "Role of Technology in Indian Insurance Sector" this paper mainly focused on what are the Insurance products and services offered by the insurance companies in India and what are the major obstacle hindering the application of insurance companies through adopt the technology insurance sector.

Key Words: (*Customer awareness, products and services, benefits in ITC and major obstacle in Insurance Companies****)***

1. Introduction:

Over the last decade the world has seen a meteoric rise in e-commerce, which can be defined as the sharing of business information, maintaining of business relationships, and conducting of business transactions by means of telecommunications networks. Several distinct categories of e-commerce have emerged. Although business-to-consumer e-commerce has received the most attention in the press, it is much less prevalent than business-to-business e-commerce. An increasing number of associated transactions and processes that support both selling and purchasing activities on the Internet can be also included in the definition of e-commerce.

Modern day insurance has evolved into a multifaceted and complex industry involving an array of divergent products and services. The current insurance industry landscape is characteristically hybrid in nature, offering everything from health and life insurance to property and casualty. Many insurance companies also offer financial services such as asset management as well as commercial leasing and lending.

The use of the Internet is growing throughout the world at a rapid pace. While the U.S. still holds the lion's share of the global market, it is anticipated that this share will diminish from 36% to 25% by 2005. Not surprisingly, e-insurance is also being embraced globally. The European

insurance sector, for example, has been active in making the transition. Asia also shows enormous potential to drive this trend globally. Approximately 50% of domestic Chinese insurance companies' Web sites currently offer the capability to buy policies online, while India is leading the way in the rest of Asia, with rapidly expanding growth in the insurance industry

2. Digital Services:

In the insurance industry, the biggest challenges facing the digital journey are typically internal to the organization. This is because insurance has been a predominantly process driven business. Customer connect has been traditionally achieved using CRM solutions.

Majesco's digital services helps insurance carriers engage with customers using channels in a unique manner. With an engaged digital strategy, insurance providers are able to chart out all the possible business touch points for an effective implementation of digital strategy.

3. Importance of Information Technology in the Insurance Industry:

Information technology has become ever so important in all industries and this dissertation sought to determine the role and importance that information technology has in the insurance industry. The insurance market is an information based market since there is lot of gathering, processing and distribution of information and thus information technology is needed to manage all this information. This study shows the way in which Information Technology can be used within the insurance industry and how it helps companies to be more effective and efficient. The findings from this study helped to determine how and to what extent information technology is used within the Maltese industry. These findings showed that the Maltese market is still lacking behind with regards information technology when compared to other markets. In Malta, not every company is using the same type of system and not every company has invested enough orin the right way to have a good IT system. Apart from this, local companies are still lacking behind in other areas such as e-commerce and other systems which are present in other markets such as the UK but not yet in Malta. iv In the final chapter of the dissertation the conclusions were outlined i.e. that local companies have to try and make use of the improved technology that is available. This is imperative since technology is continuously improving and companies have to keep up with such advancements in order to remain competitive.

4. Review of Literature:

Steward Doss and Kaveri(2000) in their study titled "Total Quality Assessment in Insurance" observed that empathy and responsiveness determine the satisfaction level of urban and rural customers respectively. Pre-sales service such as advice rendered in selection of policy, product knowledge and capacity of explaining the policy benefits and the after sales service such as reminding of premium due, assistance in premium remittance and other intermediary services of the agents increases the level of customer satisfaction.

Mony (2003) He says that IRDA of 1999 and its main objectives of protecting the interests of policyholders and to regulate, promote, and ensure orderly development of the insurance industry. He observed that with the entry of private insurers the market is seeing an array of products. Insurers are not merely looking at offering the basic life insurance solutions, but are offering products with a combination of benefits which could be bundled and customized to suit an individual's need. He has rightly expressed that though the agency channel will remain as dominant distribution channel alternative channels like corporate agencies, brokers and banc assurance will pay meaningful role in distribution. He has stressed the importance of customer service by the insurers and the role of technology in the present competitive environment.

R.Kumar and K.Vaidya (2004)hestudied that customer relationship management tools must be used extensively and effectively to identify cross selling opportunities. They had also foreseen the use of e-service, namely, customer service through Internet that could play a major role in facilitating

the process of servicing insurance products to their policy holders.

H. Delport et.al.7 (2011)he concluded that the banking and life insurance firms were now focusing on retaining and building long-term relationships with their existing customer base by implementing a relationship marketing strategy. However, they found that not all customers were willing to invest in building long-term relationships. So, firms needed to identify and target those customers who had a high relationship intention that is those who intend to support long-term relationships with the firm they are currently associated with.

Alok Mittal and Akash Kumar (2003) in their study "An Exploratory Study of Factors Affecting Selection of Life Insurance Products" have attempted to identify the factors which are affecting the consumers in taking into consideration before selecting a life insurance product and determining the extent to which these factors are taken into consideration for choosing life insurance products. The study highlighted that consumers take into consideration factors like product attributes, customer delight, payment mode, product flexibility, risk coverage, grace period, professional advisor, and maturity period as important before making a decision on selection of a life insurance product but most important factors which are of vital importance was product attributes, and the least important was maturity period.

5. Objectives:

1. To study the customer perception of various products and services of insurance companies.
2. To study the major obstacle hindering the application of insurance companies.

6. Methodology:

In this paper data collected from both the primary and secondary data. Primary data means data collected through structured questionnaire from policy holders of insurance companies. And secondary data means data is collected from various sources like; books, magazines, newspapers, articles, thesis, annual reports and various websites.

Table 1 Benefits obtained by Implementing ICT

Brand and image promotion		
	Frequency	**Percentage**
Disagree	29	24.2
Agree	91	75.8
Total	120	100.0

From the above table -1 out of 120 customers 29 (75.8%) Disagree, and 91 (75.8 %) respondents are agrees. So maximum number of the customers are agree to Brand and image promotionwith the given statement.

Table-2

Lower investment for establishing the sales and after salesservices network		
	Frequency	**Percentage**
Agree	62	51.7
Strongly Agree	58	48.3
Total	120	100.0

From the above table -2 out of 120 customers 62 (51.7%) Agree and58 (48.3%)respondents are StronglyAgrees. So maximum number of the customers are Strongly Agrees to Brand and image promotionwith the given statement.

Table-3

Cost reduction and value chain management (Product/service development).		
	Frequency	**Percentage**
Agree	90	75.0
Strongly Agree	30	25.0
Total	120	100.0

From the above table -3 out of 120 customers 90 (75%)Agree and 30 (25%) respondents are Strongly Agrees. So maximum number of the customers areStrongly Agree tocost reduction and value chain managementwith the given statement.

Table-4

More transparency and speed of claims management.		
	Frequency	**Percentage**
Neutral	29	24.2
Agree	40	33.3
Strongly Agree	51	42.5
Total	120	100.0

From the above table -4 out of 120 customers 29 (24.2%)Neutral, 40 (33.3%) respondents are Agrees and 51 (42.5 %) respondents are Strongly Agree. So maximum number of the customers are strongly Agree toMore transparency and speed of claims managementwith the given statement.

From the above table -4 out of 120 customers 29 (24.2%)Neutral, 40 (33.3%) respondents are Agrees and 51 (42.5 %) respondents are Strongly Agree. So maximum number of the customers are strongly Agree toMore transparency and speed of claims managementwith the given statement.

Table-5

Good knowledge of Management and better stakeholder relationship		
	Frequency	**Percentage**
Neutral	40	33.3
Agree	10	8.3
Strongly Agree	70	58.3
Total	120	100.0

From the above table -5 out of 120 customers 40(33.3%)Neutral, 10 (8.3%) respondents are Agrees and 70 (58.3 %) respondents are Strongly Agree. So maximum number of the customers are strongly Agree toGood knowledge of Management and better stakeholder relationship with the given statement.

8. The major obstacle hindering the application ICT in insurance companies

Table-6

Expensive & Complicated technologies of e-commerce		
	Frequency	**Percentage**
Agree	100	83.3
Strongly Agree	20	16.7
Total	120	100.0

From the above table -6 out of 120 customers 100 (83.33%) Agree, 20 (16.7%) respondents are Strongly Agree. So that maximum number of the customers are strongly Agree toExpensive & Complicated technologies of e-commerce with the given statement.

Table-7

Non-Conformity of current products and services to online offers		
	Frequency	**Percentage**
Agree	62	51.7
Strongly Agree	58	48.3
Total	120	100.0

From the above table -7 out of 120 customers 62 (51.7%) Agree, and 58 (48.3%) respondents are Strongly Agree. So that maximum number of the customers are strongly Agree toNon Conformity of current products and services to online offers with the given statement.

Table-8

Product complexity and low-interest Product		
	Frequency	**Percentage**
Neutral	21	17.5
Agree	51	42.5
Strongly Agree	48	40.0
Total	120	100.0

From the above table -8 out of 120 customers 21 (17.5%) Neutral, 51 (42.5%) respondents are Strongly Agree and 48 (40%) respondents are Strongly Agree. Sothat maximum number of the customers areAgree toProduct complexity and low-interest Productwith the given statement.

Table-9

Traditional attitudes and views of the companies.		
	Frequency	**Percentage**
Disagree	19	15.8
Strongly Disagree	31	25.8
Neutral	60	50.0
Agree	10	8.3
Total	120	100.0

From the above table -9 out of 120 customers 19 (15.8%) Disagree, 31 (25.8%) respondents are Strongly Disagree 60 (50%) respondents are Neutral and 10 (8.3) respondents are Agree. Sothat maximum number of the customers areNeutral toTraditional attitudes and views of the companies with the given statement.

Table-10

Internal conflicts and negative reaction from intermediaries, agents, brokers etc.		
	Frequency	**Percentage**
Disagree	39	32.5
Agree	81	67.5
Total	120	100.0

From the above table -10 out of 120 customers 39 (32.5%) Disagree, and 81 (67.5%) respondents are agree. So that maximum number of the customers areAgreeInternal conflicts and negative reaction from intermediaries, agents, brokers etc.with the given statement.

Table-11

Lack of appropriate registration and regulation		
	Frequency	**Percentage**
Disagree	10	8.3
Strongly Disagree	60	50.0
Neutral	50	41.7
Total	120	100.0

From the above table -11 out of 120 customers 10 (8.3%) Disagree, 60 (50%) respondents are Strongly Disagree and 50 (41.7%) Neutral.Sothat maximum number of the customers areStrongly Disagree to Lack of appropriate registration and regulationwith the given statement.

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FARMER'S PERCEPTION AND AWARENESS TOWARDS CROP INSURANCE IN VILLUPURAM DISTRICT

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ABSTRACT

There are different types of risks prevalent in agriculture. They may broadly be classified into six categories viz., price risk, production risk, technology risk, institutional, legal and social risk, personal risk and financial risk. Generally farmers produce various commodities and often make decisions under the conditions of risky environment. In India crop insurance is one of the instruments protecting farmers from agricultural variability. In the present study attempt the level of awareness and analysis the farmer perception towards crop insurance in the study area. For this purpose, 120 sample farmers were selected in villupuram district through convenient sampling method. The study reveals that the awareness level among the farmers about crop insurance schemes in the study areas is very low, majority of respondents' gets information through bank and finance institutions because the farmer availed credit facility, farmers about crop insurance schemes in the study areas is not satisfactory and 37.5 per cent of the farmers expressed high displeasure about the procedural complexities in claims of their insurance if and when loss happened to occur. The method of area approach (32.5% of the farmer) followed by the insurance company viz... National Agricultural Insurance Scheme in loss assessment (30.0% of the farmer) is totally unacceptable and unpleasant to the farmers.

Keywords: *Agriculture, Risk, Technology, Perception, Insurance Schemes.*

INTRODUCTION

Agriculture is synonymous with risk and uncertainty all over the world because agriculture is subject to vagaries of nature. Agriculture contributes to 24 per cent of the GDP and any change has a multiplier effect on the economy as a whole. Economic growth and agricultural growth are inextricably linked to each other. Agricultural production implies an expected outcome or yield. Variability in outcomes from expected those which are expected poses risks (Harwood et al 1999). Generally farmers produce various commodities and often make decisions under the conditions of risky environment. The consequences of the decisions made by the farmers are not known with certainty and the result may be better or worse than the expected. Variability in prices and yields are the major types of risks in agricultural production.

There are different types of risks prevalent in agriculture. They may broadly be classified into six categories viz., price risk, production risk, technology risk, institutional, legal and social risk, personal risk and financial risk. The market or price risk is generally associated with availability and purchase of various input and marketing and sale of final products. The variability in prices may occur with in a season, year or over the years. The production risk is usually associated with variability in agricultural production process like variability in yield, and production. This may be due to several factors like rainfall, temperature, diseases, pests and the like. Sometimes, fire, wind, theft and other casualties are also lead to variability in yield and production. Risk management in agriculture ranges from informal mechanism like avoidance of highly risky crops, diversification across crops and across income sources to formal

mechanisms like agriculture insurance, minimum support price system and future's markets.

Crop insurance is recognized to be a basic instrument for maintaining stability in farm income, through promoting technology, encouraging investment, and increasing credit flow in the agricultural sector. In India crop insurance is one of the instruments protecting farmers from agricultural variability. Agriculture instance is an important risk management tool that has the potential to provide financial security to the person engaged in agriculture and allied activities. For coping with natural risks, crop insurance is the only mechanism available. It is an important instrument that protects agriculturists against uncertainties of crop production that are beyond their control. In a country like India, where crop production has been subjected to vagaries of weather and large scale damage due to attack of pests and diseases, agriculture insurance assumes a vital role in the stable growth of the agriculture sector (Bhise et al., 2007).

Crop insurance in India was started with the introduction of the All-Risk Comprehensive Crop Insurance Scheme (CCIS) that covered the major crops in 1985 and later substituted and replaced by the National Agricultural Insurance Scheme that came into effect from 1999. Indian government and private sector companies provide Agriculture and Crop Insurance Schemes in India for farmers/ crops including agriculture and crop insurance. In a country like India the crop production is been a subject to changes in climatic conditions and constantly tackling with are the large-scale damages that are caused as a result of the major crops in 1985 and later substituted and replaced by the National Agricultural Insurance Scheme that came into effect from 1999.

Farmers to be covered include all farmers including sharecroppers, tenant farmers growing insurable crops on:

a. Compulsory basis: All farmers growing notified crops and availing Seasonal Agricultural Operations (SAO) loans from Financial Institutions i.e. Lone Farmers.

b. Voluntary basis: All other farmers growing notified crops (i.e., Non-lone farmers) who opt for the Scheme.

The scheme provides comprehensive risk insurance against yield losses viz.: Natural Fire and Lightning, Storm, Hailstorm, Cyclone, Typhoon, Tempest, Hurricane, Tornado, Flood, Inundation and Landslide, Drought, Dry spells, Pests/Diseases etc. The Sum Insured (SI) may extend to the value of the threshold yield of the crop with an option to cover up to 150% of average yield of the crop on payment of extra premium. The scheme has differential premium rates and varies across crops. For food crops and oil seeds: Kharif season : 3.5 per cent of the sum insured for bajra and oilseeds and 2.5 per cent of sum insured for other food crops or actuarial rates, whichever is less. For rabi season: 1.5 per cent of sum insured for wheat and 2.0 per cent for other food crops and oil seeds or actuarial rates, whichever is less.

STATEMENT OF THE PROBLEM

Traditional agriculture is a way of life for our farmers but now it is becoming a business. Along with the adoption of new technology in farming the problems faced by the farmers are also increasing. There are problem of soil and water management, natural hazards, technical know-how, marketing, finance, pests and diseases and so on. In finding the solution for these problems, crop insurance can be applied. An important ray of hope in this complex scenario of agribusiness is that new generation are more educated, young and energetic have taken up to this enterprise. About 75% of the population is dependent directly or indirectly on the agriculture sector. In many countries crop insurance is accepted as an Integrated Risk management mechanism managed by public and private enterprises. The knowledge of crop insurance is very vital for each and every farmer. This knowledge on crop insurance will help farmers to minimize their risks associated with farming. Farmers can minimize their risk if there is a sound risk minimizing tool. The present study is an attempt made by the researcher to study the Farmers' Perception and Awareness towards Crop Insurance in Villupuramdistrict of Tamil Nadu.

OBJECTIVES OF THE STUDY

The following objectives are framed for the present study

- To measures the level of awareness of farmer about crop insurance in the study area
- To analysis the farmer perception towards crop insurance in the study area.

METHODOLOGY

Villages from Villupuram district were selected for the study because this district has the maximum area of cultivation in various crops. For this purpose, 120 sample farmers were selected on the basis of convenient sampling method. Each question item was improved for its relevance and meaning by constant interaction with the experts in the areas. The collected data has been analysed by using percentage analysis.

RESULTS AND DISCUSSION

The results of the survey have been discussed in farmers' awareness and perceptions towards crop insurance.

TABLE-1

Size of Land Holder among Sample Respondents

Sl.No	Size categories (Hectares)	No. of Respondents	Percentage
1	0.01– 2	51	42.5
2	2.01-4	36	30.0
3	4.01-6	23	19.2
4	>6	10	8.3
	Total	**120**	**100.00**

Source: Computed from Primary Data.

Sizes of the land holdings are very important behavior change of cultivation and risk management. The above Table - 1 reveals that Out of 120 samples, 42.5 percent of sample respondents have below 2 hectares, 30 percent of sample respondents have between 2 -4 hectares, 19.2 percent of sample respondents have between 4-6 hectares, and 8.3 percent of sample respondents have above 6 hectares.

TABLE-2

Awareness about any Risk Measures Implemented By Govt/Bank/ Organization

Sl.No	Size Categories (Hectares)	No. of Respondents					
		Aware	Not Aware	Total	Insured	Not Insured	Total
1	0.01-2	26	24	51	17	34	51
2	2.01-4	20	16	36	12	24	36
3	4.01-6	14	9	23	7	16	23
4	>6	6	4	10	3	7	10
	Total	**66**	**54**	**120**	**39**	**81**	**120**

Source: Computed from Primary Data.

Table - 2 indicates that awareness among the farmers about crop insurance and risk management measures implemented by the government was high at about 66 respondents out of 120 respondents. Awareness has been more in farmers among land holding below two hectares. It is also noted that out of 120 respondents, only one –third of sample respondents have crop insured and two third respondents don't have crop insured.

TABLE-3

Awareness about Crop Insurance Products/Schemes

Sl.No	Level of awareness	No. of Respondents	Percentage
1	High	12	10.0
2	Medium	15	12.5
3	Low	48	40.0
4	Not aware	45	37.5
	Total	**120**	**100**

Source: Computed from Primary Data.

Theresults are presented in Table - 3 the farmers' awareness about crop insurance schemes or products implemented by the government and financial institutions. The above Table 3 reveals that the awareness level among the farmers about crop insurance schemes in the study areas is very low (40%).Followed by 12.5 percent of respondents are medium levels aware, 10.0 percent of respondents are high levels aware and 37.5percent of respondents are not aware about the crop insurance scheme.

TABLE-4

Source of Information about Insurance Products

Sl.No	Sources	No. of Respondents	Percentage
1	News paper	10	13.3
2	Banks	32	42.7
3	Fellow farmers	12	16.0
4	Radio	10	13.3
5	TV	11	14.7
	Total	**75**	**100.00**

Source: Computed from Primary Data.

Table - 4 infers that out of 75 respondents who aware crop insurance, 42.7 per cent of the respondents are aware about crop insurance scheme through bank and credit institutions, 16.0 per cent of the respondents are aware by Fellow farmers, 13.3 per cent of the respondents are aware through Newspaper and Radio, 14.7 per cent of the respondents are get awareness from television. It is concluded that majority of respondents' gets sources of information about crop insurance scheme through bank and finance institutions because the farmer availed credit facility.

TABLE-5

Details of Farm Risks and Associated Loss among Sample Farms

Sl.No	Types of risk	No. of Respondents	Percentage
1	Drought	55	45.8
2	Flood	16	13.4
3	Cyclone	19	15.8
4	Pests	30	25.0
	Total	**120**	**100.0**

Source: Computed from Primary Data.

Table - 5 is evident in the results of the present study also as reported by 45.8 per cent of the farmers about the incidence of drought and by 13.4 per centof the farmers about the incidence of flood, About 25.0 per cent of the farmers (30 farmers) reported the occurrence of pests risk every year or every alternate year at least at the yield lossand15.8 percent of the farmer affect loss by cyclone.

TABLE-6

Level of Satisfaction of Farmers about Crop Insurance Schemes

Sl.No	Satisfaction Level	No.of Respondents	Percentage
1	Highly Satisfied	6	5.0
2	Satisfied	30	25.0
3	Neutral	21	17.5
4	Dissatisfied	63	52.5
	Total	**27**	**100**

Source: Computed from Primary Data.

Table - 6 depicts that the farmers about crop insurance schemes in the study areas is not satisfactory. Farmers are not fully satisfied with the crop insurance schemes implemented by the Government. From the total farmers (52.5%) of them are dissatisfied crop insurance schemes, (25.0%) of them are satisfied, (5.0%) of them are highly satisfied while (17.5%) of them have no any opinion about the crop insurance schemes implemented by the government

TABLE-7

Reasons for Dissatisfactionof Respondents towards Crop Insurance Scheme

Sl.No	Reasons	No.of Respondents	Percentage
1	Limited Crops covered	18	15
2	Low Sum assured	15	12.5
3	High Premium rate	12	10
4	ComplexitiesClaim procedure	45	37.5
5	Documentation procedure	27	22.5
6	Area approach	39	32.5
7	Loss assessment	36	30
8	No response	24	20

Source: Computed from Primary Data.

The responses of the farmers on dissatisfaction over the crop insurance are presented in Table - 7. The respondents expressed dissatisfaction of crop insurance products and schemes for many reasons as many as seven in total. 37.5 per cent of the farmers expressed high displeasure about the procedural complexities in claims of their insurance if and when loss happened to occur. The method of area approach (32.5% of the farmer) followed by the insurance company viz...National Agricultural Insurance Scheme in loss assessment (30.0% of the farmer) is totally unacceptable and unpleasant to the farmers. The loss due to natural calamities is taken into account at firkah level and the individual losses are not at all considered. This is one of the two the important weaknesses of the crop insurance products or schemes implemented by the government. The other one is the uncertainty of receiving any monitory claims like in life insurance where there is a sum assured that the policy holder can get at least at the maturity. Here in the crop insurance the term sum insured does not give any assurance to the farmer who insures his crop.

CONCLUSION

Agriculture in India is varied, diversified and prone to a variety of risks. Most of the farmers are small and marginal ones. In most areas, agriculture is rain fed, leading to a greater degree of yield variability and risk. In this scenario of high risk and uncertainty of rain fed agriculture, mitigating the risk of the farmers is an important aspect, which the decision makers must have to handle with utmost care. The awareness level of farmers about crop insurance is very poor. They are not aware about the existing crop insurance schemes of the government. Farmers are dissatisfied with the existing crop insurance schemes because of the high premium rate, less premium subsidy and delay in the settlement of claims. The government should give more focus on the purification of the existing crop insurance schemes and to increase the awareness level of farmers about crop insurance. The government should give more premium subsidy to motivate farmers to opt for crop insurance. Awareness campaign should be conducted by the government from time to time in the village level to enhance the awareness level of farmers about crop insurance. The existing crop insurance schemes must be redesigned to attract more number of farmers towards crop insurance. Insurance products for the rural areas should be simple in design and presentation so that they are easily understood.

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A STUDY ON CLAIM SETTLEMENT AND POLICYHOLDER'S SATISFACTION OF MOTOR INSURANCE PACKAGE POLICY

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ABSTRACT

Motor insurance protects vehicles against losses arising from unforeseen risks. It basically covers financial losses arising from accidents, theft and other natural calamities. Fatalities in road accidents in India are moving up at a compounded annual rate of four per cent. Considering the high number and the poor state of roads, Motor insurance is a necessary requirement. By law, Motor Insurance is mandatory. Motor Insurance provides financial cover not only to us but also covers damages to third party (people travelling with us). Motor Insurance also protects us from losses arising from natural calamities like cyclone, earthquake etc. In FY14, the incurred claims ratio (ICR) for the industry for motor insurance was 79.5%; this decreased to 77% in FY15 Here third party includes people travelling with us or whom the insured person injures and claims damages at the time of accident. But this insurance does not protect us, our vehicle and co-passengers against losses which arise due to bodily injury/death. Buying a comprehensive insurance coverage for your vehicle means there will be no out-of-pocket expenses. There are rules, limitations and conditions within the policy that will decide our final claim amount

Keywords: *Insurance, Motor Insurance, claims settlements, premium, Insured claims, Third party insurance, Package Insurance Own-damages*

INTRODUCTION

Motor insurance protects vehicles against losses arising from unforeseen risks. It basically covers financial losses arising from accidents, theft and other natural calamities. Motor insurance is a contract for an automobile in which the insurance company agrees to pay for financial loss resulting from a said specified event.

Motor Insurance

In India, nearly 4 lakh people meet with accidents every month. Fatalities in road accidents in India are moving up at a compounded annual rate of four per cent. Considering the high number and the poor state of roads, Motor insurance is a necessary requirement. By law, Motor Insurance is mandatory. Motor Insurance provides financial cover not only to us but also covers damages to third party (people travelling with us). Motor Insurance also protects us from losses arising from natural calamities like cyclone, earthquake etc.

Premium payments

Insurance companies work with different statistics and use different methods to calculate premiums. Some companies are specialized in certain areas or types and so they are prepared to give discounts in those areas. This adds to the complexity as various companies yield varied prices.

Buying Motor Insurance

Motor Insurance can be confusing for many people as there is plethora of Motor policies and is an arduous (difficult) task to choose an Motor policy which carry to protect our self compared to various coverage's available.

a. Depending on the vehicle you have
b. Claim settlement
c. Customer service
d. Discount & Deductible %
e. IDV (Insured Declared value)

INCURRED CLAIMS

In FY14, the incurred claims ratio (ICR) for the industry for motor insurance was 79.5%; this decreased to 77% in FY15. ICR is the ratio of paid claims to the actual premium collected and is calculated as net claims incurred/net premium earned. A high ratio doesn't bode well for the industry as it means a large part of the premium collected is going into meeting claims.

"ICR has come down because third-party premiums are increasing every year. But third party premiums are still inadequate. Due to this, and increased expense ratio, insurers continue to make losses on the motor portfolio ,Non-life industry as a whole has improved on ICR-it was 81.70% in 2014-15, lower than the 82% in the previous year.

TYPES OF COVERAGES:

a. Third party insurance

this insurance is mandatory by law. It protects a policy holder against losses which arise due to bodily injury/death to a third party or any damage to property. Here third party includes people travelling with us or whom the insured person injures and claims damages at the time of accident. But this insurance does not protect us, our vehicle and co-passengers against losses which arise due to bodily injury/death.

b. Package Insurance

In addition to third party coverage, this policy covers us, our car and co-passengers against damages /losses arising from unforeseen calamities, hence it is prudent to purchase this policy.

Own-damages:

Coverage against loss of or damage to the vehicle caused by accident, theft, fire, explosion, self-ignition, lightning, riots, strikes or act of terrorism, natural calamities

Third-party policy: Covers only our legal liability for the damage that may cause to a third party - bodily injury, death and damage to third party property - while using our vehicle. Personal accident covers for the owner-driver subject to conditions.

Buying a comprehensive insurance coverage for your vehicle means there will be no out-of-pocket expenses. There are rules, limitations and conditions within the policy that will decide our final claim amount

The limitations of and exclusions from a standard own-damages insurance contract

BENEFITS OF MOTOR INSURANCE

It is a financial safety net that can help us offset the cost of

- Bodily injuries to our self or others
- Lost wages due to injury
- Benefits to survivors when an accident results in death
- Lawsuits brought against you as the result of an accident
- Repairs made to your vehicle due to damage caused in an accident

COMMON PROBLEMS

- **Stale claims (Out of date Claims)**
- **Insufficient documentation**
- **Hazy or unclear insurance coverage**
- **Choose the correct deductibles**
- **Lack of a police report**

BACKGROUND OF THE STUDY

The motor vehicle act, 1939 introduced compulsory insurance against such damage to people. The insurance of motor vehicles against own damage is not made compulsory, but the insurance of third party liability arising out of the use of the motor vehicles in public places is made compulsory. As per this provision of the MV Act no motor vehicle can ply on road or in a public place without insurance. Hence an attempt is to study title of the study is **"A study on claim**

settlement and policyholder's satisfaction of motor insurance package policy."

OBJECTIVES OF THE STUDY

- To understand the claim settlement procedure in National insurance company
- To measure the customer satisfaction towards Motor insurance package policy offered by National insurance company
- To identify the problems faced by the policy holders during intimation and getting the pay-outs

SCOPE OF THE STUDY

- The focus of the study is to identify the problems faced by individual policyholders and to measure the level of satisfaction towards claim settlement in Pondicherry state.

LIMITATIONS OF THE STUDY

- The Whole study was conducted only in Pondicherry. Hence the results may not applicable to other places
- Limited sample size had been considered for the study and therefore, the conclusions drawn based on this may not be a reflection of the entire population may be biased.

REASEARH METHODOLOGY

- Research design Descriptive Research
- Sampling technique : Convenient sampling technique
- Sample size : 82
- Sample respondents : Policy holders of National insurance company ltd. Pondicherry
- Research instrument : Interview Schedule
- Tools used : Percentage analysis and Chi-square test

Sampling Unit:

Motor insurance policy holders of National insurance company ltd Pondicherry.

DATA COLLECTION

Primary Data

- Primary data have been directly collected from insured through Interview schedule.

Secondary Data

- The Secondary data collected from various websites and books.

DATA ANALYSIS & INTERPRETATION

After collecting the data is analysed using the statistical techniques. Are as follows:

TABLE 1. TECHNOLOGY INSTRUMENTS ADOPTED IN SELECTED COURTIERS (PER 1000)

Name of the country	Daily news papers	Television Sets	Telephone Main lines	Mobile Phones	Personal Computers	Internet Users
USA	194	990	570	780	762	695
UK	292	980	550	1150	758	554
France	431	940	360	1080	575	491
Japan	551	990	110	780	676	685
Canada	175	990	640	530	876	681
Russian Federation	92	980	280	840	122	180
China	74	890	280	350	43	104
India	73	320	45	150	16	55

Source: World Bank Report

TABLE 2. EMPLOYMENT GROWTH RATE BY DIFFERENT SERVICE SECTOR

Service sector	2000-2005	2005-2010
Agriculture	15.2%	-8.2%
Mining	27.7%	4.7%
Manufacturing	43.4%	-6.3%
Electricity & Gas	32.5%	-5.3%
Construction	65.0%	70.0%
Trade & Hotel	37.3%	4.5%
Transport & Storage	43.3%	10.8%
Financial & Business services	90.6%	31.4%
Public admin, Social services	25.5%	5.4%

Source:http://info.shine.com/industry/banking-financial-services/8.html

TABLE 3. EMPLOYMENT IN SEGMENTS OF THE FINANCIAL SERVICES SECTOR,

Industry Segments	Total employment (in thousands)	% of total
Banking	1150	30
Insurance	250	4
NBFC	28	1
Mutual funds	18	1
Financial Intermediaries	2750	64
Total		**100**

Source:http://business.mapsofindia.com/sectors/financial/growth.html

TABLE - 4 : OCCUPATION OF THE RESPONDENT

Occupation	Number	Percentage
Govt.employee	11	13%
Private employed	24	29%
Self employed	37	45%
Business	10	12%
Total	82	100%

Source: Primary data questionnaire

From the above table-4 it is inferred that majority of the respondents occupations are self-employed with 45%, and private employed are 29% and the least respondents are business with 12%.

TABLE - 5 : PRODUCT PURCHASED

Product	Frequency	Percentage
Package policy(own damage)	63	77%
Third party	19	23%
Total	82	100%

Source: Primary data questionnaire

From the above table-5 it is noticed that 77% of the respondents purchased package policy (own damage) and 23% of the respondents purchased Third party Liability product

TABLE - 6 : OVERALL SERVICE

Service	Frequency	Percentage
Excellent	12	15%
Good	31	38%
Average	17	21%
Satisfactory	15	18%
Poor	7	9%
Total	82	100%

Source: Primary data questionnaire

From the above table-6 it is found that majority of the respondents i.e. 38% says that the services are good, average are 21% and the least are 9% respondents says the services are poor of National insurance company ltd.

TABLE - 7 : CLAIMS EXPERIENCED

	Frequency	Percentage
Yes	57	70%
No	25	30%
Total	82	100%

Source: Primary data questionnaire

From the above Table-7 it is inferred that majority of the policyholders i.e. 70% says yes they have claims experienced and the 30% says no claims experience

TABLE - 8 : CLAIMS SATISFACTION

Services	Frequency	Percentage
Highly satisfied	11	19%
Satisfied	27	47%
Neutral	9	16%
Dissatisfied	6	11%
Highly dissatisfied	4	7%
Total	57	100%

Source: Primary data questionnaire

From the above table-8 it is found that majority of the respondents are satisfied with the Services of National insurance company is 47%, highly satisfied is 19% and the least respondents are highly dissatisfied with the service of the company are 7%

TABLE - 9 : DIFFICULTIES FACED

DIFFICULTIES	Frequency	Percentage
Yes	23	40%
No	34	60%
Total	57	100%

Source: Primary data questionnaire

From the above table-9 it is inferred that most number of the respondents are having no difficulties in claim settlement process with 60% and remaining respondents are having problems with 40%.

TABLE - 10 : DIFFICULTIES FACED BY THE CLAIMANTS IN THE CLAIM PROCESS

Difficulties	Frequency	Percentage
Asking repetitive documents	7	30%
Time delay	10	44%
Response is not good	4	17%
Receiving unnecessary mails	2	9%
Total	23	100%

Source: Primary data questionnaire

Based on the above table-10 it is found that most of the respondents opinion that delay in settling the claim with 44%, asking repetitive documents is 30% and the least respondents says other reasons i.e.9%

CHI-SQUARE

Chi-Square is the one of the simplest and mostly used non-parametric test in statistical work. These tests are based on the assumption that the samples were drawn from normal population. It is applied to test the goodness of fit, to verify the distribution of observed data with assumed theoretical distribution. Therefore, it is a measure to study the divergence and expected frequencies. Karl Pearson has developed a method to test the difference between theoretical (hypothesis) and the observed value.

$$(X^2) = \sum \frac{(O_{ij}-E_{ij})^2}{E_{ij}} \sim X^2_{(m-1)(n-1)}\ \textbf{d.f}$$

Where

O=Observed frequency.

E=Expected frequency. (The total number of observations divided by the number of samples)

χ^2 → Test of independence level.

O_{ij} → Observed frequency of the cell in the i^{th} row and j^{th} column.

E_{ij} Expected frequency of the cell in the i^{th} row and j^{th} column.

Hypothesis:

Hypothesis is of two types as (H_0) Null hypothesis and (H_1) Alternative hypothesis.

Null Hypothesis: (H_0):

If we want to compare method A with method B about its superiority and if we proceed on the assumption that both methods are equally good, then this assumption is termed as null hypothesis.

Alternative Hypothesis: (H_1):

As against this, we may think that the method A is superior or the method B is inferior, we are stating what is termed as alternative hypothesis.

GENDER WITH CUSTOMER SATISFACTION

Ho1: There is no significant difference between Gender and customer satisfaction

Gender	Highly satisfied	Satisfied	Neutral	Dissatisfaction	Highly dissatisfaction	Total
Male	9	23	7	4	3	46
Female	2	4	2	2	1	11
Total	11	27	9	6	4	57

Pearson chi-square test value	P-value	d.f	Decision on hypothesis
1.25	9.29	4	Ho1 is accepted

Since the calculated value of chi-square statistics is 1.25, the degree of freedom 4 and the P-value is 9.29 is higher than the calculated value i.e. 1.25 at 5% level of significance. Hence it was statically found that there is no significant difference between Gender and customer satisfaction.

OCCUPATION WITH CUSTOMER SATISFACTION

- Ho2: There is no significant difference between Occupation and customer satisfaction

Occupation	Highly satisfied	Satisfied	Neutral	Dissatisfied	Highly dissatisfied	Total
Govt.employee	3	3	1	1	0	8
Private employee	4	9	2	2	0	17
Self-employee	0	9	7	6	3	25
Others	1	1	2	1	2	7
Total	8	22	12	10	5	57

Pearson chi-square test value	P- value	d.f	Decision on hypothesis
18.03	21.02	12	Ho2 is accepted

Since the calculated value of chi-square statistics is 18.03, degree of freedom 12 and the P-value is 21.02 is higher than the calculated value i.e.18.03 at 5% level of significance. Hence it was statically found that there is no significant difference between occupation and customer satisfaction.

AGE WITH CUSTOMER SATISFACTION

Ho3: There is no significant difference between Age and customer satisfaction

Age	Highly satisfied	Satisfied	Neutral	Dissatisfied	Highly dissatisfied	Total
21-30	1	3	1	1	0	6
31-40	2	5	2	2	1	12
41-50	3	12	5	3	2	25
Above 51	2	2	4	4	2	14
Total	8	22	12	10	5	57

Pearson chi-square value	P- value	d.f	Decision on hypothesis
6.07	21.02	12	Ho3 is accepted

Since the value of chi-square statistics is 6.07, degree of freedom 12 and the P- value is 21.02 is higher than the commonly rejected level at 5% level of significance. Hence it was statically found that there is no significant difference between age and customer satisfaction.

FINDINGS

- Out of 82 respondents 82% are male
- Most number of the respondents are having package insurance policy i.e. 77%
- Majority of the respondents are satisfied with the services of the company i.e. 47% and some of respondents are highly dissatisfied with the service of the company i.e. 7%
- Most of the respondent's opinion that delay in settling the claim of 44%.
- The study revealed that 40% respondents faced difficulties during the claim settlement procedure.
- There is no significant difference between Demographic factors such as Age, Gender, and Occupation on customer satisfaction.

SUGGESTIONS

- The Company should take necessary action to settle the claims as quick as possible to increase the satisfaction level among the customers.
- The finding of the study expected to help the management to understand the basic difficulties faced by the claimant in claim settlement process and the result of the study enable the management of insurance company to do up their strategy and to redraft their policy regarding the claims settlement.

Conclusion: It is necessary to have motor insurance policy to overcome the uncertainty due uneven of happing causing death. It not only covers the vehicles insured it also covers the persons and third parties so all the motor vehicles two wheelers or three wheelers or four wheelers must have to take the motor insurance

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PERFORMANCE OF PRADHAN MANTRI FASAL BIMA YOJANA (PMFBY)

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ABSTRACT

Agriculture is rightly called as "Gambling with Monsoons" as it is dependent on vagaries which are highly uncertain and farmers are prone to natural calamities like famines, floods, earthquakes, pest attack etc. in order to protect the farmers from the natural calamities and to ensure that they do not suffer financial loss due to the occurrence of these calamities, the government has been taking up a no. of Crop Insurance Schemes like Comprehensive Crop Insurance Scheme (CCIS), Experimental Crop Insurance, Farm Insurance Scheme, National Agriculture Insurance Scheme (NAIS) etc. presently the Pradhan Mantri Fasal Bima Yojna is being offered for Crop Insurance which is in line with "One Nation – One Scheme" theme. This scheme replaces the National Agriculture Scheme and modified NAIS.

PMFBY is an efficient scheme framed for the benefits of the farmers as it not only provides insurance coverage and financial support to the farmers of the natural calamities like floods, cyclones, drought, pests and diseases, but also stabilizes their income by encouraging them to adopt innovative and modern method of cultivation and ensures free flow of credit to the agricultural sector.

The present paper makes use of both Primary & Secondary data and attempts to evaluate the performance of PMFBY. Questionnaire had been administered to farmers as well as the Agriculture & Horticulture Officers to know their respective perception about the performance of this PMFBY Scheme. After analysis it is concluded that no doubt the PMFBY is an efficient scheme for protecting the farmers but unless there is full financial support given to the farmers and Claims are settled quickly they cannot really benefitted by it. It is also suggested that more initiatives be taken by the government to bring an awareness about the benefits to the farmers

Introduction:

Agriculture in India is highly susceptible to risks like droughts and floods. It is necessary to protect the farmers from natural calamities and ensure their credit eligibility for the next season. For this purpose, the Government of India introduced many agricultural schemes throughout the country.

Some of the schemes are Comprehensive Crop Insurance Scheme(CCIS), Experimental Crop Insurance, Farm Insurance Scheme, National agriculture Insurance Scheme(NAIS). Presently Pradan Mantri Fasal Bima Yojana(PMFBY) is currently in existence which was implemented in previous budget. The PMFBY will replace the existing two schemes National Agricultural Insurance Scheme as well as the Modified NAIS. The new Crop Insurance Scheme is in line with **One Nation – One Scheme theme.**

Objectives of Pradhan Mantri Fasal Bima Yojana

1. To provide insurance coverage and financial support to the farmers in the event of failure of any of the notified crop as a result of natural calamities, pests & diseases.
2. To stabilize the income of farmers to ensure their continuance in farming.

3. To encourage farmers to adopt innovative and modern agricultural practices.
4. To ensure flow of credit to the agriculture sector.

Highlights of the scheme

There will be a uniform premium of only 2% to be paid by farmers for all Kharif crops and 1.5% for all Rabi crops. In case of annual commercial and horticultural crops, the premium to be paid by farmers will be only 5%. The premium rates to be paid by farmers are very low and balance premium will be paid by the Government to provide full insured amount to the farmers against crop loss on account of natural calamities.

There is no upper limit on Government subsidy. Even if balance premium is 90%, it will be borne by the Government.

Earlier, there was a provision of capping the premium rate which resulted in low claims being paid to farmers. This capping was done to limit Government outgo on the premium subsidy. This capping has now been removed and farmers will get claim against full sum insured without any reduction.

The use of technology will be encouraged to a great extent. Smart phones will be used to capture and upload data of crop cutting to reduce the delays in claim payment to farmers. Remote sensing will be used to reduce the number of crop cutting experiments.

PMFBY is a replacement scheme of NAIS / MNAIS, there will be exemption from Service Tax liability of all the services involved in the implementation of the scheme. It is estimated that the new scheme will ensure about 75-80 per cent of subsidy for the farmers in insurance premium.

Farmers to be covered

All farmers growing notified crops in a notified area during the season who have insurable interest in the crop are eligible.

Compulsory coverage: The enrolment under the scheme, subject to possession of insurable interest on the cultivation of the notified crop in the notified area, shall be compulsory for following categories of farmers:

Farmers in the notified area who possess a Crop Loan account/KCC account (called as Loanee Farmers) to whom credit limit is sanctioned/ renewed for the notified crop during the crop season and Such other farmers whom the Government may decide to include from time to time.

Voluntary coverage : Voluntary coverage may be obtained by all farmers not covered above, including Crop KCC/Crop Loan Account holders whose credit limit is not renewed.

Risks covered under the scheme

Yield Losses (standing crops, on notified area basis). Comprehensive risk insurance is provided to cover yield losses due to non-preventable risks, such as Natural Fire and Lightning, Storm, Hailstorm, Cyclone, Typhoon, Tempest, Hurricane, Tornado. Risks due to Flood, Inundation and Landslide, Drought, Dry spells, Pests/ Diseases also will be covered.

In cases where majority of the insured farmers of a notified area, having intent to sow/plant and incurred expenditure for the purpose, are prevented from sowing/planting the insured crop due to adverse weather conditions, shall be eligible for indemnity claims upto a maximum of 25 per cent of the sum-insured.

In post-harvest losses, coverage will be available up to a maximum period of 14 days from harvesting for those crops which are kept in “cut & spread” condition to dry in the field.

For certain localized problems, Loss / damage resulting from occurrence of identified localized risks like hailstorm, landslide, and Inundation affecting isolated farms in the notified area would also be covered.

Unit of Insurance

The Scheme shall be implemented on an ‘Area Approach basis’ i.e., Defined Areas for each

notified crop for widespread calamities with the assumption that all the insured farmers, in a Unit of Insurance, to be defined as "Notified Area for a crop, face similar risk exposures, incur to a large extent, identical cost of production per hectare, earn comparable farm income per hectare, and experience similar extent of crop loss due to the operation of an insured peril, in the notified area.

Defined Area (i.e., unit area of insurance) is Village/Village Panchayat level by whatsoever name these areas may be called for major crops and for other crops it may be a unit of size above the level of Village/Village Panchayat. In due course of time, the Unit of Insurance can be a Geo-Fenced/Geo-mapped region having homogenous Risk Profile for the notified crop.

For Risks of Localized calamities and Post-Harvest losses on account of defined peril, the Unit of Insurance for loss assessment shall be the affected insured field of the individual farmer.The government also expects agriculture to grow at 4.1%.

The industry saw big push from the government as farmers rushed to cover their crops for both the season after having seen huge claims in the previous two years due to rainfall.

Review of Literature:

Many surveys are conducted in this crop or agriculture insurance. The main source of this research is annual report of the ministry of agriculture and farmer's welfare, and IRDA annual reports of the crop insurance. Crop insurance in India a study by Sri G.venkatesh, Mumbai.

In the Absence of formal risk sharing/diffusion mechanisms, farmers rely on traditional modes and methods to deal with production risk in agriculture. Many cropping strategies and farming practices have been adopted in the absence of crop insurance for stabilizing crop revenue. Availability and effectivness of these risk management strategies or insurance surrogates depend on public policies and demand for crop insurance (Walker and Jodha 1986)

The risk bearing capacity of an average farmer the semi-arid tropics is very limited. A large farm house hold or a wealthy farmer is able to spread risk over time and space in several ways: he can use stored grains or savings during bad years, he can diversify his crop production across different plots. At a higher level income and staying power, the farmer would opt for higher average yields or profits over a period of time even if it is achieved at the cost of high annual variability on output (Rao Atal, 1988)

Drought, flood, Freeze, hail, disease and insects are some of the hazards to farmers face in growing crops. Crop losses, especially in successive years, can be serious. They can result in increased debt, reduced reserves and curtailed spending. In extreme situations, farmers may be forced to discontinue operations, lenders and businesses dealing with farmers and the entire local rural economy may be adversely affected when farm incomes drop. (Minsup Shim, 1988)

Agriculture in India is varied, diversified and prone to a variety of risks. Most farmers are small and marginal ones in most areas agriculture is rain fed, leading to a great degree of yield variability and risk. Crop insurance, which aims at addressing yield risk, though necessary for a vast majority of farmers is subject to structural, designed and financial problems, consequently crop insurance schemes facing many problems. In response to such problems, schemes based on the area were introduced in the year 1980. Large number of small and marginal farmers, and adoption of area based approach crop insurance scheme. However, issues of governance and inter-agency coordination have posed many challenges. (M.vamshidar, 2014)

Research Gap:

Many have done their research on variety of risk factors in farming. Some have done their research on the problems involved in the insurance scheme. There are very less studies conducted on Pradhan Mantri Fasal Bima Yojana (PMFBY) as it was implemented on February 2016.Till now there is no such research has been conducted to know the

farmers, Horticulture and Agriculture department officers' perception towards the PMFBY scheme.

1.4. Need for the study:

This study conducted to know the performance of Pradhan Mantri Fasal Bima Yojana (PMFBY) scheme for farmers to continue in farming when the damage or uncertainty occurs and stabilises their income after the loss of crop due to natural calamities or crop disease or pests.

This study is also conducted to know the perception of departmental officers of Horticulture and Agriculture towards PMFBY scheme.

Objectives of the study:

i) To know the performance of Pradhan Mantri Fasal Bima Yojana(PMFBY)

ii) To know whether the farmers are benefited with Pradhan Mantri Fasal Bima Yojana (PMFBY) crop insurance scheme.

iii) To know perception of department of Agriculture and Horticulture officers on regarding PMBFY scheme.

Scope of the study:

This study is conducted to know the role of Pradhan Mantri Fasal Bima Yojana(PMFBY)scheme, on farmers which is confined to the District of Mahabubabad, Maripeda mandal area only and on Agriculture officers and horticulture officers are confined to Telangana state only.

Hypothesis Testing:

Chi-square test ($\div 2^{)}$

To identify whether there appears a significant difference in the respondents based on their gender, age, work experience and designation in context to the questionnaire answered by them.

*H_o = There exists no significant difference between the gender, type of crop of respondents and responses of respondents.

**H_a = There exists a significant difference between the gender, type of crop of respondents and responses of respondents.

*H_0= Null Hypothesis

**H_a= Alternative Hypothesis

2.1 Type of project:

The project is based on the survey method, manually for farmers and online questionnaire to Agriculture officers and Horticulture officers. A field of applied statistics of human research surveys, survey methodology studies the sampling of individual units from a population and the associated survey data collection techniques, such as questionnaire construction and methods for improving the number and accuracy of responses to surveys

2.2 Sources of Data:

The present study based on primary data only, which was collected from farmers by the way schedule which is sent through enumerators and also online questionnaire which is sent through mails to Agriculture and Horticulture officers.

The size of the sample is limited to 15 respondents only in respect of farmers and 19 respondents from departmental officers.

2.3 Sampling Method:

The study is conducted by using Convenience sampling method (Non-random).Convenience sampling is a non-probability sampling techniques where subjects are selected because of their convenient accessibility and proximity to the researcher.

2.4 Tools for Analysis:

Chi-square test is used for this study. The testis applied when you have two categorical variables from a single population. It is used to determine whether there is a significant association between the two variables*.

**Gender, Type of crop and responses of respondents*

2.5. Limitation of the study:

Ø The study was conducted by the way of convenience sampling method for collecting the data from the respondents which may or may not be true.

- Ø The size of the sample is limited to 34 respondents only.
- Ø The study considers only two attributes of Gender and Type of crop from which the whole perception cannot be studied.
- Ø The quantitative performance of the scheme is not evaluated.

DATA ANALYSIS &INTERPRETATION

Chi-square test (÷2)

To identify whether there appears a significant difference in the respondents based on their gender, age, work experience, type of farmer and designation in context to the questionnaire answered by them.

H_o = There exists no significant difference between the gender, type of the crop of the respondents and the responses of respondents.

H_a = There exists a significant difference betweenthe gender, type of the crop of the respondents and the responses of respondents.

Case 1- If the Pearson chi-square value (p) is greater than 0.05(p>0.05) then, there is no significant association existing between the variables. Thus accepting the null hypothesis (H_o).

Case 2- If the Pearson chi-square value (p) is less than 0.05(p<0.05) then, there is significant association existing between the variables. Thus rejecting the null hypothesis (Ho) and accepting the alternative Hypothesis (H_a).

I) GENDER:

H_o = There exists no significant difference between the gender of the respondents and the responses of respondents.

H_a = There exists a significant difference between the gender of the respondents and the responses of respondents.

Table: 1
Chi-Square Test of Gender

VARIABLES	CHI SQUARE VALUE	DEGREE OF FREEDOM	P-VALUE	SIGNIFICANCE OR NON SIGNIFICANCE
NATURAL CALAMITIES	1.942	2		N/S
UNCERTAINTY OCCURS	4.898	3		N/S
CONTINUE AFTER LOSSES	5.099	3		N/S
INNOVATIVE AND MODERN PRACTICES	0.746	3		N/S
PMFBY IN GRANTING CREDIT	2.344	3		N/S
BETTER THAN PREVIOUS SCHEMES	2.243	2		N/S
WHICH CROP DOES FARMER BELONG TO	0.746	2		N/S
CLAIM PERCENTAGE	3.233	2		N/S
MONTHS IN CLAIM PROVIDED	0.268	3		N/S

(Source: Primary data is collected from farmers by sending schedule along with the enumerators)

INTERPRETATION

The table Chi-Square Test of Gender of the respondents infers whether there exists a significant difference between the gender of the respondents and the various attributes of the questionnaire. It is evident from the obtained results, the calculated p-values all stands no significant.

Case 1- p value is greater than 0.05(p>0.05) then, there is no significant association existing between the variables. Thus accepting the null hypothesis (H_o) and denoted as "N/S" in the table.

Case 2- p value is less than 0.05(p<0.05) then, there is significant association existing between the variables. Thus rejecting the null hypothesis (H_o) and accepting the alternative Hypothesis(H_a) and is denoted as "S" in the above table.

The above test reveals that the gender of farmer is not effecting their perception towards the scheme PMFBY

I) Type of Crop: Agricultural crop or Horticultural crop

H_o = There exists no significant difference between the Type of crop of the respondents and the responses of respondents.

H_a = There exists a significant difference between the Type of crop of the respondents and the responses of respondents.

Table-2
Chi-Square Test of Type of Crop:

VARIABLES	CHI SQUARE VALUE	DEGREE OF FREEDOM	P-VALUE	SIGNIFICANCE OR NON SIGNIFICANCE
NATURAL CALAMITIES	0.833	2	0.659	N/S
UNCERTAINTY OCCURS	1.964	3	0.58	N/S
CONTINUE AFTER LOSSES	1.954	3	0.582	N/S
INNOVATIVE AND MODERN PRACTICES	2.302	3	0.512	N/S
PMFBY IN GRANTING CREDIT	2.5	3	0.475	N/S
BETTER THAN PREVIOUS SCHEMES	1.667	2	0.435	N/S
WHICH CROP DOES FARMER BELONG TO	3.492	2	0.174	N/S
CLAIM PERCENTAGE	5.575	2	0.062	N/S
MONTHS IN CLAIM PROVIDED	3.889	3	0.274	N/S

(Source: Primary data is collected from farmers by sending schedule along with the enumerators)

INTERPRETATION

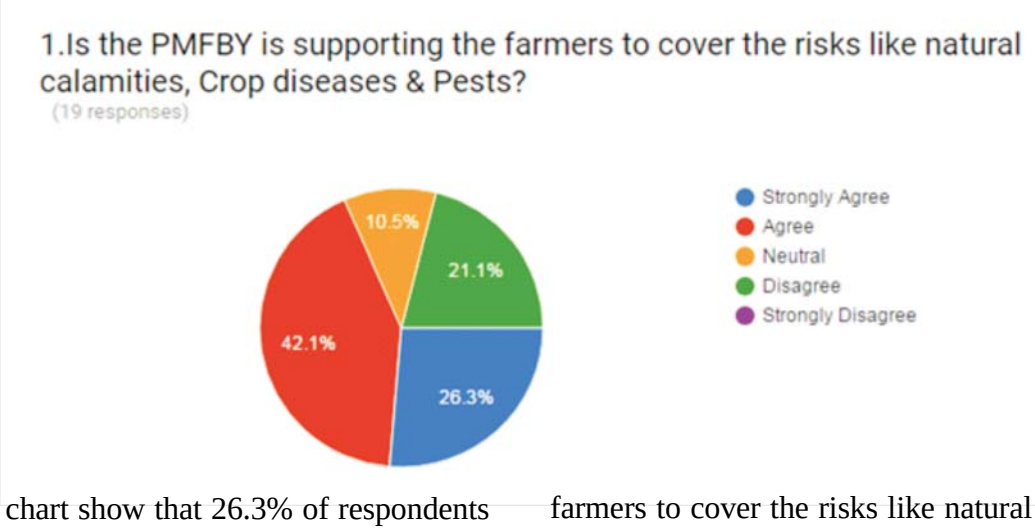
The table Chi-Square Test of type of crop infers whether there exists a significant difference between the type of crop of the respondents and the various attributes of the questionnaire. It is evident from the obtained results; the calculated p-values all stand not significant.

Case 1- p value is greater than 0.05(p>0.05) then, there is no significant association existing between the variables. Thus accepting the null hypothesis (H_o) and denoted as "N/S" in the table.

Case 2- p value is less than 0.05(p<0.05) then, there is significant association existing between the variables. Thus rejecting the null hypothesis (H_o) and accepting the alternative Hypothesis(H_a) and is denoted as "S" in the above table.

The above test reveals that the type of the crop of the former is not effecting there perception towards the scheme PMFBY.

The below data is Analysedfrom the respondents of department of Agriculture and Horticulture officers:



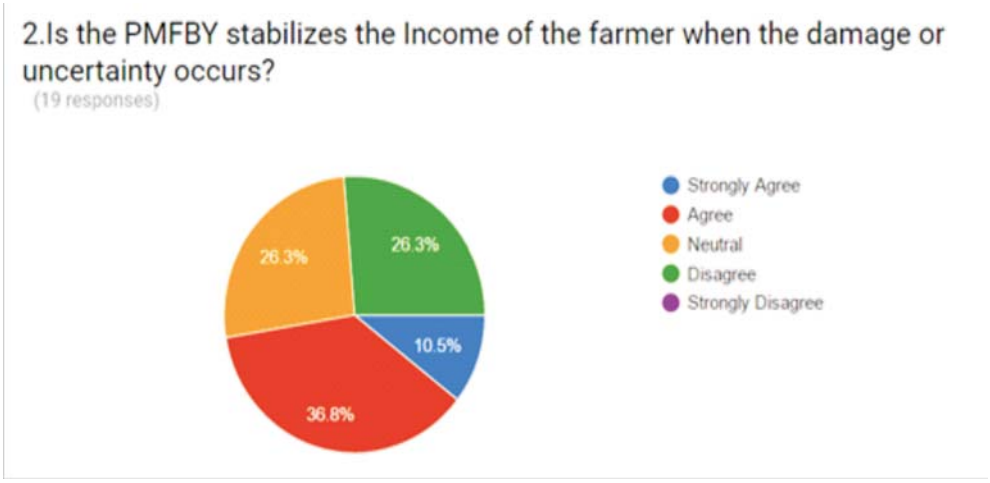
The above chart show that 26.3% of respondents strongly agreed that PMFBY is supporting the farmers to cover the risks like natural calamities, crop diseases and pest.

The above chart show that 42.1% of respondents agreed that PMFBY is supporting the farmers to cover the risks like natural calamities, crop diseases and pest.

The above chart show that 10.5% of respondents neutrally agreed that PMFBY is supporting the farmers to cover the risks like natural calamities, crop diseases and pest.

The above chart show that 21.1% of respondents disagreed that PMFBY is supporting the farmers to cover the risks like natural calamities, crop diseases and pest.

The above chart show that 0% of respondents strongly disagreed that PMFBY is supporting the farmers to cover the risks like natural calamities, crop diseases and pest.



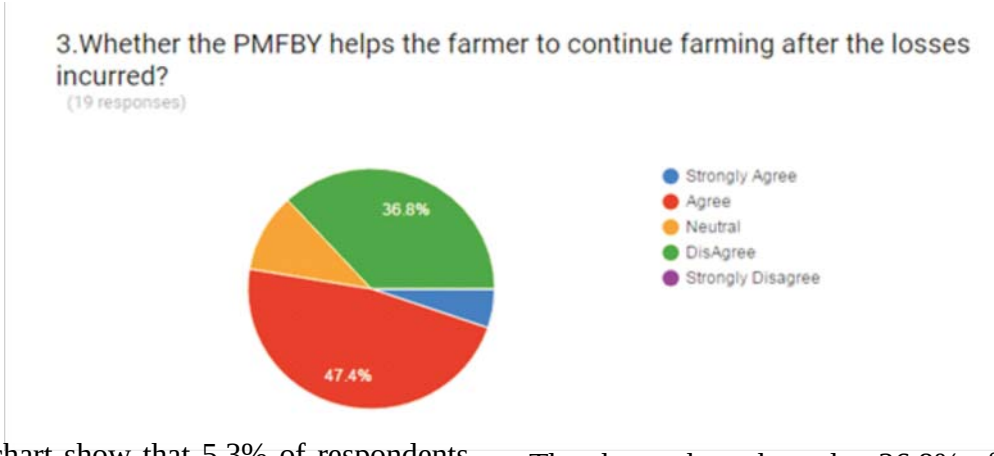
The above chart show that 10.5% of respondents strongly agreed that PMFBY stabilizes the Income of the farmer when the damage or uncertainty occurs

The above chart show that 36.8% of respondents agreed that PMFBY stabilizes the Income of the farmer when the damage or uncertainty occurs

The above chart show that 26.3% of respondents neutrally agreed that PMFBY stabilizes the Income of the farmer when the damage or uncertainty occurs.

The above chart show that 26.3% of respondents disagreed that PMFBY stabilizes the Income of the farmer when the damage or uncertainty occurs.

The above chart show that 0% of respondents strongly disagreed that PMFBY stabilizes the Income of the farmer when the damage or uncertainty occurs.



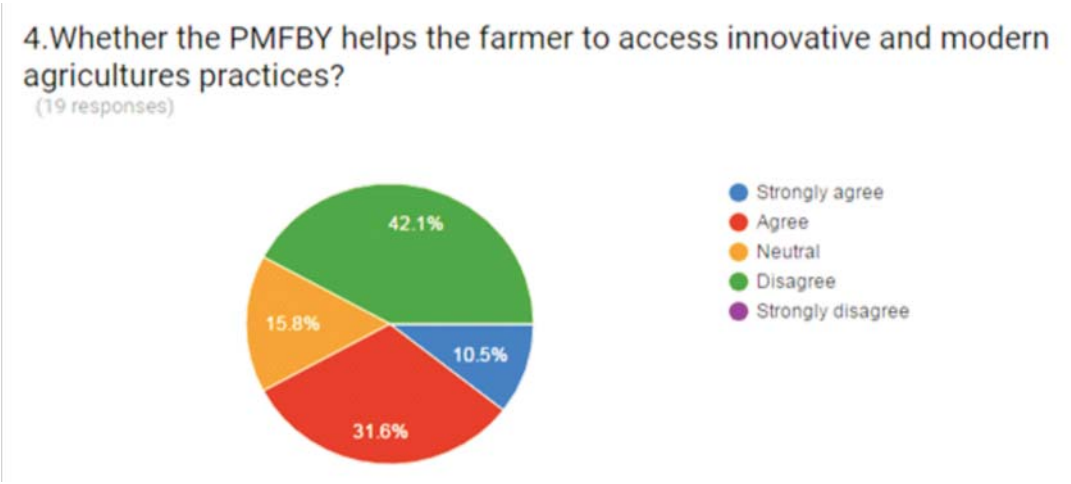
The above chart show that 5.3% of respondents strongly agreed that the PMFBY helps the farmer to continue farming after the losses incurred.

The above chart show that 47.4% of respondents agreed that the PMFBY helps the farmer to continue farming after the losses incurred.

The above chart show that 10.5% of respondents neutrally agreed that the PMFBY helps the farmer to continue farming after the losses incurred.

The above chart show that 36.8% of respondents disagreed that the PMFBY helps the farmer to continue farming after the losses incurred.

The above chart show that 0% of respondents strongly disagreed that the PMFBY helps the farmer to continue farming after the losses incurred.



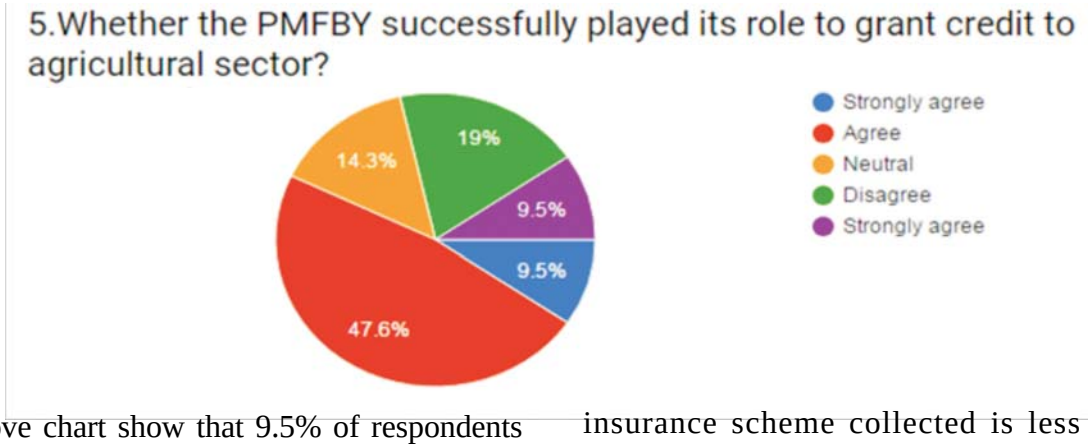
The above chart show that 10.5% of respondents strongly agreed that the PMFBY helps the farmer to access innovative and modern agricultures practices

The above chart show that 31.6% of respondents agreed that the PMFBY helps the farmer to access innovative and modern agricultures practices.

The above chart show that 15.8% of respondents neutrally agreed that the PMFBY helps the farmer to access innovative and modern agricultural practices.

The above chart shows that 42.1% of respondents the disagreed PMFBY helps the farmer to access innovative and modern agricultures practices.

The above chart show that 0% of respondents strongly disagreed that the PMFBY helps the farmer to access innovative and modern agricultures practices.



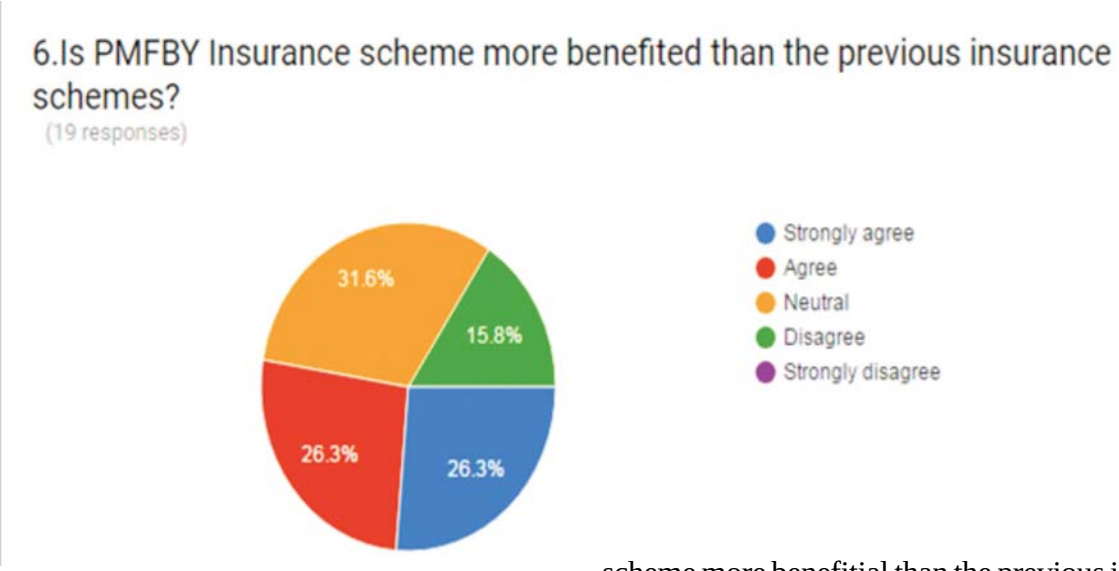
The above chart show that 9.5% of respondents strongly agreed that the premium for PMFBY insurance scheme collected is less than the previous insurance schemes.

The above chart show that 47.6% of respondents agreed that the premium for PMFBY insurance scheme collected is less than the previous insurance schemes.

The above chart show that 14.3% of respondents neutrally agreed that the premium for PMFBY insurance scheme collected is less than the previous insurance schemes.

The above chart show that 19% of respondents disagreed that the premium for PMFBY insurance scheme collected is less than the previous insurance schemes.

The above chart show that 9.5% of respondents strongly disagreed that the premium for PMFBY insurance scheme collected is less than the previous insurance schemes.



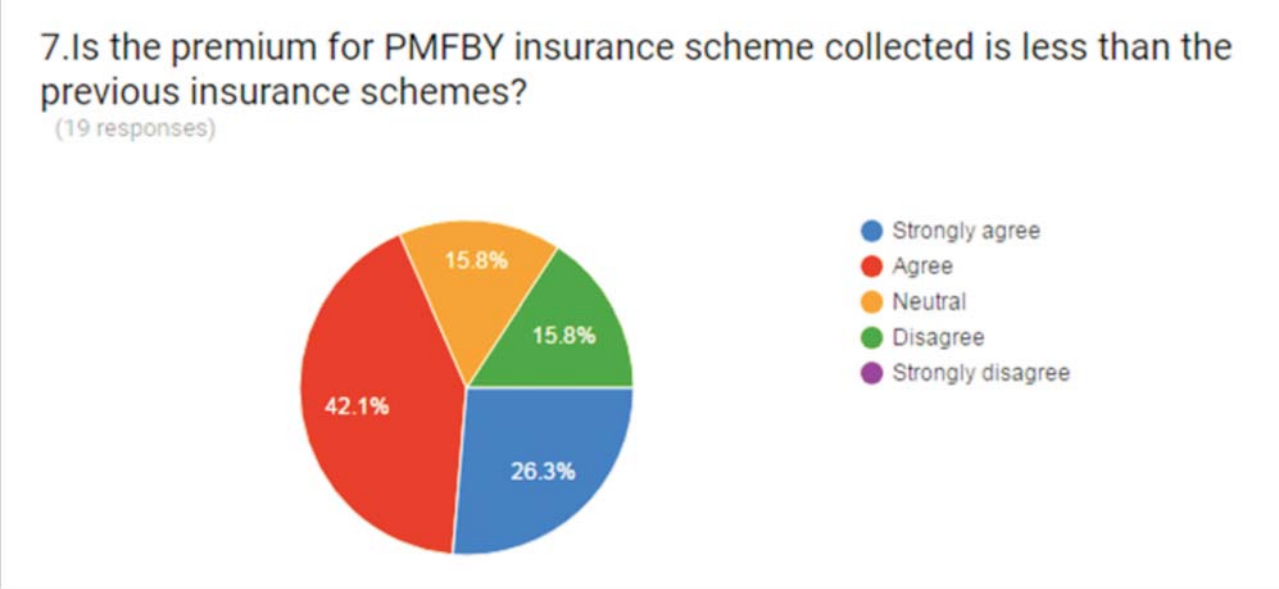
The above chart show that 26.3% of respondents strongly agreed that the PMFBY Insurance scheme more benefited than the previous insurance scheme.

The above chart show that 26.3% of respondents agreed that the PMFBY Insurance scheme more benefited than the previous insurance scheme.

The above chart show that 31.6% of respondents neutrally agreed that the PMFBY Insurance scheme more benefitial than the previous insurance scheme.

The above chart show that 15.8% of respondents disagreed that the PMFBY Insurance scheme more benefited than the previous insurance scheme.

The above chart show that 0% of respondents strongly disagreed that the PMFBY Insurance scheme more benefited than the previous insurance scheme.



The above chart show that 26.3% of respondents strongly agreed that the PMFBY Insurance scheme more benefited than the previous insurance scheme.

The above chart show that 42.1% of respondents agreed that the PMFBY Insurance scheme more benefited than the previous insurance scheme.

The above chart show that 15.8% of respondents neutrally agreed that the PMFBY Insurance scheme more benefited than the previous insurance scheme.

The above chart show that 15.8% of respondents disagreed that the PMFBY Insurance scheme more benefited than the previous insurance scheme.

The above chart show that 0% of respondents strongly disagreed that the PMFBY Insurance scheme more benefited than the previous insurance scheme.

4. FINDINGS &CONCLUSIONS:

4.1 Findings

- Ø The study reveals that the Gender of farmer is not effecting their perception towards the scheme PMFBY.
- Ø The study reveals that the type of the crop of the farmer is not effecting their perception towards the scheme PMFBY.
- Ø Based on the chi-square test on gender table my study reveals that there is no significant difference between the respondents.
- Ø Similarly the chi-square test on type of farmer table my study reveals that there is no significant difference between the respondents.
- Ø The study shows most of the respondents were agreed that PMFBY is supporting the farmers to cover the risks like natural calamities, Crop diseases & Pests
- Ø The study shows most of the respondents were neutrally agreed that PMFBY stabilizes the Income of the farmer when the damage or uncertainty occurs
- Ø The study shows most of the respondents were agreed that the PMFBY helps the farmer to continue farming after the losses incurred

4.2 Conclusion

Before this scheme many schemes are there but they were fail in claim settlement and coverage of the insured number of farmers is scheme will be going to cover the more number of farmers in agricultural insurance. As well as it will give financial support to the farmers. Its success completely depends upon the banks and district level committees. And also they were how effectively using the technology for calculating the crop loss on time.

And finally nearly 60% of India's population depends upon agriculture and agriculture allied industries so we have to secure the agriculture sectors. For that purpose implementing various schemes to save and secure the Indian agriculture

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IMPACT OF RURAL ENTREPRENEURSHIP DEVELOPMENT PROGRAMME (REDP) OF NABARD: A STUDY OF SELECT DISTRICTS IN TELANGANA REGION

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ABSTRACT

The present study reveals that REDP is as an efficient instrument in creating income and employment opportunities for the rural youth especially for women in rural and semi-urban areas. The programme not only rediscovered the economic potentials in the traditional art but also brought life to artisans. It also supported the families with a supplementary income. The added advantage of REDP is that there are large varieties of activities that can be covered under the training programme. It can be organized at any place and can be designed to suit any type / kind of target group. REDPs are designed differently for different target groups. The programme is very flexible so that it can be designed according to the need. Most of the REDP activities are low investment-requirement enterprises. That is why without credit or other financial support the trainee could take up some micro entrepreneurial activities. Of course, sometimes the requirement of working capital and opportunity cost restricts the number of the trainees.

1. INTRODUCTION

National Bank for Agriculture and Rural Development (NABARD) was set up on 12 July 1982 with the mandate to achieve rural prosperity through credit and related activities. Recognizing the importance of the Rural Non-farm Sector (RNFS) in the faster economic development of rural areas, NABARD had taken a number of initiatives, both with refinance support and promotional assistance, for development of this sector. Of these, Rural Entrepreneurship Development Programme (REDP) is a major promotional initiative, which aims at developing enterprise and creating employment opportunities in rural areas.

2. REDP APPROACH

Poverty and Unemployment continue to be the twin bane of the Indian economy, more so in the rural areas. The over dependence on agriculture for employment had led to large scale unemployment, under employment and disguised employment in rural areas, resulting in heavy migration of rural poor to the urban areas. In order to check this phenomenon, there is a need to generate large number of jobs in the rural areas, especially in the decentralized Rural Non-Farm Sector (RNFS), comprising of small, tiny, cottage, village industries and rural artisans. Apart from credit and other infrastructural support, it is necessary to provide proper motivation, guidance and skill training to rural youth for taking enterprises, as most of them is first generation entrepreneurs. Rural Entrepreneurship Development Programme (REDP) is the quick and time tested route for development of entrepreneurship and consequently, establishment of rural enterprises.

3. OBJECTIVES OF THE REDP

Develop entrepreneurial and activity oriented skills among the educated unemployed rural youth, by assisting Voluntary Agencies (VAs) / Non-Governmental Organizations (NGOs) / Development Agencies (DAs), with good track

record, to conduct REDP. Set up small / micro-enterprises, for creation of sustainable employment and income-opportunities in rural areas, in a cost-effective manner. The agency conducting the REDP is expected to provide escort services to trainees, monitor the progress in setting up their units, at least for 2 years and also to furnish the requisite information / feedback to NABARD.

4. FEATURES AND COVERAGE

REDP comprises three distinct phases, viz. Pre-training, training and post-training. Pre-training includes (a) detailed survey for identifying potential business activities / market, (b) publicity, awareness creation and motivational campaign (c) coordination with various agencies - especially Banks, Govt. Departments, (d) formation of Selection Committee and Project Monitoring Committee and (e) selection of trainees.

5. TRAINING

Duration of the programme is normally 6-8 weeks. Usually 25-30 trainees are accommodated in a batch. Training module comprises of (i) Achievement Motivation Training, (ii) Opportunity Identification Guidance, (iii) Knowledge on Supporting Agencies and Schemes, (iv) Preparation of Project Reports / Profiles, (v) Management of Resources— Men, Material, Money,(vi) Marketing Aspects and (vii) Book-keeping / Accounting. In case of technical / activity based REDPs, inputs on technical aspects / skill development / appropriate technology are also given. In addition to the above, case studies on potential activities, field visits to successful units, etc.

6. POST-TRAINING

Escort services to trainees for ensuring credit linkages for setting up units, which would be a major parameter of success rate, (y) constant follow-up / monitoring of trainees and their units for at least two years and (z) proper feed back to sponsoring agency. Facilities required for conducting REDPs cover (i) training venue / classrooms (own or hired), (ii) training equipment like over head projector (OHP), slide projector, television, VCR, PCs, etc., (iii) hostel facility for trainees, (iv) trainer motivator faculty for co co-ordinating programme / taking classes and (v) skilled trainer and fully equipped workshop to impart skill development programmes.

7. REVIEW OF LITERATURE:

Rawal Ketan Ramkrishna Harshida (2013): It was observed that the performance of the entrepreneurs was well educated and technically qualified were better than the less qualified entrepreneurs. The experience and trained entrepreneurs were able to promote the business in the international market. The diamond industry is operated and established by their family members so at a young age the only majority of the entrepreneurs have joined the business due to which they have a good experience in diamond jewellery industry. This experience of the entrepreneurs helps them to take a high risk to earn more profit and make them successful entrepreneurs.

Maria, Dabson and Johnson (2013): The study concludes that the recession marked a clear shift in entrepreneurial motivations. Necessity entrepreneurship increased from approximately 16 percent of total entrepreneurial activity in 2007 to 28 percent in 2010. This shift was the result both of individuals in part-time employment and with lower household incomes creating businesses out of need, and by those with full-time jobs being averse to taking the risk of starting a new venture when the economy is weak and the future uncertain. Positive employment growth rates before the recession motivated people in rural America to identify and exploit entrepreneurial opportunities, but this was not the case during the recession. The clear decline in opportunity entrepreneurship during the recession was consistent across different levels of rurality.

J. Jeya Ani (2012): The rural women entrepreneurs having higher secondary qualification possess higher enterprise skills than the other education qualification. The rural women entrepreneurs doing family business have higher business management skills than the family of women entrepreneurs doing private occupation,

agriculture and others. The rural women entrepreneurs doing business as their primary occupation have higher technical skills than the women entrepreneurs doing private occupation, agriculture and other occupation. The rural women entrepreneurs who are doing business as their primary occupation have higher Enterprise Skills than the other categories of respondents. The rural women entrepreneurs doing other business such as finance, land business have more general problems than the women entrepreneurs doing business, private occupation and agriculture as their occupation. The rural women entrepreneurs having high school level of education have higher knowledge problems than the other categories of educational qualification. The rural women entrepreneurs doing private occupation have more psychological problems than the women entrepreneurs doing business, agriculture and other occupations.

8. OBJECTIVE OF THE STUDY:

1. To study the impact of REDP on the rural unemployed youth.

9. METHODOLOGY:

(a) Scope of the study:

The present study is confined to study the Role of NABARD in facilitating REDPs and Rural Haats for Rural Development in select districts of Telangana Region.

(b) Period of the study:

The study period is from 2007-2015.

(c) Sources of the Data:

The study is based on both primary data as well as secondary data. The primary data was collected from the beneficiaries of the REDP and Rural Haats programmes.

Secondary data was collected from published information, such as Journals, News Papers, Books and Internet.

(d) Selection of the Sample:

Stratified sampling method is adopted for the study. Total sample size is 500. It consists of 400 for REDP's beneficiaries and 100 for Rural Haats beneficiaries.

Table 1

Particulars of the select REDP's and sample size (2007-2015)

No	Districts	REDP's	No. of Trained
1	Mahabubnagar	26	780
2	Medak	18	540
3	Nalgonda	16	480
4	Nizamabad	1	30
5	Rangareddy	5	150
6	Warangal	1	30
7	Adilabad	1	30
8	Khammam	0	0
9	karimnagar	0	0
	Total	68	2040

Source: NABARD Regional office, Hyderabad

REDP's: Based on number of REDPs conducted, number of different types of implementing agencies involved (EDI, NGOs) two districts were selected purposively from Telangana Region for the study. Mahabubnagar and Medak districts were selected based on the highest number of REDPs conducted, number of different types of implementing agencies (EDIs, NGOs/ DAS) involved, and number of trainees. Out of 68 REDPs from 2007 to 2015 the selected districts conducted highest number of REDPs (44) representing 64.7 per cent of total. The Sample size is 400 out of

2040 total numbers of beneficiaries. Equal number of sample is taken for the study from each district. Sample is representative covering major districts of Telangana region, which would facilitate drawing meaningful interpretation.

10. IMPACT OF REDP THE RURAL UNEMPLOYED YOUTH:

The program features of motivation to start the business, obtaining credit linkage, commitment level to work, decision making and income generation of REDP training programme. The study is intended to test whether REDP training programme has any impact on the beneficiaries using chi-square test. For this purpose test of hypothesis are has been framed and the test results show below.

Table 2
Motivation to start the business

Educational qualification	Motivation to start the business					Total
	Very Low	Low	Moderate	High	Very High	
Below S.S.C	0	0	1	1	0	2
	0.0%	0.0%	50.0%	50.0%	0.0%	100.0%
S.S.C	1	30	47	54	35	167
	.6%	18.0%	28.1%	32.3%	21.0%	100.0%
Plus two	0	23	62	67	35	187
	0.0%	12.3%	33.2%	35.8%	18.7%	100.0%
Degree	1	8	16	10	9	44
	2.3%	18.2%	36.4%	22.7%	20.5%	100.0%
Total	2	61	126	132	79	400
	.5%	15.3%	31.5%	33.0%	19.8%	100.0%

Source: Primary Data

Table 2 shows the motivation to start the business after attending the NABARD training programme, 400 respondents are interviewed based on various educational qualifications and then opinion are listed as very low, low, moderate, high and very high. Out of 400 sample beneficiates 2 are represented from below S.S.C, out of it one (50%) beneficiary is stated that the REDP training programme highly helpful, and another one (50%) beneficiary is stated that the REDP training programme moderately helpful in starting the business unit.

Out of 400 sample beneficiates 167 are represented from S.S.C., out of it 54 (32.3%) beneficiaries are stated that the REDP training programme highly helpful, following 47 (28.1%) beneficiaries are stated that the training programme moderately helpful in starting the business unit.

Out of 400 sample beneficiates 187 are represented from plus two educations, out of it 67 (35.8%) beneficiaries are stated that the REDP training programme highly helpful, following 62 (33.2%) are stated that the training programme moderately helpful in starting the business unit.

Out of 400 sample beneficiates 44 are represented from degree educations, out of it 16 (36.4%) beneficiaries are stated that the REDP training programme is moderately helpful; following 10 (22.7%) beneficiaries are stated that the training programme is highly helpful in starting the business unit.

Therefore it is concluded that majority of beneficiaries 132 (33.0%) are stated that the REDP training programme is highly motivated to start the business unit. Hence, to study the relationship between educational qualification and the motivation to start the business after the training, a null hypothesis is formulated as below.

H_0: There is no significant relationship between educational qualification and motivation to start the business after the training

Table 3

Chi square test values of motivation to start the business

Source	Value	df	p-value
Pearson Chi-Square	10.166[a]	12	.601

Source: primary data

From the above table the p-value (0.601) is more than the significance level (0.05), hence accepts the null hypothesis. Thus, it can be concluded that there is no relationship between educational qualification and motivation to start the business after the REDP training.

The above analysis reflects that both variables are independent and suggest that there is no relationship between motivation to start the business after the training and educational qualification. Therefore it is concluded that all the beneficiaries regardless of educational qualification are motivated to start the business after the training based on the primary data.

Table 4

Obtaining credit linkage with the banks

Educational qualification	Obtaining credit linkage					Total
	Very Low	Low	Moderate	High	Very High	
Below S.S.C	0	0	0	2	0	2
	0.0%	0.0%	0.0%	100.0%	0.0%	100.0%
S.S.C	2	21	65	60	19	167
	1.2%	12.6%	38.9%	35.9%	11.4%	100.0%
Plus two	1	30	63	62	31	187
	.5%	16.0%	33.7%	33.2%	16.6%	100.0%
Degree	0	12	7	19	6	44
	0.0%	27.3%	15.9%	43.2%	13.6%	100.0%
Total	3	63	135	143	56	400
	.8%	15.8%	33.8%	35.8%	14.0%	100.0%

Source: Primary Data

Table 4 shows the obtaining credit linkage with the banks start the business after attending the NABARD training programme, 400 respondents are interviewed based on various educational qualifications and then opinion are listed as very low, low, moderate, high and very high. Out of 400 sample beneficiates 2 are represented from below S.S.C, out of it 2 (100%) beneficiaries are stated that the REDP training programme highly helpful in obtaining credit linkage with the banks through the NABARD to start the business unit.

Out of 400 sample beneficiates 167 are represented from S.S.C., out of it 65 (38.9%) beneficiaries are stated that the REDP training programme moderately helpful, following 60 (35.9%) beneficiaries are stated that the training programme highly helpful in obtaining credit linkage with the banks through the NABARD to start the business unit.

Out of 400 sample beneficiates 187 are represented from plus two educations, out of it 63 (33.7%) beneficiaries are stated that the REDP training programme moderately helpful, following 62

(33.2%) are stated that the training programme highly helpful in obtaining credit linkage with the banks through the NABARD to start the business unit.

Out of 400 sample beneficiates 44 are represented from degree educations, out of it 19 (43.2%) beneficiaries are stated that the REDP training programme is highly helpful; following 12 (27.3%) beneficiaries are stated that the training programme is less helpful in obtaining credit linkage with the banks through the NABARD to start the business unit.

Therefore it is concluded that a maximum of beneficiaries 143 (35.8%) are stated that the REDP training programme is highly helpful in obtaining credit linkage with the banks through the NABARD to start the business unit. Hence, to study the relationship between educational qualification and obtaining credit linkage, a null hypothesis is formulated as below.

H_0: There is no significant relationship between educational qualification and obtaining credit linkage

Table 5
Chi square test values of obtaining credit linkage

Source	Value	df	p-value
Pearson Chi-Square	17.494[a]	12	.132

Source: primary data

From the above table the p-value (0.132) is more than the significance level (0.05), hence accepts the null hypothesis. Thus, it can be concluded that there is no relationship between educational qualification and obtaining credit linkage to start the business after the REDP training.

The above analysis reflects that both variables are independent and suggest that there is no relationship educational qualification and obtaining credit linkage to start the business after the REDP training. Therefore it is concluded that all the beneficiaries regardless of educational qualification are obtaining credit linkage to start the business with the help of NABARD after the REDP training based on the primary data.

Table 6
Obtaining statutory clearances for setting up the unit

Educational qualification	Obtaining statutory clearances				Total
	Low	Moderate	High	Very High	
Below S.S.C	0	1	1	0	2
	0.0%	50.0%	50.0%	0.0%	100.0%
S.S.C	36	68	44	19	167
	21.6%	40.7%	26.3%	11.4%	100.0%
Plus two	31	79	51	26	187
	16.6%	42.2%	27.3%	13.9%	100.0%
Degree	9	17	10	8	44
	20.5%	38.6%	22.7%	18.2%	100.0%
Total	76	165	106	53	400
	19.0%	41.3%	26.5%	13.3%	100.0%

Source: Primary Data

Table 6 shows the obtaining statutory clearances for setting up the unit after attending the NABARD training programme, 400 respondents are interviewed based on various educational qualifications and then opinion are listed as very low, low, moderate, high and very high. Out of 400 sample beneficiates 2 are represented from below S.S.C, out of it one (50%) beneficiary is stated that the REDP training programme highly helpful, and another one (50%) beneficiary is stated that the REDP training programme moderately helpful in obtaining statutory clearances for setting up the unit

Out of 400 sample beneficiates 167 are represented from S.S.C., out of it 68 (40.7%) beneficiaries are stated that the REDP training programme moderately helpful, following 44 (35.9%) beneficiaries are stated that the training programme highly helpful in obtaining statutory clearances for setting up the unit

Out of 400 sample beneficiates 187 are represented from plus two educations, out of it 79 (42.2%) beneficiaries are stated that the REDP training programme moderately helpful, following 51 (27.3%) beneficiaries are stated that the training programme highly helpful in obtaining statutory clearances for setting up the unit

Out of 400 sample beneficiates 44 are represented from degree educations, out of it 17 (38.6%) beneficiaries are stated that the REDP training programme is moderately helpful; following 10 (22.7%) beneficiaries are stated that the training programme is highly helpful in obtaining statutory clearances for setting up the unit

Therefore it is concluded that majority of beneficiaries 165 (41.3%) are stated that the REDP training programme is moderately helpful in obtaining statutory clearances for setting up the unit under the NABARD training programme. Hence, to study the relationship between educational qualification and obtaining statutory clearances, a null hypothesis is formulated as below. Using one way ANOVA the significance of the difference has been tested.

H_0: There is no significant relationship between educational qualification and obtaining statutory clearances

Table 7

Comparing among different educational qualification on the obtaining statutory clearances

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	5494	3	1831.333	5.524384	0.023759	4.066181
Within Groups	2652	8	331.5			
Total	8146	11				

Source: primary data

From the above table the p-value (0.023) is less than the significance level (0.05), hence rejected the null hypothesis. Thus, it can be concluded that there is a relationship between educational qualification and obtaining statutory clearances for setting up the business unit after the REDP training.

The above analysis reflects that both variables are dependent and suggest that there is a relationship educational qualification and obtaining statutory clearances for setting up the business unit. Therefore it is concluded that educational qualification plays a major role in obtaining statutory clearances to setting up the new business unit.

Table 8

Ready to take risk with tolerance for failure in the business after the REDP training

Educational qualification	Ready to take risk with tolerance for failure				Total
	Low	Moderate	High	Very High	
Below S.S.C	0	0	1	1	2
	0.0%	0.0%	50.0%	50.0%	100.0%
S.S.C	55	64	42	6	167
	32.9%	38.3%	25.1%	3.6%	100.0%
Plus two	65	76	39	7	187
	34.8%	40.6%	20.9%	3.7%	100.0%
Degree	15	17	11	1	44
	34.1%	38.6%	25.0%	2.3%	100.0%
Total	135	157	93	15	400
	33.8%	39.3%	23.3%	3.8%	100.0%

Source: Primary Data

Table 8 shows the ready to take risk with tolerance for failure in the business after the REDP training, 400 respondents are interviewed from various educational qualifications and then opinions are listed as very low, low, moderate, high and very high. Out of 400 sample beneficiaries, 2 are represented from below S.S.C, out of it one (50%) beneficiary is stated that the REDP training programme highly helpful, and another one 1 (50%) beneficiary is stated that the REDP training programme very highly helpful in ready to take risk for failure in the business with tolerance

Out of 400 sample beneficiates 167 are represented from S.S.C., out of it 64 (38.3%) beneficiaries are stated that the REDP training programme moderately helpful, following 55 (32.9%) beneficiaries are stated that the training programme not helpful in ready to take risk for failure in the business with tolerance

Out of 400 sample beneficiates 187 are represented from plus two educations, out of it 76 (40.6%) beneficiaries are stated that the REDP training programme moderately helpful, following 65 (34.8%) beneficiaries are stated that the training programme not helpful in ready to take risk for failure in the business with tolerance

Out of 400 sample beneficiates 44 are represented from degree educations, out of it 17 (38.6%) beneficiaries are stated that the REDP training programme is moderately helpful; following 10 (22.7%) beneficiaries are stated that the training programme is not helpful in ready to take risk for failure in the business with tolerance

Therefore it is concluded that a maximum of beneficiaries 157 (39.3%) are stated that the REDP training programme is moderately helpful to take risk for failure in the business with tolerance. Hence, to study the relationship between educational qualification and the ready to take risk with tolerance for failure, a null hypothesis is formulated as below.

H_0: There is no significant relationship between educational qualification and ready to take risk with tolerance for failure after the training

Table 9

Chi square test values of ready to take risk with tolerance for failure after the training

Source	Value	df	p-value
Pearson Chi-Square	14.753[a]	9	.098

Source: primary data

From the above table the p-value (0.098) is more than the significance level (0.05), hence accepts the null hypothesis. Thus, it can be concluded that there is no relationship between educational qualification and ready to take risk with tolerance for failure after the training

The above analysis reflects that both variables are independent and suggest that there is no relationship between ready to take risk with tolerance for failure and educational qualification. Therefore it is concluded that all the beneficiaries regardless of educational qualification are ready to take up risk with tolerance for failure in doing business obtaining statutory clearances to setting up the business unit with the help of NABARD after the REDP training based on the primary data.

11. CONCLUSION:

The majority of beneficiaries 132 (33.0%) are stated that the REDP training programme is highly motivated to start the business unit. A maximum of 143 beneficiaries (35.8%) are stated that the REDP training programme is highly helpful in obtaining credit linkage with the banks through the NABARD to start the business unit. Majority of beneficiaries 165 (41.3%) are stated that the REDP training programme is moderately helpful in obtaining statutory clearances for setting up the unit under the NABARD training programme. 157 (39.3%) beneficiaries are stated that the REDP training programme is moderately helpful to take risk for failure in the business with tolerance.

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PERFORMANCE EVALUATION OF NATIONAL PENSION SCHEME – A COMPARATIVE ANALYSIS OF SBI AND HDFC

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ABSTRACT

The present study is focused on understanding the performance of pension scheme funds collected and managed under National Pension Scheme, which was introduced by the Central Government of India. This paper has comprehensively analyzed the issues related to new pension schemes (NPS) and highlights the appropriate gaps in the system through analytical studies between the SBI and HDFC pension schemes in India. This study also examines the process of joining in NPS, allocation funds by NPS Fund managers into three alternative available funds viz, Equity, Corporate and Government Securities. The study further analyzed performance of SBI pension fund and HDFC on the basis of four years of NAV. As per the analysis the SBI is performing well when compare to HDFC.

KEYWORDS:*Social security, Pension, Net Asset Value(NAV), National Pension Scheme (NPS) National Pension Funds (NPF) and old age security.*

I. INTRODUCTION

The change in the demographic pattern of the economies particularly developing ones with theadvent of time, have created animportant concern for the population of those countries as well as the authorities and policy makers. Rise in population with increased rate of life expectancy has called for social security concerns, especially in the Asian economies such as China and India.

Since India is the second most populated country in the world with maximum young population at present, it is going to have a high proportion of elderly population in coming years. As per the population census of India, 2011, the elderly populations (above 60 years) consist of almost 9 per cent (100 million) of the total population. According to the estimates by the United Nations Population Fund (UNFPA) and Help Age International in 2012, the number of elderly population is about to 325 million which is 23 per cent of the total population of India by 2016.

The country therefore has a tremendous burden of providing old age security besides issues regarding income and employment in advancing years with other social security measures

like unemployment relief. The increasing dependency ratio brings more economic pressure on the economy which ultimately has an impact on financial expenditures on social security measures. The old age dependency ratio in India has increased from 13.1 per cent in 2001 to14.2 per cent in 2011.

Pension coverage in India has mainly been based finance through employer and employee participation. As a result, the major retirement benefits are mostly been restricted to the organized sector which constitutes about 10% of the total working population. Rest 90%worker who are in unorganized sector are not cover under the ambit of any social security system. Although there have been some old age security schemes in India however an important feature of these schemes is

that, these are based on Defined Benefit system which poses a great burden on the exchequer.

To reduce this burden, National Pension System (NPS), which is based on Defined Contribution (DC) system, was introduced in January 2004for civil servants only (except armed forces) but subsequently it was open for all the citizens of India under All Citizens Scheme in May2009 and introduced the Swavalamban Scheme under NPS which is a Defined Contribution (DC) voluntary pension scheme exclusively for the people of the unorganized sector in 2010. There have been more than five years since the launch of the NPS Swavalamban Scheme and the participation rate of the unorganized sector in this scheme is insignificant. This raises the question of whether the scheme is actually meeting its purposes. Is it covering the unorganized sector to provide them the low cost pension benefit and achieve the broad agenda of financial inclusion.

To manage the contribution of citizens who are investing in NPS scheme GOVENAMENT OF INDIA was given permission to eight companies (Insurance and banks) to act as pension fund manager they are,

- HDFC Pension Management Company Limited
- ICICI Pension management company limited
- KOTAK MAHINDRA Pension fund limited
- LIC Pension Fund Limited
- Reliance Capital Pension Fund Limited
- SBI Pension Fund Limited
- UTI Retirement Solutions Limited
- Birla Sun Life Pension Management

From the above eight companies to PFMS i.e., SBI and HDFC companies have selected analyse and compare the performance of NAV for the period of 2013-17.

II.THE INDIAN PENSION SECTOR

The old age pension scheme in India can be traced back to 1881when the Royal Commission on Civil Establishments started giving pension benefits to the government employees during British rule. Since then, the concept of pension was incepted. With the advent of time, Indian Government Acts made further provisions in 1919 and1935.Schemes like General Provident Fund (GPF) under Workmen Compensation Act, 1923 was launched followed by Coal Mines Provident Fund Scheme in 1945 for the coal mine employee.

Pension plans provide financial security and stability during old age when people don't have a regular source of income. Retirement plan ensures that people live with pride and without compromising on their standard of living during advancing years. Pension scheme gives an opportunity to invest and accumulate savings and get lump sum amount as regular income through annuity plan on retirement.

United Nations Population Division say's World's life expectancy is expected to reach 75 years by 2050 from present level of 65 years because of The better health and sanitation conditions in India have increased the life span. As a result number of post-retirement years increases. Thus, rising cost of living, inflation and life expectancy make retirement planning essential part of today's life. The Government of India has started the National Pension System to provide social security to more citizens.

NATIONAL OLD AGE PENSION SCHEME (NOAPS)

This scheme came was introduced on 15 August 1995. The scheme provides pension to old people who were above the age of 65 (now 60) who could not find for themselves and did not have any means of subsistence. The pension that was given was Rs 200 a month by the central government. The job of implementation of this scheme instates and union territories is given to panchayats and municipalities. The state's contribution may vary depending on the state. The amount of old age

pension is Rs. 300 per month for applicants aged 60–79. For applicants aged above 80 years, the amount has been revised in Rs. 750 a month.

SWAVALAMBAN YOJANA

This was a government-backed pension scheme targeted at the unorganised sector in India. It was applicable to all citizens in the unorganised sector who joined the National Pension Scheme (NPS) administered by the Pension Fund Regulatory and Development Authority (PFRDA) Act 2013.This scheme has been replaced with Atal Pension Yojana, in which all subscribing workers below the age of 40 are eligible for pension.And pension will be provided on attainment of 60 years of age.

A large portion of India's population had been living without any kind of health, accidental, or life insurance for so long. It was estimated that the unorganised sector workers, which constitute 88% of the total labour force of 47.29 crore, as per the 66th Round of NSSO Survey of 2011-12, do not have any formal pension provision. The Budget 2015-16 highlighted this issue and proposed three social security schemes, Pradhan Mantri Suraksha Bima Yojna, Atal Pension Yojanaand Pradhan Mantri Jeevan Jyoti Bima Yojana.These three schemes are based on Jan DhanYojana platform to protect citizens at the time of illness, accidents or old age.

Encouraged by the success of the PradhanMantri Jan DhanYojana, the Government of India proposed to work towards creating a universal social security system for all Indians, specially the poor and the under-privileged and the workers in the unorganised sector, using the bank accounts as the basis for launching the schemes. The Prime Minister launched the three social security schemes on 9th May, 2015 to provide pension and insurance cover to the poor and underprivileged.

Atal Pension Yojana (previously known as Swavalamban Yojana) is a government-backed pension scheme in India targeted at the unorganised sector. It was originally mentioned in the 2015 Budget speech by Finance Minister ArunJaitley in February 2015.[1] It was formally launched by Prime Minister NarendraModi on 9 May in Kolkata.[2] As of May 2015, only 11% of India's population has any kind of pension scheme, this scheme aims to increase the number.[3]

In Atal Pension Yojana, for every contribution made to the pension fund, The Central Government would also co-contribute 50% of the total contribution or ¹ 1,000 (US$16) per annum, whichever is lower, to each eligible subscriber account, for a period of 5 years. The minimum age of joining APY is 18 years and maximum age is 40 years. The age of exit and start of pension would be 60 years. Therefore, minimum period of contribution by the subscriber under APY would be 20 years or more.

NATIONAL PENSION SCHEME

National Pension System (NPS) is an investment cum pension scheme initiated by Government of India to provide old age security and pension of all citizen of India. The NPS was rolled out for all citizens of India on May 01, 2009. The Scheme is regulated by Pension Fund Regulatory and Development Authority (PFRDA).

ELIGIBILITY CRITERIA FOR SUBSCRIBERS

A citizen of India, whether resident or non – resident can join the NPS subject to following conditions

- Subscriber should be between 18 – 60 years of age as on the date of submission of her application
- Subscriber should comply with the prescribed Know Your Customer (KYC) norms as detailed in the Subscriber Registration Form for NPS

RULES OF NPS

The scheme is based on unique Permanent Retirement Account Number (PRAN) which is allotted to each Subscriber upon joining. Subscriber contributes towards NPS (directly or through the Employer she is working with) during her working life. On retirement or exit from the scheme, the Corpus is made available to her/him

with the mandate that some portion of the Corpus must be invested in to Annuity to provide a monthly pension post retirement or exit from the scheme

TYPES OF NPS ACCOUNTS

Under NPS, Subscriber gets the option to open two accounts. A Tier I account is mandatory to open in order to join NPS. Difference between Tier I and Tier II accounts are as mentioned below

Tier I NPS Account	Tier II NPS Account
It is also known as Pension account	It is known as investment account
Withdrawal from this account is permitted after 10 years of account opening or attaining the age 60 years whichever comes early	Withdrawal from this account can be done at any point of time as per Subscriber's need
Minimum annual contribution is Rs. 6000	NA

In the entire life span Subscriber will be allowed to open only one NPS Account. The NPS Account number which is also called PRAN is fully portable across job and geography.

Tier II NPS Account is optional to the Subscriber. Subscriber can open Tier – II NPS Account later on as wellSubscriber must be in Active Tier – I NPS Account is a must criterion for opening Tier – II NPS Account. Subscriber cannot apply for only Tier – II NPS Account

III.INVESTMENT OF FUNDS UNDER NPS

Contribution of NPS are investing in three categories of funds.

- Equities (E)
- Corporate Bonds (C)
- Government Securities (G)

Any case investment in Equities should not be more than 50 per cent of contribution. However, Subscriber can invest up to 100% in Corporate Bonds or Government Securities Fund.

Investment Options under NPS

There are two investment options available under NPS

- **Active Choice:**(Subscribers choice) under this option, Subscriber gets the flexibility to choose her own asset allocation across Equity, Corporate Bonds and Government Securities. Investment in Equity is restricted to 50% of Contribution amount. However, in Corporate Bonds and Government Securities Subscriber can invest 100% of Contribution amount
- **Auto Choice** (Pension Fund Manager Choice) under this option investment across Equity, Corporate Bonds and Government Securities is done as per the age of the Subscriber the investment age is between 35 to 55 years

TABLE 1

INVESTMENT OPTIONS UNDER AUTO CHOICE

Age of the Investor	Equity (Category E)	Corporate Bonds ((Category C)	Government Bonds (Category G)
< = 35 Yrs	50%	30%	20%
36	48%	29%	23%
37	46%	28%	26%
38	44%	27%	29%
39	42%	26%	32%
40	40%	25%	35%
41	38%	24%	38%
42	36%	23%	41%
43	34%	22%	44%
44	32%	21%	47%
45	30%	20%	50%
46	28%	19%	53%
47	26%	18%	56%
48	24%	17%	59%
49	22%	16%	62%
50	20%	15%	65%
51	18%	14%	68%
52	16%	13%	71%
53	14%	12%	74%
54	12%	11%	77%
> = 55 Yrs	10%	10%	80%

(Source : NSDL NPS BOOKLET)

Above table shows the allocation of funds in various categories of funds.If the investor join in the scheme at age of below 35, fifty percentage of the funds in equity, thirty percentage of the funds in corporate bonds and 20 percentage of the funds government securities will be invested. At the same time 10 percentage in equities 10 percentage corporate bonds and at 80 percentage of funds in government securities at the age of 55 years will be invested.

Performance of the NPS funds is depending on the returns generated under Equity, Corporate Bonds and Government Securities funds. Subscriber can switch the asset allocation pattern under Active Choice twice in a financial year. Subscriber gets this flexibility

Objective of the Study:

This paper focuses on the following objectives:

- To understand the concept of NPS and it's Historical waves
- To analyse the performance of NPS pension funds of SBI and HDFC on the basis of NAV

Hypothesis

Ho_1: There is no significance difference in the performance of investment in GovernmentSecurities of SBI and HDFC.

Ho_2: There is no significance difference in the performance of investment in corporate bonds of SBI and HDFC.

Ho_3: There is no significance difference in the performance of investment in Equity of SBI and HDFC.

Methodology

This study is based on a secondary data collected from SBI and HDFC NAV historical reports and other information from NSDL. We have taken empirical data from The HDFC and SBI pension funds on annual average basis. T-test was used to test the performance.

Analysis

Performance Analysis of NPS investment made in corporate Bonds, Government Securities and Equity has presented in the following tables.

Table 2
Analysis of Performance ofGovernment Securities

	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	T	DF	Sig.(2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Equal variances assumed	.488	.511	-3.410	6	.014	-5.52353	1.61968	-9.48673	-1.56033
Equal variances not assumed			-3.410	5.464	.017	-5.52353	1.61968	-9.58288	-1.46419

(Source: Data processed through SPSS package)

The above table presents the performance variation of investment made by SBI and HDFC in Government Securities under NPS Scheme.Since *p* value (i.e. .511) is greater than our chosen significance level *á* = 0.05, Null hypothesisis not accepted, and it is concluded that the mean of Government Securities NAV's for SBI and HDFC is significantly different.

The mean NAV of SBI is 5.52353 is more than NAV of HDFC. It indicates that the performance of SBI is better than HDFC in Government Securities.

Table 3
The Performance of Corporate Bonds

	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	T	DF	Sig.(2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Equal variances assumed	.80	.406	-4.170	6	.006	-6.75893	1.62099	-10.72536	-2.79249
Equal variances not assumed			-3.410	5.464	.008	-6.75893	1.62099	-10.86159	-2.79249

(Source: Data processed through SPSS package)

The above table the presents the performance variation of investment made by SBI and HDFC in Corporate Bonds under NPS Scheme.Since *p* value (i.e. .406) is greater than our chosen significance level *á* = 0.05, Null hypothesis not accepted, and it is concluded that the mean of Corporate Bonds NAV's for SBI and HDFC is significantly different.

The mean NAV of SBI is 6.75893 is more than NAV of HDFC. It indicates that the performance of SBI is better than HDFC in corporate bonds.

Table 4
Performance Of Equity

	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	T	DF	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Equal variances assumed	.155	.707	1.506	6	.183	-2.57591	1.71016	-6.76053	1.60870
Equal variances not assumed			-1.506	5.765	.185	-2.57591	1.71016	-6.80227	1.65045

(Source: Data processed through SPSS package)

The above table the presents the performance variation of investment made by SBI and HDFC in in Equity category under NPS Scheme. Since *p* value (i.e. .707) is greater than our chosen significance level *á* = 0.05, Null hypothesis is not accepted and it is concluded that the mean of Equity NAV's for SBI and HDFC is significantly different.

The mean NAV of SBI is 2.57591 is more than NAV of HDFC. It indicates that the performance of SBI is better than HDFC in Equity NAV's.

Conclusion

This paper examines the process of joining in NPS, allocation funds by NPS Fund managers into three alternative available funds viz, Equity, Corporate and Government Securities . The study analyzed performance of SBI pension fund and HDFC on the basis of four years of NAV. As per the analysis the SBI is performing well when compare to HDFC. It is concluded that the SBI's National Pension Scheme investments yields more returns compared to HDFC NPS fund in the all the three categories if funds.

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EMOTIONS & CUSTOMER PURCHASE DECISION -WITH REFERENCE TO INSURANCE PRODUCTS

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ABSTRACT

The study emphasis on Emotions and Customer Purchase Decision, where it broadly focuses on various emotions and how these emotions are emotionally involved an individual. It also emphasise on how these emotional attachment makes the customer purchase .The spotlight of the study is where the numerous emotions are attached to insurance product. Hence the study intent to find the effect of emotions in customer purchase behaviour. This study is applicable in terms of objective and various hypotheses are implemented. To collect the data a self administered questionnaire was designed and the data is collected from the region of Hyderabad, Using a convenient sample of 98 respondents. The data is analysed with assorted methods like Greater Point Average, Graphical representation and the Chi squared test. Results indicated that there are emotions attached to product purchase, but there is no significant difference in gender specific, age and qualification level. However the effect of emotions in customer purchase design was supported.

Keywords: *Emotional Attachment, Customer Purchase Behaviour, Assorted, Gender Specific, Qualification Level.*

INTRODUCTION:

Every drive of purchase which an individual goes through is attached to the emotions what they carry along. Emotions are imperative and cannot be overruled while a purchase decision is being made. Though necessity is a basic reason to buy a product, many other factors get involved till the ultimate purchase is made. Where, the personal emotions are one of the dominant factors. Reason behind a person overspending or under spending can be connected to the emotions which he carries for a particular purchase.

In Saturated market, apart from state of mind, desires plays a vital role where the emotions, sympathy become predominant. Keeping things untouched like price of the product, quality supplied, the customer expects the level of trust, love and dreams which are intangible factors. The basic principle of customer pleasure becomes very important when it comes to emotions. Emotions are that characteristic element that adds value to enhance the supply of product or services. Especially designed and managed with rigor and ethical spirit. The customers not only look for their present need and be rational but also become a centre of idealistic meaning, psychological and cultural. Driven by two various needs customer purchase decision depends upon functional need which satisfy the product function and emotional need which is associated with psychological aspect of product ownership which means it should not only show emotions but also function considerably. The various companies in market sell homogeneous product it is necessary to diversify them with other factors. For example people don't consider only the product café, ice-cream but consider how (with music, fragrances) and in which context they drink a café or they eat an ice cream. The company will not sell a simple perfume but one component of a complex supply that consists on the experience to awaken all senses deriving from the use of that perfume. In fact, we remember almost entirely the emotions, the smell,

fragrances and so on. In the advertising it is necessary to touch the intangible aspects of the product: forms and images are linked with a process of significations. The generation of emotions normally passes through the multisensorial involvement of the subject: music, materials, fragrances, colours, tastes, meanings and symbols of various types

REVIEW OF LITERATURE:

- Ø Domenico Consoli[1] - "Consumers establish with company brands an overall emotional relationship and express, also with web technologies, reviews and suggestions on product/service."
- Ø Ronald P. Hill & Michael B. Mazis[2] - "Emotional responses to ads can be assessed by coding verbal protocols for positive and negative effect. Also, the emotional component of attitude toward the ad and toward the brand can be measured through "emotional" attitude scales."
- Ø PrernaUjjval Majumdar[3] - "The world is driven by emotions. Gone are the days when Production concept of Marketing. Customers breathe, weep, enjoy and have a heart which drives with emotions, they always get attracted with the products which make them feel and they get attached with the product emotionally.
- Ø Hongxia Zhang, Jin Sun, Fang Liu, John G. Knight[4] - "The study mainly focuses on emotional and rational advertising exploring the service option that differ in terms of their experience and credence properties and exploring the moderating role of individual difference in affect intensity on the consumers' varying reliance on rational versus emotional appeals. resulting with the finding of emotional advertisement appeal led to a higher purchase intention in the experience service condition, while a rational message generated higher purchase intention in the credence service condition."
- Ø Hye ShinKim[5] -"This study examines set of emotions generated by advertisements for apparel products and brands for a young female target audience and the effects of emotions on evaluative perceptions of apparel brand advertisements. Analysis in the study was performed across advertisements, not across people, as sampling units of interest. Resulting in set of three emotional dimensions generated by the apparel brand advertisements. Two emotional dimensions, pleasure and hypoactivation, had a positive influence on ad attitude."
- Ø Jennifer Ball, Michael Mackert[6] – "The study explores the perspectives of advertising professionals working on pharmaceutical brands. Finding that the emotion is used to gain attention, increase involvement, and enhance information processing. Consumer trust of pharmaceutical companies was recognized as an issue, and various thoughts were provided on trust building strategies. The doubt that negative opinions of the industry translated into negative evaluations of the specific ads or brands with which consumers were familiar."
- Ø S.A. Aduloju, A.O. Odugbesan, S.A.Oke[7] –"The study evaluates Nigerian insurance industry and has experienced turbulent economic challenges in recent time that necessitated re engineering of its advertising and sales core activities, which are important predictors of stability and growth in the insurance industry and It found that advertising had effects on sales volume and improved public image. However, the choice of advertising medium, the message, and the format are

critical ingredients of a successful advertising program in the insurance industry."

- Ø Giehlito, Cammayo, Dulin[8] – "Researched on impact of advertising on consumer behaviour. This study resulted with the fact that the respondents considered emotional appeal, promotional advertising, facts and statistics, bribe and unfinished ads as the top 5 sources of information which effect their buying decision and the least source considered is endorsements by celebrities

- Ø Patti Williams[9] - "Emotional advertisements have a substantial impact on consumer attitudes, as well as upon purchase intentions. The current study addresses these mixed results by relying on an accessibility/diagnosticity framework to explore the effect of emotions on consumer implicit and explicit memory. The experiment demonstrates that overall emotional advertising appeals have a bigger impact on implicit versus explicit memory performance, though explicit memory performance is enhanced after exposure to an intense emotional appeal and also covers that the diagnosticity of emotional appeals can be enhanced, and that such enhancement leads to better explicit memory performance under conditions of high involvement. "

- Ø Kemp & Kopp[10] - "The process of managing emotions through consumption will be referred to in this research as 'emotion regulation consumption'. Emotion regulation consumption entails consuming or purchasing a good or service for the purposes of alleviating, repairing or managing an emotion in the short term"

GAP IN PREVIOUS STUDIES:

The studies are made in the field of Emotional and Customer purchase decision, but minimal studies are found on how emotions influence the purchasing behaviour of consumers in general and specially, in the area of insurance product. A modest attempt is made to strengthen theory in this area through this paper.

OBJECTIVES OF THE STUDY:

1. To provide a theoretical framework on interaction between emotions and consumer buyer behaviour.
2. To study the influence of emotions on insurance products.
3. To study the impact of emotions which are gender specific in relation to insurance buying behaviour.
4. To study the impact of emotions with regard to age in relation to insurance buying behaviour.
5. To study the impact of emotions with reference to educational qualifications of select respondents in relation to insurance buying behaviour.

Hypothesis Testing:

a. Ho1: Individual Emotions and Customer Purchase Decisionof insurance products has nosignificant difference based on gender**.**

b. Ho2: Individual Emotions and Customer Purchase Decision of insurance products hasno significant difference based on age.

c. Ho3: Individual Emotions and Customer Purchase Decision of insurance products has nosignificant difference based on qualification of the select respondents.

SCOPE OF THE STUDY:

This study work restricted to the boundaries of Hyderabad. The focus in the present study is related to impact of individual emotions on purchase behaviour of respondents for insurance products. The time consumed for the complete study to undergo is approximately 2 months.

RESEARCH METHODOLOGY:

The study focuses on both quantitative and qualitative approach. The survey was based on both primary and secondary data. In accordance to the demand survey a structured questionnaire was prepared and circulated among 260 individuals of whom 96 respondents took the survey. The questionnaire was designed with the help of google forms and was circulated through emails. The statistical tools like mean, grade point analysis and chi square test were used and were executed with the help of Microsoft Excel.

EMOTIONS AND CONSUMER BUYING BEHAVIOUR:

The language of Emotion can be represented in another form by universally spoken and understood. An emotion can be a mental or physiological state that can be associated with a wide variety of feelings, opinions, and physical or social behaviours. It is directed at someone or something. Emotions are reaction to a person or event lie seeing a friend at work place or dealing with rude client makes you aggressive. One shows their emotions when they are, "Happy about doing something, angry at someone, attachment towards someone or afraid of something." Emotions are more likely to be caused by specific event and may be more action oriented, which may lead to some immediate action. They are dozens of emotions which includes enthusiasm, anger contempt, envy, fear, frustration, disappointment, embarrassment, disgust, happiness, hate, expectation, possessiveness, joy, love, arrogance, surprise and sorrow.

A customer always keeps logic behind every purchase they make. Where, they try to prove that they made rational decision rather than being emotional but the ultimate drive which made them make a final purchase is "Emotions". An Emotion stimulates the mind faster than the rational thoughts. One thing that drives the emotions is the individual's behaviour. They might think its Rational thought that leads customers in buying behaviour but it is emotion sells make a sell. Rational marketing emphases mainly on product attributes, while sentimental manner takes the gear up in emotional marketing. The strategy focuses not only on each penny spent from the wallet with just a purchase, but also goes to make a space in the heart, by leaving the impact which is long lasting. In general, it was also observed that brand recall scores were very to height, with level of involvement of the consumer's being more. When advertising for extensions, the uniqueness of the new product needs to be well disclosed. Positive emotional appeals to produce interest in the advertisements and manage to advance brand recall scores best but negative emotion also evokes excitement for product category and induces to make purchase decision. Thus, Emotions acts as fuel to engine. Therefore emotional channel built a bridge of sale on each product purchased, as it establishes relation between the brand and emotions that product and services communicate. The Insurance marketers are well aware that in order to make a sell, they must elicit a certain degree of emotional involvement which leads customers desire so that they can sell what they want. The Insurance underwriter depends on art of persuasion in order to work efficiently. The best tool for their trade is the words what attract individual to purchase the policies. Though the insurance promoters are well aware of his company, product or services, competition is partially able to produce the product. To be full blown producer, he must develop his ability to analyse his clients their wants, needs, desire, likes and dislikes. Each insurance marketing trainee receives full measure of applied psychology and is trained to enhance written and oral communication abilities which acquire deep insight into the art of persuasion in them. The insurance marketer enjoy great reward which they get from ethical emotional appeal as it attracts wants and needs of its clients.

DATA ANALYSIS:

EMOTIONS AND ADVERTISMENT :

TABLE 1

GRADE POINT AVERAGE(GPA)						
	Do you think [Advertisements have strong emotions attached]	Do you think [celebrity adverts attracts you emotionally]	Do you think [These emotions influence you to make a purchase]	Do you think [You feel unsatisfied rather than satisfied after making an emotional purchase]	Do you think [Making decisions based on emotions just lead to more errors]	Do you think [Its good to ignore the emotional aspect of the situation rather than getting involved into it]
STRONGLY AGREE	100	10	35	60	80	70
AGREE	220	196	212	216	192	204
NEUTRAL	60	114	78	66	66	75
DISAGREE	6	12	20	12	16	16
STRONGLY DISAGREE	0	3	2	4	4	0
TOTAL	386	335	347	358	358	365
GPA (TOTAL/94)	4.10	3.56	3.69	3.80	3.80	3.88

Source: Based on primary data.

The GPA analysis is performed on theLikert scale based questions, where the majority of the respondents agree on various aspects like emotional advertisements; emotionalpurchase which enlightens how a range of emotions leads to customers purchase. The pertinent chart above helps us with the information that emotions attached with the celebrity adverts though are major in number but few respondents believes that it depends on the emotions and celebrity which influence them to make a purchase as they keep these situations neutral. Majority of respondents even agreed that the feel unsatisfied rather than being satisfied with their emotional purchase and these purchases leads to error or post purchase dissonance. This all emotional based advertisements and purchase makes individuals cautious about avoiding such situations rather getting involved into it

EMOTIONS AND INSURANCE:

TABLE 2

Do you have a Insurance policy							
	MALE	FEMALE	AGE BELOW 30	AGE ABOVE 30	QUALIFICATION BELOW GRADUATION	QUALIFICATION ABOVE GRADUATION	
YES	51	23	53	17	34	36	
NO	4	15	7	3	14	7	
MAYBE	1	5	6	1	3	3	

Source: Based on primary data

The above table depicts that the majority of the respondents has taken insurance policy. when compared between the gender males take a major pie by holding the stake of 51% and when compared between the age group, the individuals below thirty years of age has spent their portion of income by purchasing the insurance products. It also depicts that qualification level didn't play a major role in buying a insurance product.

Source: Based on primary data

TABLE 3

You categorize yourself while buying insurance product as						
	MALE	FEMALE	AGE BELOW 30	AGE ABOVE 30	QUALIFICATION BELOW GRADUATION	QUALIFICATION ABOVE GRADUATION
EMOTIONAL BUYER	9	7	13	3	8	8
RATIONAL BUYER	46	36	63	18	43	37

Source: Based on primary data

The graph helps us to portray that the emotions like fear, trust and anticipation plays a vital role while purchasing an insurance product. The respondent though be male or female, belongs to any age group or holds any upper hand degree they accede that fear to lose, anticipation of upcoming damage makes them buy the insurance product but concurrently to this trust with insurance company is placed at apical which gives the insure relief while making a purchase

TABLE 4

Do you think Insurance advertisements targets you with emotional adverts.						
	MALE	FEMALE	AGE BELOW 30	AGE ABOVE 30	QUALIFICATION BELOW GRADUATION	QUALIFICATION ABOVE GRADUATION
YES	37	14	35	15	23	22
NO	10	14	22	2	13	11
MAYBE	9	15	19	5	11	13

Source: Based on primary data

TABLE 5

Apart from basic insurance policy, which policy would you prefer to buy						
	MALE	FEMALE	AGE BELOW 30	AGE ABOVE 30	QUALIFICATION BELOW GRADUATION	QUALIFICATION ABOVE GRADUATION
TOURISM INSURANCE	15	15	22	6	11	17
BODY PART INSURANCE	31	23	39	12	28	23
PET INSUARNCE	8	4	10	2	8	4
ENGAGEMENT RING INSURANCE	1	7	8	1	7	1
WEDDING INSURANCE	3	6	6	4	6	4
PILGRIMAGE INSURANCE	2	9	9	2	4	7

Source: Based on primary data Adverts strategy targets individuals with emotional advertisements. Respondents here approximately has equal opinion though they graduate or not have agreed on it but when it comes to the age group individuals below 30 beyond a doubt agreed on it where the age group above 30 has acquiesce opinion. When it comes to gender the masculine are leading with considerably high when compared with feminine. Though on whole majority agreed that emotional insurance adverts leads to purchase.

Insurance company provide bundle of products, of which very few were listed apart from basic policies on which respondent in major has opted to buy Body part Insurance followed by Tourism insurance. The young generation below 30 prefer to buy engagement ring insurance and wedding insurance, where females opts for this with major hand when compared to males. Pilgrimage Insurance is taken more in number by females and pet by males. Thus all this factors were interpreted with the help of chart above.

LINK OF EMOTIONS WITH INSURANCE POLICIES:

TABLE 6

Endowment Policy															
	For Saving		For covering Risk to Life		For Tax Benefit		For Security to Family		Helps you to Suppliment your Retirement Goals		You may not Qualify it later		PEACE OF MIND		ROW TOTAL OF O*
	O*	E*	O*	E*	O*	E*	O*	E*	O*	E*	O*	E*	O*	E*	
MALE	34	25	6	12	9	10	3	3	2	2	0	0	1	4	55
FEMALE	10	19	15	9	8	7	2	2	2	2	0	0	6	3	43
COLUMN TOTAL	44	44	21	21	17	17	5	5	4	4	0	0	7	7	98
$\chi 2$	0.0047		0.0110		0.7915		0.8613		0.8051		#DIV/0!		0.0257		
AGE BELOW 30	31	33	13	13	17	17	5	4	4	3	0	0	6	5	76
AGE ABOVE 30	12	10	4	4	5	5	0	1	0	1	0	0	1	2	22
COLUMN TOTAL	43	43	17	12	22	14	5	3	4	3	0	0	7	4	98
$\chi 2$	0.3910		0.9150		0.9750		0.2290		0.2819		#DIV/0!		0.6047		
QUALIFICATION BELOW GRADUATION	19	22	10	8	8	9	5	2	2	2	0	0	3	4	47
QUALIFICATION ABOVE GRADUATION	26	23	7	9	11	10	0	3	2	2	0	0	5	4	51
COLUMN TOTAL	45	45	17	12	19	12	5	3	4	2	0	0	8	4	98
$\chi 2$	0.4411		0.3699		0.6095		0.0198		0.9349		#DIV/0!		0.5537		

Source: Based on primary data

NOTE: The remaining tables of emotions with insurance policies are appended in appendix.

FINDINGS:

The chi squared test has been implemented on the answers of the respondents. Initially starting with endowment policy (TABLE 6), there is a significant difference where you reject the null hypothesis for the emotions like savings (0.0047), covering risk over life (0.0110) and peace of mind (0.0257) when it comes to gender but when it comes to tax benefit, security to family and supplements to retirements goals the null hypothesis get accepted as there is no significant difference when it comes to these emotions. When it comes the level of qualification, emotion for security to family the null hypothesis get rejected as there is significance difference resulting in 0.0198. As, there is no significant difference with those emotions though belonging to any head group of gender, age or qualification he null hypothesis get accepted.

When it comes to the head of money back policy (TABLE 7), the null hypothesis gets only rejected with the emotion of peace showing the significant difference of 0.0257 in masculine and feminine gender. In rest other cases the null hypothesis gets accepted as the level of significance is more than 0.05.

All the various emotions under pension plan(TABLE 8)and personal accident (TABLE2.1)

insurance has more than 0.05 significant level of difference where the null hypothesis get accepted though it be gender specific or of any generation or hold a high end degree.

Adjoining to it in health insurance(TABLE2.0), the null hypothesis get rejected with only the emotion- you may not qualify later and in rest another cases the null get accepted.

Finally, with property insurance(TABLE2.1), all the various emotions under this head get accepted leaving behind the peace of mind where the null get accepted only in the case of gender specification.

CONCLUSION:

- The study finds that the individuals has emotions attached and which lead them to purchase, which lead them to feel unsatisfied rather than satisfied and there is a fair minded or balanced opinion when it comes to celebrity endorsement effect.
- Individuals should scrutinize themselves when considering themselves as rational buyer because the major pie has responded with emotional attachment with purchase of product.
- Lastly when considered emotions and insurance policies the null hypothesis gets accepted in dominance with various emotions of any insurance policies, depicting that the Gender specification, level of qualification and age group has very less difference with compared between them.
- The null hypothesis is accepted for " individual emotions and customer purchase decision of insurance products has no significant difference based on gender." therefore it can be concluded that there is no significant difference based on gender
- The null hypothesis is accepted for "IndividualEmotions and Customer Purchase Decision of insurance products have no significant difference based on age." Therefore it can be concluded that there is no significant difference based on age
- The null hypothesis is accepted for "Individual Emotions and Customer Purchase Decision of insurance products has no significant difference based on qualification of the select respondents." Therefore it can be concluded that there is no significant difference based on education qualification.

SUGGESTIONS:

- The survey helps use to depicts that the customers haves strong emotions attached and these emotions lead to the purchase of insurance product
- The emotions like saving, covering risk over life and tax deductions has a strong impact on the purchase of insurance product.
- It is even found that though the respondents agrees with their emotional purchase but does not prefer to be tag as Emotional buyer as they consider themselves as rational buyer.

LIMITATIONS:

- The study focused only at the minimal area of products and promotions ignoring the rest area under P's of marketing like pricing and placing (convenience) are untouched.
- Promotion part of marketing though being huge only advertising strategy was discussed leaving behind the other promotional activities.
- The income level of individuals under the personal profile is not discusses where, it plays a vital role in adopting the premium plan of insurance.

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TABLE 7 MONEY BACK POLICY

	For Saving		For covering Risk to Life		For Tax Benefit		For Security to Family		Helps you to Suppliment your Retirement Goals		You may not Qualify it later		PEACE OF MIND		ROW TOTAL OF O*
	O*	E*	O*	E*	O*	E*	O*	E*	O*	E*	O*	E*	O*	E*	
MALE	**17**	**19**	**14**	**10**	**15**	**17**	**7**	**5**	**1**	**1**	**0**	**0**	**1**	**4**	**55**
FEMALE	**17**	**15**	**3**	**7**	**15**	**13**	**2**	**4**	**0**	**0**	**0**	**0**	**6**	**3**	**43**
COLUMN TOTAL	**34**	**34**	**17**	**17**	**30**	**30**	**9**	**9**	**1**	**1**	**0**	**0**	**7**	**7**	**98**
$\chi 2$	**0.4719**		**0.0293**		**0.4992**		**0.1905**		**0.3766**		#DIV/0!		**0.0257**		
AGE BELOW 30	25	26	14	14	25	24	5	5	1	1	0	0	6	5	76
AGE ABOVE 30	9	8	4	4	6	7	2	2	0	0	0	0	1	2	22
COLUMN TOTAL	34	34	18	18	31	31	7	7	1	1	0	0	7	7	98
$\chi 2$	0.5741		0.9816		0.6797		0.6979		0.5906		#DIV/0!		0.6047		
QUALIFICATION BELOW GRADUATION	22	17	5	8	12	14	3	3	1	0	0	0	4	4	47
QUALIFICATION ABOVE GRADUATION	13	18	12	9	18	16	4	4	0	1	0	0	4	4	51
COLUMN TOTAL	35	35	17	17	30	30	7	7	1	1	0	0	8	8	98
$\chi 2$	**0.0777**		**0.5087**		**0.3829**		**0.7870**		**0.2976**		**#DIV/0!**		**0.9080**		

TABLE 8 PENSION PLAN

	For Saving		For covering Risk to Life		For Tax Benefit		For Security to Family		Helps you to Suppliment your Retirement Goals		You may not Qualify it later		PEACE OF MIND		ROW TOTAL OF O*
	O*	E*	O*	E*	O*	E*	O*	E*	O*	E*	O*	E*	O*	E*	
MALE	**12**	**13**	**5**	**7**	**12**	**11**	**3**	**3**	**21**	**18**	**0**	**0**	**2**	**3**	**55**
FEMALE	**12**	**11**	**7**	**5**	**7**	**8**	**3**	**3**	**11**	**14**	**0**	**0**	**3**	**1**	**43**
COLUMN TOTAL	**24**	**24**	**12**	**13**	**19**	**19**	**6**	**6**	**32**	**32**	**0**	**0**	**5**	**4**	**98**
$\chi 2$	**0.5456**		**0.3129**		**0.5366**		**0.7625**		**0.2787**		**#DIV/0!**		**0.1225**		
AGE BELOW 30	20	19	6	7	15	15	4	5	26	27	0	0	6	5	**77**
AGE ABOVE 30	4	5	4	2	4	4	2	1	8	8	0	0	0	1	**22**
COLUMN TOTAL	24	24	9	9	19	19	6	6	34	35	0	0	6	6	**98**
$\chi 2$	**0.5136**		**0.1471**		**0.8967**		**0.5145**		**0.8479**		**#DIV/0!**		**0.1926**		
QUALIFICATION BELOW GRADUATION	11	12	5	5	6	8	3	3	18	15	0	0	3	3	**46**
QUALIFICATION ABOVE GRADUATION	14	13	5	5	12	10	3	3	15	18	0	0	3	3	**52**
COLUMN TOTAL	25	25	10	10	18	18	6	6	33	33	0	0	6	6	**98**
$\chi 2$	**0.7684**		**0.8462**		**0.2474**		**0.8806**		**0.3813**		**#DIV/0!**		**0.8806**		

TABLE 2.0- Health Insurance

	For Saving		For covering Risk to Life		For Tax Benefit		For Security to Family		Helps you to Suppliment your Retirement Goals		You may not Qualify it later		PEACE OF MIND		ROW TOTAL OF O*
	O*	E*	O*	E*	O*	E*	O*	E*	O*	E*	O*	E*	O*	E*	
MALE	**1**	**3**	**21**	**22**	**0**	**1**	**18**	**15**	**1**	**2**	**11**	**7**	**3**	**5**	**55**
FEMALE	**5**	**3**	**19**	**18**	**2**	**1**	**8**	**11**	**2**	**1**	**1**	**5**	**6**	**4**	**43**
COLUMN TOTAL	**6**	**6**	**40**	**40**	**2**	**2**	**26**	**26**	**3**	**3**	**12**	**12**	**9**	**9**	**98**
$\chi 2$	**0.0515**		**0.6443**		**0.1097**		**0.1780**		**0.4264**		**0.0131**		**0.1683**		
AGE BELOW 30	5	5	32	32	2	2	17	19	2	2	10	10	8	31	**76**
AGE ABOVE 30	1	1	9	9	0	0	7	5	1	1	3	3	1	2	**22**
COLUMN TOTAL	6	6	41	41	2	2	24	24	3	3	13	13	9	33	**98**
$\chi 2$	**0.7343**		**0.9391**		**0.4467**		**0.4303**		**0.6514**		**0.9568**		**0.0000**		
QUALIFICATION BELOW GRADUATION	4	3	20	20	1	1	13	12	1	1	4	6	4	5	**47**
QUALIFICATION ABOVE GRADUATION	2	3	21	21	1	1	11	12	2	2	8	6	6	5	**51**
COLUMN TOTAL	6	6	41	41	2	2	24	24	3	3	12	12	10	10	98

TABLE 2.1-PERSONAL ACCIDENTAL INSURANCE

	For Saving		For covering Risk to Life		For Tax Benefit		For Security to Family		Helps you to Suppliment your Retirement Goals		You may not Qualify it later		PEACE OF MIND		ROW TOTAL OF O*
	O*	E*	O*	E*	O*	E*	O*	E*	O*	E*	O*	E*	O*	E*	
MALE	**1**	**2**	**47**	**43**	**1**	**2**	**2**	**2**	**1**	**1**	**0**	**0**	**3**	**5**	**55**
FEMALE	**2**	**1**	**30**	**34**	**2**	**1**	**2**	**2**	**1**	**1**	**0**	**0**	**6**	**4**	**43**
COLUMN TOTAL	**3**	**3**	**77**	**77**	**3**	**3**	**4**	**4**	**2**	**2**	**0**	**0**	**9**	**9**	**98**
$\chi 2$	**0.4264**		**0.3846**		**0.4264**		**0.8051**		**0.8615**		**#DIV/0!**		**0.1683**		
AGE BELOW 30	2	2	62	62	2	2	4	3	1	2	0	0	5	5	**76**
AGE ABOVE 30	1	1	18	18	1	1	0	1	1	0	0	0	1	1	**22**
COLUMN TOTAL	3	3	80	80	3	3	4	4	2	2	0	0	6	6	**98**
$\chi 2$	**0.6514**		**0.9913**		**0.6514**		**0.2819**		**0.3504**		**#DIV/0!**		**0.7343**		
QUALIFICATION BELOW GRADUATION	2	1	36	38	1	2	3	2	1	1	0	0	4	3	**47**
QUALIFICATION ABOVE GRADUATION	1	2	43	41	2	2	1	2	1	1	0	0	3	4	**51**
COLUMN TOTAL	3	3	79	79	3	3	4	4	2	2	0	0	7	7	**98**
$\chi 2$	**0.5166**		**0.6707**		**0.4055**		**0.2790**		**0.9539**		**#DIV/0!**		**0.6267**		

TABLE 2.2- PROPERTY INSURANCE

	For Saving		For covering Risk to Life		For Tax Benefit		For Security to Family		Helps you to Suppliment your Retirement Goals		You may not Qualify it later		PEACE OF MIND		ROW TOTAL OF O*
	O*	E*	O*	E*	O*	E*	O*	E*	O*	E*	O*	E*	O*	E*	
MALE	**3**	**6**	**14**	**11**	**7**	**12**	**4**	**6**	**0**	**1**	**1**	**1**	**26**	**19**	**55**
FEMALE	**7**	**4**	**5**	**8**	**15**	**10**	**6**	**4**	**1**	**0**	**1**	**1**	**8**	**15**	**43**
COLUMN TOTAL	**10**	**10**	**19**	**19**	**22**	**22**	**10**	**9**	**1**	**1**	**2**	**2**	**34**	**34**	**98**
$\chi 2$	**0.0960**		**0.1229**		**0.0216**		**0.3042**		**0.2581**		**0.8615**		**0.0168**		
AGE BELOW 30	7	7	12	16	17	16	11	9	1	1	2	2	26	26	**76**
AGE ABOVE 30	2	2	8	4	4	5	0	2	0	0	0	0	8	8	**22**
COLUMN TOTAL	9	9	20	20	21	19	11	11	1	1	2	2	34	34	**98**
$\chi 2$	**0.9870**		**0.0600**		**0.7087**		**0.0744**		**0.5906**		**0.4467**		**0.8800**		
QUALIFICATION BELOW GRADUATION	7	4	12	10	10	10	3	5	0	0	0	0	15	16	**47**
QUALIFICATION ABOVE GRADUATION	2	5	9	11	11	11	7	5	1	0	2	1	19	18	**51**
COLUMN TOTAL	9	9	21	21	21	21	10	10	1	0	2	1	34	24	98
$\chi 2$	**0.0734**		**0.3996**		**1.2307**		**0.2556**		**0.3068**		**#DIV/0!**		**0.6539**		

IMPACT OF TECHNOLOGY ON LIFE INSURANCE CORPORATION OF INDIA

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ABSTRACT

The world is moving towards using less paper and to electronic records, especially financial records.Shortly one can get and maintain insurance policies in electronic form.The importance of information technology (IT) in the modern day business transaction cannot be over-emphasised. The impact assessment of the technology on any business is expedient so as to objectively determine its influence on a specific aspect of the organisation.

The present study is taken up To examine the organisational impact of InformationTechnology on LifeInsuranceCorporation of India (LICI) and to present the alternative channels of premium payment. The study is based on secondary data, which constitutes the information collected from the Annual Reports of IRDA, Life Insurance Company of India and their portals. Information is also collected through Internet, from various textbooks, journals and magazines. Simple percentages, averages are being applied to analyse the data.

INTRODUCTION

The world is moving towards using less paper and to electronic records, especially financial records.Shortly one can get and maintain insurance policies in electronic form.The importance of information technology (IT) in the modern day business transaction cannot be over-emphasised. The impact assessment of the technology on any business is expedient so as to objectively determine its influence on a specific aspect of the organisation.

OBJECTIVES

The present study is taken up with the following objectives:

1. To examine the organisational impact of IT on LIC.
2. To present the alternative channels of premium payment

METHODOLOGY

The study is based on secondary data, which constitutes the information collected from the Annual Reports of IRDA, Life Insurance Company of India and their portals. Information is also collected through Internet, from various textbooks, journals and magazines. Simple percentages, averages are being applied to analyse the data.

BRIEF HISTORY OF INSURANCE

Life Insurance in its modern form came to India from England in the year 1818. Oriental Life Insurance Company started by Europeans in Calcutta, was the first life insurance company on Indian Soil. Bombay Mutual Life Assurance Society heralded the birth of first Indian life insurance company in the year 1870, and covered Indian lives at normal rates. Starting as Indian enterprise with highly patriotic motives, insurance companies came into existence to carry the message of insurance and social security through insurance to various sectors of society. Bharat Insurance Company (1896) was also one of such companies inspired by nationalism. In the year 1912, the Life Insurance Companies Act, and the Provident Fund Act were passed. The Life Insurance Companies Act, 1912 made it necessary,

that the premium rate tables and periodical valuations of companies should be certified by an actuary. But the Act discriminated between foreign and Indian companies on many accounts, putting the Indian companies at a disadvantage.The first two decades of the twentieth century saw lot of growth in insurance business. From 44 companies with total business-in-force as Rs.22.44 crore, it rose to 176 companies with total business-in-force as Rs.298 crore in 1938. The Insurance Act 1938 was the first legislation governing not only life insurance but also non-life insurance to provide strict state control over insurance business. The demand for nationalization of life insurance industry was made repeatedly in the past but it gathered momentum in 1944 when a bill to amend the Life Insurance Act 1938 was introduced in the Legislative Assembly. However, it was much later on the 19th of January, 1956, that life insurance in India was nationalized. About 154 Indian insurance companies, 16 non-Indian companies and 75 provident were operating in India at the time of nationalization. Nationalization was accomplished in two stages; initially the management of the companies was taken over by means of an Ordinance, and later, the ownership too by means of a comprehensive bill. The Parliament of India passed the Life Insurance Corporation Act on the 19th of June 1956, and the Life Insurance Corporation of India was created on 1st September, 1956, with the objective of spreading life insurance much more widely and in particular to the rural areas with a view to reach all insurable persons in the country, providing them adequate financial cover at a reasonable cost.

LIC had 5 zonal offices, 33 divisional offices and 212 branch offices, apart from its corporate office in the year 1956. Since life insurance contracts are long term contracts and during the currency of the policy it requires a variety of services need was felt in the later years to expand the operations and place a branch office at each district headquarter. Re-organization of LIC took place and large numbers of new branch offices were opened. As a result of re-organisation servicing functions were transferred to the branches, and branches were made accounting units. It worked wonders with the performance of the corporation. It may be seen that from about 200.00 crores of New Business in 1957 the corporation crossed 1000.00 crores only in the year 1969-70, and it took another 10 years for LIC to cross 2000.00 crore mark of new business. But with re-organisation happening in the early eighties, by 1985-86 LIC had already crossed 7000.00 crore Sum Assured on new policies.

LIC functions with 2048 fully computerized branch offices, 113 divisional offices, 8 zonal offices, 1381 satellite offices and the Corporate office during 2015 - 16. LIC's Wide Area Network covers 113 divisional offices and connects all the branches through a Metro Area Network. LIC has tied up with some Banks and Service providers to offer on-line premium collection facility in selected cities. LIC's ECS and ATM premium payment facility is an addition to customer convenience. Apart from on-line Kiosks and IVRS, Info Centres have been commissioned at Mumbai, Ahmedabad, Bangalore, Chennai, Hyderabad, Kolkata, New Delhi, Pune and many other cities. With a vision of providing easy access to its policyholders, LIC has launched its SATELLITE SAMPARK offices. The satellite offices are smaller, leaner and closer to the customer. The digitalized records of the satellite offices will facilitate anywhere servicing and many other conveniences in the future.LIC continues to be the dominant life insurer even in the liberalized scenario of Indian insurance.

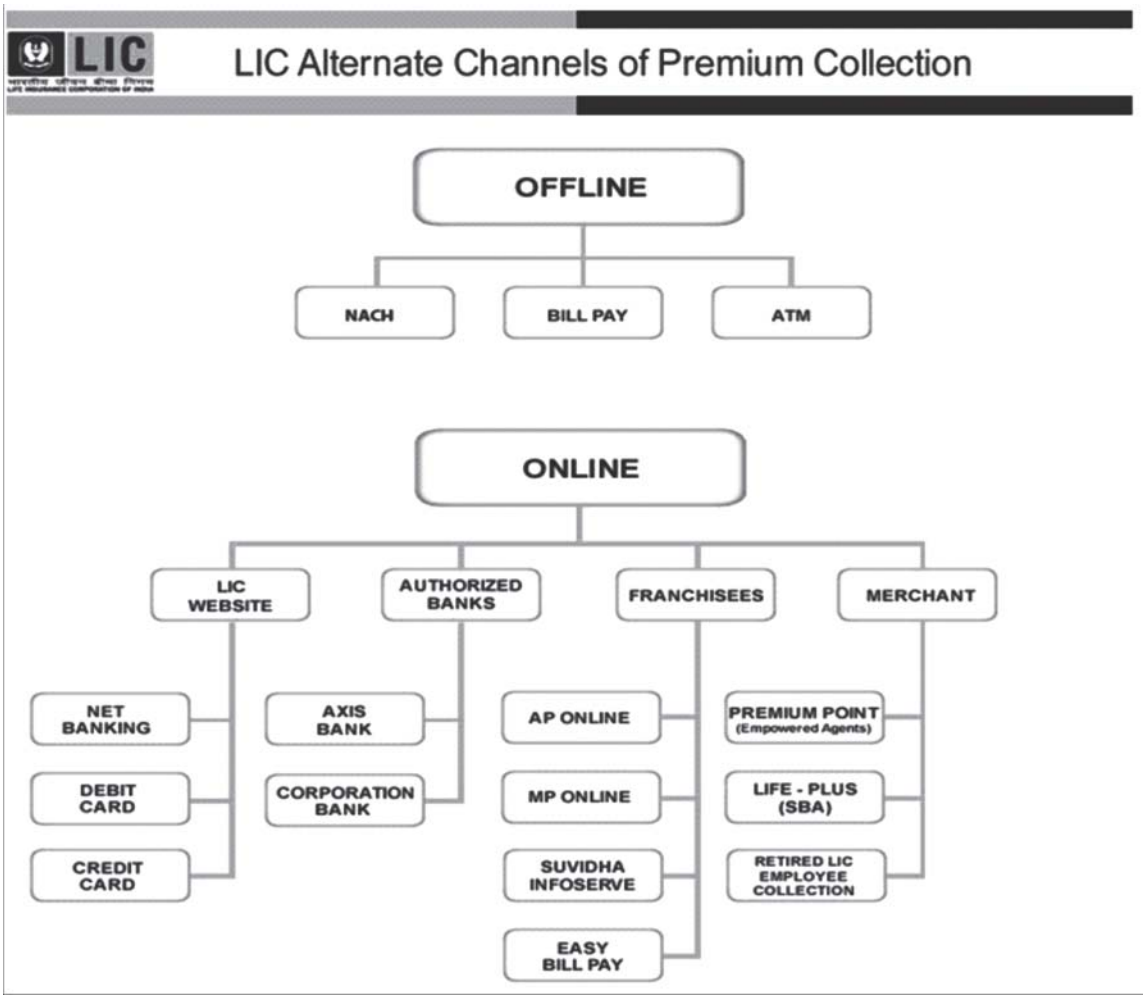
THE IMPACT OF TECHNOLOGY

Instead of just adding value to the insurance sector, technology underpins its very growth and evolution. In the last few years alone, the use of mobile devices, GPS, social media and CCTV footage have all impacted hugely upon the way claims are processed and policies assessed.The analysis and value of "big data" gleaned through customer interactions has become more important than ever, as insurers look to maximize efficiencies and profits whilst keeping customers happy.

With e-commerce giants impacting the way consumers shop for insurance, one of the biggest trends has been the adoption of multiple channels by insurers to market and sell their policies. Technology now allows insurers to move from the traditional broker scenario towards a direct-to-market approach, cutting out the middleman and going straight to the customer.

Mobile and internet-based offerings, provide customers to buy direct and even form groups to negotiate bulk purchases. Technology has the potential to shake-up the market further by bringing down premiums and improving claims processing as well as disruptively changing the customer experience criteria.The information technology has a huge impact on the insurance industry. The unthinkable have become doable.

LIC ALTERNATE CHANNELS OF PREMIUM COLLECTION



ALTERNATE CHANNELS OF PREMIUM PAYMENT

LIC has facility of Premium Payment through various Alternate Channels to enable the Customer to pay the Premium Anytime and Anywhere in the country. The Alternate Channels include - a) Standing instructions to bank, b) Credit/Debit Cards, c) Net Banking facility, d) IMPS, e) Payment in cash or by cheque by walk in customers at Authorized Collection Centres.Premiums can be paid through Alternate Channels only for in-force Policies which are not under Salary Savings Scheme (SSS). For the year 2015-16, 48.26% of total Renewal Premium Transactions were collected through Alternate Channels. The various Alternate Channels for collection of Premium are as under:

A. OFFLINE PAYMENT CHANNELS

1. Electronic Clearance System (ECS): This facility is presently available at all 90 Centres enabled byRBI for ECS. This facility is available at all locations through Regional ECS (RECS) in Tamil Nadu, Andhra Pradesh, Karnataka, Kerala, Gujarat, Rajasthan, Punjab, Himachal Pradesh, Haryana, Odisha, West Bengal, all North East States & UT-Chandigarh & Andaman Nicobar. Through ECS, premium can be collected for ULIP and Health Insurance (HI) policies also. Receipts for other than Monthly mode policies will be sent through ordinary post.

2. Direct Debit: At present, Direct Debit is enabled through ICICI Bank, Corporation Bank, Axis Bank andSBI. Through this facility all the Account Holders of these banks pan India can pay premium through standing instruction to the bank. Receipts for other than Monthly mode policies will be sent through ordinary post.

3. Electronic Bill Presentation and Payment (EBPP) : Premium can be paid through Corporation Bank,Citi Bank, HDFC Bank, ICICI Bank, Federal Bank, Axis Bank, LIC Credit Cards and through Service Providers - Bill Desk and Tech Process which cover almost all other banks throughout the country. Premium can be paid through Credit Card also availing this facility.

4. ATM: Banks can collect premium through ATMs also for the registered policies. At present CorporationBank, Axis Bank and ICICI Bank have enabled this facility.

5. Automated Premium Payment System (APPS) : Investors of LIC Mutual Funds can pay their LICpremium through their LICMF Systematic Withdrawal Plan (SWP) by giving standing instructions toLICMF. Premium collection facility for all (excluding ULIP & Health Insurance) in-force policies other than Monthly Mode and Salary Savings Scheme is available under EBPP, APPS and through ATM. Receipts will be sent to the registered email-ids if opted for e-receipts, else same will be sent through ordinary post.

B. ONLINE PAYMENT CHANNELS

6. Customers' Portal Payment Gateway: Premium can be paid online on LIC Website, www.licindia.in with the help of Net Banking Facility of 50+ major Banks, VISA/ Master Credit and Debit domestic Cards, American Express Credit cards, Rupay Debit Cards and through IMPS. For premium payment through cards, a small flat fee is levied as interchange fee by the Banks concerned. Premium can be paid for ULIP policies and Health Insurance policies also.

7. Premium Collection through Banks

- **Corporation Bank**: Premium can be paid at any of the Branch or Extension Counter of Corporation Bank in cash or cheques drawn on Corporation Bank.
- **Axis Bank**: Premium can be paid at any of the Branch or Extension Counter of Axis Bank in cash or cheques drawn on Axis Bank.

Premium collection for ULIP and HI Policies is not yet enabled through the cash counters of the Banks.

8. Premium collection through Franchisees

Following are the approved Franchisees :

a. APOnline : A digital gateway for the Government of Andhra Pradesh and Telangana. (website : www.aponline.gov.in)

b. MPOnline : A digital gateway for the Government of Madhya Pradesh. (website : www.MPonline.gov.in)

c. Suvidhaa Infoserve Pvt. Ltd. : It has more than 30,000 collection centers pan India for billcollection.

d. CSC Centers through CSC e-Governance Service India Ltd.: The Common ServicesCenter (CSC) Scheme is a part of the National e-Governance Plan (NeGP). There are more than 1.25 lac CSC centers throughout the country out of which approx. 25000 have been activated for LIC Premium collection. Other Collection Centers also are

gradually being enabled for Premium Collection.

9. **Premium Collection through Senior Business Associates (SBA):** Selected Development officers called SBAs are authorized to collect the premium both in Cash and Cheque and issue receipt instantly. Premium can be collected for Conventional, ULIP and Health Insurance policies. These Collection Centres are referred to as "Life Plus".

10. **Premium collection through Empowered Agents**: In tune with the increasing customer expectation for more conveniences in Servicing, the Corporation has empowered selected Agents to collect the Renewal Premium through their Collection Centres who can collect the premium (including ULIP and HI Policies) in CASH or CHEQUE and issue a valid receipt instantly.

11. **Premium collection through Retired Employees:** Selected retired LIC Employees are also authorized to collect the premium online and issue receipt instantly. At present more than 330 Retired Employees are authorized across the country that can collected premium for all policies through "Premium Points".

12. **LIC Mobile Application:** Premium can be paid online using LIC Mobile application on Windows and Android phones.

INDIVIDUAL NEW BUSINESS – CHANNEL-WISE

The table below exhibits the channel-wise individual new business for the number of policies and first year premium income procured by LIC during 2010 – 11 to 2015 -16.

CHANNEL-WISE INDIVIDUAL NEW BUSINESS PROCURED

CONVENTIONAL (TIED)				
Year	No. of Policies (In Lakhs)	Percentage over Total No. of Policies	First Year Premium Income (Rs. In Crores)	Percentage over Total Premium (Rs. In Crores)
2010 – 11	339.35	91.48	39,850.30	90.44
2011 – 12	285.12	89.38	25,282.01	87.51
2012 – 13	286.80	88.48	24,995.46	85.91
2013 – 14	284.89	88.27	27,342.17	85.71
2014 – 15	174.55	83.43	29,168.91	88.90
2015 - 16	176.84	83.13	28,752.25	87.61
BANKING AND ALTERNATIVE CHANNELS				
2010 – 11	6.95	1.92	1281.30	2.91
2011 – 12	5.93	1.86	1207.50	4.18
2012 – 13	5.76	1.78	1392.89	4.79
2013 – 14	4.86	1.51	1207.93	3.79
2014 – 15	3.53	1.79	901.51	2.75
2015 – 16	2.92	1.46	766.73	2.34
CHIEF LIFE INSURANCE ADVISOR				
2010 – 11	23.31	6.45	2789.00	6.33
2011 – 12	27.06	8.48	2136.67	7.40
2012 – 13	30.56	9.43	2363.55	8.12
2013 – 14	31.78	9.85	2882.73	9.04
2014 – 15	18.51	9.38	2334.39	7.11
2015 – 16	20.29	10.11	2936.14	8.95

DIRECT MARKETING				
2010 – 11	0.51	0.14	144.00	0.33
2011 – 12	0.87	0.27	264.14	0.91
2012 – 13	1.03	0.32	341.83	1.17
2013 – 14	1.21	0.37	467.63	1.47
2014 – 15	0.79	0.40	406.09	1.24
2015 – 16	0.60	0.30	363.40	1.11
TOTAL				
2010 – 11	361.12		44,064.60	
2011 – 12	318.98		28890.32	
2012 – 13	324.15		29093.73	
2013 – 14	322.74		31900.46	
2014 – 15	197.38		32810.82	
2015 - 16	200.65		32818.52	

Source: Annual Reports of LIC

From the above table, it is clear that, the number of new policies procured through conventional mode has reduced from 91.48% (Rs. 339.35 lakhs) of the total policies (Rs. 361.12 lakhs) during 2010-11 to 83.13% (Rs. 176.84 lakh) policies by the end of 2015 - 16. Similarly, first year premium income also has reduced from 90.44% (Rs. 39,850.30 Crores) of the total premium (Rs. 44,064.60 Crores) to 87.61% (Rs. 28,752.25 Crores) by the end of 2015 - 16.

The number of policies and first premium amount has increased from 6.45% and 6.33% for the insurance raised through Chief Life Insurance Advisor (CLIA) during 2010-11 to 10.11% and 8.95% respectively by the end of 2015 -16. Similarly, there is an increase in policies and premium payment through direct marketing during 2010-11 from 0.14% and 0.33% to 0.30% and 1.11% respectively by the end of 2015 - 16.

From the above table, it can be observed that there is a slight increase in number of policies and first premium by direct marketing with the improvement in technology. Despite of rapid technological advancement, conventional mode of payment is mostly preferred by general public, reasoning being lack of technological awareness, low literacy. Hence, LIC should bring awareness among the public by campaigning the various alternative channels by which the premium can be paid and e-policies can be raised.

BANCASSURANCE & ALTERNATE CHANNELS

Bancassurance and Alternate Channel (B&AC) completed 2,91,801 policies and garnered ₹ 766.71 crore of First Year Premium Income (FYPI). The percentage share of B&AC First Premium Income to Total First Premium Income (Individual Assurance) was 2.93% during the year 2015 – 16. Bancassurance & Alternate Channel was started in the year 2001 after Reserve Bank of India allowed banks to sell other financial products like Insurance and Mutual Funds. Starting from 1455 policies and ₹ 2.21 crore premium, the channel has multiplied manifold in the period of 15 years. Currently, the channel has tie-ups with 12 PSU Banks, 3 Private Banks, 10 Regional Rural Banks, 34 Co-operative Banks and 1 Foreign Bank. LIC also has 59 Corporate Agents on roll. During the year, 10 new Corporate Agents were appointed. Bank partners contributed 85.90% of policies and 93.46% of FPI of the total Bancassurance and Alternate Channel business by completing 2,50,659 policies and ₹ 716.61 crore of FYPI. Corporate Agents completed 40443 policies with ₹ 44.68 crore of FYPI. Brokers completed 699 policies with ₹ 5.42 crore of FYPI.20 Bank Branches procured ₹ 1 crore and above FPI, while 78 Branches procured ₹ 50 lacs and above FPI during the year.

DIRECT MARKETING

Direct Marketing Channel was established in August, 2009 with 6 Units and has expanded over the period and is currently having 124 Units spread across the length and breadth of the Country. The purpose of the Channel is to bring a culturally different approach to the Marketing of Life Insurance products. The initiative was started with an Objective of creating new systems for Business Generation, Sales Process Monitoring and Business Process with a view to reach out to untapped Markets and providing new and improved buying experience to the Customers, especially to today's young, tech savvy Executives and High Net Worth Individuals.

The Channel is driven by the values of Passion, Performance and Professionalism and is promoted through a committed professional Sales Force, providing excellent buying experience to Customers with enhanced use of technology. In the FY 2015-16, the Channel procured a First Premium Income of ₹ 363.41 Cr on 59,832 Policies. The Distance Marketing Centre of the Channel at Vile Parle processes Online Products and has procured a premium of ₹ 47.06 cr on 11236 Policies in the FY 2015-16. The Chief Organiser (LIC Direct) Scheme, 2015 has been launched w. e. f. 01.04.2015 to take forward the objectives of the Channel.

CONCLUSION: Technology is no longer a nice to have but a differentiator — keeping up with the pace of change and future proofing the technology is key to making it work. With aging legacy systems rife among the insurance industry, modernization is a necessity to ensure they are fit for purpose.Technology will continue to evolve, so it is imperative that insurers don't stand still and have solid and robust procedures in place to deal with the next trend. This level of "big data" collection and analysis has become possible only through advances in software and hardware and is fast becoming integral to increasing revenues and improving the customer experience. Add to this, constantly changing industry regulations and high customer expectations, insurers need to stay on their toes, when it comes to technology as an enabler, by making it a central and successful part of their operation. How well the technology performs for both staff and customers is vital for future reputation and growth, as insurers vie for business amidst an online price and policy war.

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ISSUES AND CHALLENGES OF HEALTH INSURANCE IN LIFE INSURANCE CORPORATION OF INDIA - A SELECT STUDY

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ABSTRACT

Health insurance is insurance that covers the whole or a part of the risk of a person incurring medical expenses, spreading the risk over a large number of persons. By estimating the overall risk of health care and health system expenses over the risk pool, an insurer can develop a routine finance structure, such as a monthly premium or payroll tax, to provide the money to pay for the health care benefits specified in the insurance agreement. The benefit is administered by a central organization such as a government agency, private business, or not-for-profit entity. According to the Health Insurance Association of America, health insurance is defined as "coverage that provides for the payments of benefits as a result of sickness or injury. It includes insurance for losses from accident, medical expense, disability, or accidental death and dismemberment". The present study discussed about what are the main issues and challenges in Indian insurance sectors.

Keywords: *(LIC, Issues and challenges, Health insurance, Role of LIC in India)*

1. Introduction:

The Health insurance market covers very smaller part of the total population (about 10%) in India. Presently, schemes like Voluntary health insurance schemes or private-for-profit schemes, Employer-based schemes, Insurance offered by NGOs / community based health insurance and Mandatory health insurance schemes or government run schemes (ESIS, CGHS) are found in India. The health insurance market in India is unique and has developed a strong growth potential in the recent years with the entry of many foreign players in the market. The health insurance market in India was worth INR 5,125 crores with a compounded annual growth rate of 37 present between 2002 and 2008. While the penetration of the health insurance market is still quite small, it is one of the fastest growing industries in India.

The Life Insurance Corporation of India popularly known as "LIC of India" was incorporated on September 1, 1956 by nationalizing 245 Indian as well as foreign companies. It was established 52 years ago with a view to provide an insurance cover against various risk in life. The luminaries who spearheaded this move at that time visualized an entity that will provide life insurance to Indians, especially the vast rural people, at an economical cost and channel the savings for the betterment of the nation. It is the largest life insurance company in India and also the countries largest investor. It is fully owned by the Government of India and headquarter is Mumbai. Today LIC function with 2048 fully computerized branch offices, 100 divisional offices, 7 Zonal offices and the corporate office. LIC's wide area Network covers 100 divisional offices and connects all the branches through a Metro area network. LIC has tied up with some Banks and service providers to offer

online premium collection facility in selected cities.

LICs ECS and ATM premium payment facility is an addition to customer convenience. Apart from on-line kiosks and IVRS, info centres have been commissioned at Mumbai, Ahmedabad, Bangalore, Chennai, Hyderabad, Kolkata, New Delhi,Pune and many other cities. With vision of providing easy access to its policyholders, LIC has launched its SATELLITE SAMPARK offices. The digitalized record of the satellite offices will facilitate anywhere to serve and other convenience in the future.

The history of life insurance in India started after the establishment of a British firm, Oriental Life Insurance Company at Calcutta in 1818 and Bombay Life Assurance Company in 1923. Before the establishment of Bombay Mutual Life Assurance Society (the Indian insurance company) in 1871, the Indian lives were treated as sub-standard and charged extra premium of 15 to 20 percent. The Bombay Mutual Assurance Society was covering Indian lives at normal rates. The Madras Equitable Life Insurance Society in 1874, Bharat Insurance Company in 1896, Hindustan Co-operative Insurance Company (Calcutta) in 1907; the Indian Mercantile, General Assurance and Swadeshi Life (Bombay Life) were also established during the same period. To regulate the life insurance business, the government passed the Indian Life Assurance Companies Act in1912

2. Concept of Health Insurance:

The concept of Health Insurance was proposed in the year 1694 by Hugh the elder Chamberlen from Peter Chamberlen family. In 19th Century "Accident Assurance" began to be available which operated much like modern disability insurance. This payment model continued until the start of 20th century. During the middle to late 20th century traditional disability insurance evolved in to modern health insurance programmes. Today, most comprehensive health insurance programmes cover the cost of routine, preventive and emergency health care procedures and also most prescription drugs.

Health Insurance is more complex than other segments of insurance business because of serious conflicts arising out of adverse selection, moral hazard, unavailability of data and information gap problems. Health sector policy formulation, assessment and implementation are an extremely complex task, especially, in changing epidemiological, institutional, technological and political scenario. Proper understanding of Indian Health situation and application of principles of insurance, keeping in view the social realities and national objectives, are important.

3. Objectives: This paper is mainly focused on major two objective as follows:

1. To Study the overview of health insurance of LIC in India
2. To Analyse the issues and challenges in Indian Life insurance corporation

4. Methodology:

The present study based on the secondary data. Like; newspapers, journals, books, magazines, annual reports, thesis and various websites.

5. Health Insurance Scenario in India:

Health is a human right. It's accessibility and affordability has to be ensured. The escalating cost of medical treatment is beyond the reach of common man. While well to do segment of the population both in Rural and Urban areas have accessibility and affordability towards medical care, the same cannot be said about the people who belong to the poor segment of the society. Health care has always been a problem area for India, a nation with a large population and larger percentage of this population living in urban slums and in rural area, below the poverty line. The government and people have started exploring various health financing options to manage problem arising out of increasing cost of care and changing epidemiological pattern of diseases. The control of government expenditure to manage fiscal deficits in early 1990s has let to severe resource constraints in the health sector. Under this situation, one of the ways for the government to reduce under funding and augment the resources

in the health sector was to encourage the development of health insurance. In the light of escalating health care costs, coupled with demand for health care services, lack of easy access of people from low income group to quality health care, health insurance is emerging as an alternative mechanism for financing health care.

Table 1. Trend in Health Insurance Premium (Crore)

Market share	2010-11 (%)	2011-12 (%)	2012-13 (%)	2013-14 (%)
Public Sector	6689 (61%)	8015 (61%)	9580 (62%)	10841 (62%)
Private Sector NL Insurance	2850 (26%)	3446 (27%)	4205 (27%)	4482 (26%)
Stand-alone Health Insurance	1491 (13%)	1608 (12%)	1668 (11%)	2172 (12%)
Total NL Industry	11,031	13,070	15,453	17,495

Source: IRDA Annual report, 2013-14.

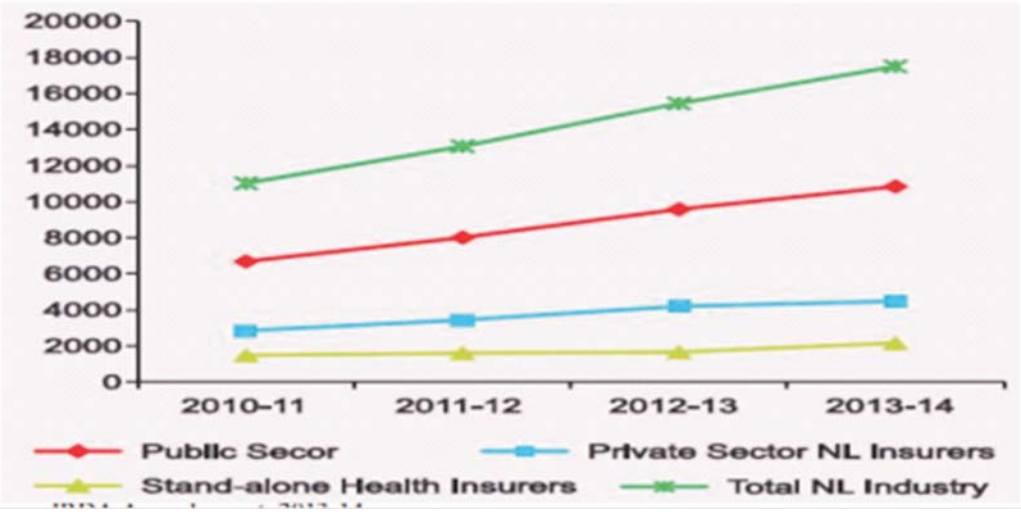

Table 2. Types of Health Insurance Business (in crore)

Market share	2010-11 (%)	2011-12 (%)	2012-13 (%)	2013-14 (%)
Government	2,198 (20%)	2,225 (17%)	2,348 (15%)	2,082 (12%)
Group (other than Govt.)	4,952 (45%)	5,948 (46%)	7,186 (47%)	8,057 (46%)
Individual	3,880 (35%)	4,896 (37%)	95,919 (38%)	7,355 (42%)
Total	11,031	13,070	15,453	17,495

Source: IRDA Annual report, 2013-14

Table 3. Persons Covered under Health Insurance Business (in Lakh)

No. of persons covered	2010-11	2011-12	2012-13	2013-14
Government	1891	1612	1494	1553
Group (other than Govt.)	226	300	343	337
Individual	419	206	236	273
Total	2535	2118	2073	2162

Source: IRDA Annual report, 2013-14.

Table 4. Net Incurred Claims Ratio of Health Insurers (in per cent)

Net Incurred Claims Ratio	2011-12	2012-13	2013-14
Government	90%	87%	93%
Group (other than Govt.)	100%	104%	110%
Individual	85%	83%	83%
Total	94%	94%	97%

Source: IRDA Annual report, 2013-14

Table 5. Top Four States in Terms of Health insurance Premium (2013-14)

State/UT	Gross Premium	Share
Maharashtra	5,379	31%
Tamil Nadu	1,938	11%
Karnataka	1,773	10%
Delhi	1,680	10%
Rest of States/UTs in India	6,725	38%
Total	17,495	100%

Source: IRDA Annual report, 2013-14

Their share continues to be at the same level over the last four years. While private sector non-life insurers contribute 26 per cent of the gross health insurance premium, the remaining 12 per cent has been contributed by stand-alone health insurance companies. The contribution of these two sets of companies too remains more or less same for the past four years. According to the IRDA, the health insurance business can be classified into three categories i.e. 1. Group health insurance (other than government sponsored), 2. Government sponsored health insurance and 3. Individual Health Insurance. During 2013-14, the share of group health insurance business (other than government) was 46 per cent. While individual business contributed 42 per cent of gross health insurance premium and government business contributed the remaining 12 per cent. Form the table 2 one can observe that while the share of group health insurance business remains at around 46 per cent, the share of individual health insurance business is increasing over the years. During 2013-14, the non-life insurance industry has covered a total population of 21.62 crore. While Government sponsored health insurance policies have contributed 72 per cent of the total number of persons covered, the commercial health insurance policies had contributed the balance 28 per cent of all persons covered during 2013-14. However, over the last four years, the number of persons covered under Health insurance has seen moderate decline mainly due to decrease in number of persons covered under Government health insurance schemes (IRDA Annual report, 2013-14).

6. Issues and Challenges of Health Insurance in Indian Insurance Sectors:

The wide range of economic reforms were initiated in the year 1991 through the advent of LPG, which not only brought forth drastic changes in their functional set up of a country but also in the structure of insurance sector, routed through the examination carried out by Malhotra Committee. The recommendations of the committee are mainly fostered to open up the sector for the players. The objectives of the committee were implementedin the later part of the year 2000 under the able leadership of Insurance RegulatoryDevelopment Authority of India. These new insurance companies started operating from metros and urban areas. The urban population got more attention and it led to good insurance penetration in urban areas as compared to the rural markets. Hence, the rural people didn't have a chance to learn more about insurance. The major challenges which have to be channelized for the growth of insurance sector are:

6.1 Issues:

6.1.1 Cut Threat Competition: Liberalization will create acute competition in the insurance market. Fierce competition to increase volume and market share will continue as more and more players join the race for the greater Indian insurance.

6.1.2 Customer Relationship Management: Customer behavior will be influenced by environmental factors as well as intrinsic personal aspirations. The environmental factors are socio

economic and demographic factors, inputs of insurance advisors, the company's efforts to manage customer satisfaction and experience

6.1.3 Distribution of Products: Segmentation of markets, selling segment oriented products, focusing on fuller satisfaction of customer's aspiration misstates multiple distribution networks. While the traditional channel of tied up agents or advisors would be the most important distribution channel, insurers should innovate and find new methods of delivering products to customers.

6.1.4 Risk Management: With the environment changes in the economic scenario of the country the risk landscape has undergone significant changes. With the opening up of economy and the entry of MNC in almost all sectors, there hasbeen a surge in the income levels, especially in the middle class. The globalization has also resulted in cultural exchanges more than in the past.

6.1.5 Untapped Market Segments: It is important to increase the customer base in semi-urban and rural areas which offer a huge potential. The fact that a major chunk of business for LIC comes from these areas stand as a testimony to this indisputable fact. There are difficulties in approaching this segment which will take us back issues of customer education.

6.1.6Relationship Management: The relationship management of insurance companies is mainly trapped by individuals as well as corporate agent. The relationship of the clients should be ever maintained, but the mistakes of the agent are the major causes in the relationship management.

6.1.7 Human Resource Management: The insurance market is now filled with players, who are mature, globally prominent and big players in the TransNationally competitive global competitive insurance market. Each of them has ability to influence the market. The human resource competency will be another big challenge.

6.1.8 Managing the Regulatory Authority: As the competition acute, the customer becomes more vulnerable to the vagaries on market environment. The regulators have a duel responsibility. They has to ensure that the insure adhere to sound insurance principles and practices as well as maintain adequate financial resources to meet their liabilities.

6.2. Challenges:

6.2.1 Promote Awareness: It is necessary to promote more awareness among public about insurance. Because the level of insurance penetration is very low.Customer needs a good deal of customer education in which the insures have to invest a lot of their resources in terms of time, effort, infrastructure and money. Though a know ledged customer is a challenge for the company to convince and sell a product to him, the brighter side is that his awareness had brought him to the threshold of insurance.

6.2.2 Multiple Channels of Distribution: Distribution being a key determinant of success for insurance companies. Because at more number of distribution channels the insures have a large database of their disposal. By data mining prospects can be accurately together for business. Linking insurance with allied finance products like housing loan, mutual fund investment in companies, banks credit cards etc are the new channels for life insurance. It is definite that the new channels will help the insurance companies to reach out farther, wider and deeper.

6.2.3 Professionalism in Insurance Marketing: There are quality insurance advisors in this field due to the passing of IRDA bill. To obtain an agency license training and written test are necessary. Many educated youth, retired officials are taking insurance agency as a career. They guide the customers so that they can select products according to their need, rather than to force selling.

6.2.4 Huge Untapped Market: There is a lot of untapped market in the country. This gives space for all players to grow and expand the insurance industry. Middle class people are having more awareness than the lower class and high class people. They want to provide money for the education and marriage of their children and also to meet their old age needs. So there is market expansion for pension plans and child career plans.

6.2.5 Threat to Health and Life: People die due to natural calamities and terrorism unexpectedly. The environmental pollution affects the health of mankind. In cities people got employment in industries like IT, ITES etc. Due to heavy work and occupational stress they get diseases. Hence there is a growing need for these people to go for different kinds of insurance.

6.2.6 Regulations of IRDA: IRDA regulations enacted for the protection of policy holders interest has also set out the bench marks for servicing, settlement of claims, grievance redressal and so on. It also contains matters relating to disclosures in proposal for insurance, statutory content of a insurance document, duties and responsibilities of the agent etc. The IRDA watch the insurance companies always. So the companies cannot provide deficient customer service

7. Conclusion: The Indian health insurance scenario today is a mix of Governmental insurance schemes, Social Health Insurance (SHI), voluntary private health insurance and Community-Based Health Insurance (CBHI). As per the recommendations of High Level Expert Group on Universal Health Coverage on institutional reforms, to make quality health care affordable, insurance penetration should increase to at least 50 per cent of the population by 2020 and 80 percent by 2030 from the current 15 per cent The mixture of various health insurance service providers must be used effectively to ensure the health of citizens. For the Indians the health insurance is the need of the hour. Product innovation would be one of the key drivers to reach this penetration target. The present study "issues and challenges in health insurance in life insurance corporation of India" is very positively growing in Indian life insurance sector.

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FARMERS' PERCEPTION AND AWARENESS ABOUT CROP INSURANCE IN ADILABAD

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ABSTRACT

Most of the Indian people as well as Indian economy depend on agriculture. Uncertainty of rainfall drastically affects the agricultural income of the farmers. To face these losses, farmers are insuring their crops with crop insurance schemes available in the country. In this paper we made an attempt to find out the farmer's level of awareness towards crop insurance schemes in Adilabad district of Telangana from the data available from past five years. A sample of 50 farmers were selected randomly from five mandals of Adilabad district namely Indravelly, Utnoor, Thamsi, Bheempur and Gudihathnoor as this region is highly dependent on rainfall and also the illiteracy rate is high. The present study focused mainly on the awareness and perception of the farmers regarding crop insurance schemes. Our study revealed that there is a high correlation between the farm size and the annual income per acre. However in the study area majority of the respondents are unaware of the details of crop insurance schemes and also under a misconception that the banks that lend loan are completely responsible for availing insurance too.

1. INTRODUCTION:

Agriculture is the prime occupation and the basic source of income for many Indians. Farm yield and incomes in India are affected by many natural and man-made disasters. While accidental natural disasters like drought, floods, storms, cyclones, earthquakes and landslides take a major hold of the agriculture output, human interventions like supply of spurious seeds, fertilizers and pesticides etc further intensify the loss. With the growing commercialization of agriculture, the magnitude of loss due to unforeseen events is increasing. The losses are more in dry land farming. Nearly two-thirds of the nation's arable land is dependent on monsoon rainfall and is termed as rain fed. The monsoons in India are very important for the economy of the country as it affects the agriculture which is the mainstay of a huge workforce of the nation. Drought is a situation which arises due to the scarcity of water. Poor irrigation facilities and shortage or failure of water results in the below-average crop yields. Andhra Pradesh, Rajasthan, Gujarat, Odisha, some parts of Maharashtra, Karnataka and the few areas of the newly formed state Telangana are some of the drought-prone areas in the country. Due unpredictability of natural disasters, the structural risk management measures may not be an effective strategy to overcome agricultural losses. Agricultural insurance is considered as an important mechanism to address the risk of output resulting from various natural and manmade events. Crop insurance is one method which ensures farmers a stabilized source of income and investment that protects against disastrous effect of losses due to natural hazards or low market prices. Apart from providing monetary support these schemes also uplift the farmer's motto to initiate farming practices after a bad agricultural year. However, one need to understand that crop insurance should be part of overall risk management strategy to redistribute the cost of losses of few at the end of risk management process and also this may not completely cover up the economic loss incurred. Soon after the Independence many different crop insurance scheme's like PCIS, CCIS, ECIS,

PSSCI, FIIS, Sookha Suraksha Kavach, NAIS, MNAIS, WBCIS, etc. were implemented in the country over a period of time. Among different crop insurance products, NAIS was popular one and has been implemented throughout the country. To compensate for the seasonal variations, a new scheme WBCIS was introduced to help cultivator against season based shortfall in crop yield. Unfortunately, the different agricultural schemes introduced in the country for the past two to three decades seem to be not so progressive. Though the reasons vary from region to region, the need to protect farmers

has been continuing to be one of the major concerns of agriculture policy. As a modification and to circumvent the lacunae of the previous schemes, government has launched a new scheme Pradhan Mantri Fasal Bheema Yojana (PMFBY) in 2015-2016.

Adilabad is one of the most backward districts of the 31 districts of Telangana. The literacy rates and health indices are very low as per a recent survey in Telangana 2014. The poor agricultural output adds to the low economic status of Adilabad. In the present situation of the drought and flood, perception and awareness of crop insurance schemes will helps us to document the draw backs of the previous policies and to take proactive measures in efficient implementation of existing crop insurance policy. This may directly benefit the farmers of Adilabad to establish a sustainable life style and also encourage farming as a healthy livelihood.

RESEARCH METHODOLOGY:

To understand ground level working of Crop Insurance Schemes in Adilabad, primary data was collected from different mandals of the district. The study involved survey of farmers including those who have been covered under different crop insurance schemes (Loanee farmer) and also those farmers who did not avail any credit from the financial institution, called non-loanee farmer. Our prime aim of the field survey was to analyze the awareness and perception levels of the farming community in regard to crop insurance schemes and the extent of benefits provided by various schemes. The study was initiated in five mandals of Adilabad comprising Utnoor, Indravelly, Thamsi, Gudihathnoor and Bheempur. Personal interviews were conducted with each sample farmer by using a pre-tested structured questionnaire to collect the primary data. Random sampling procedure was followed to collect data and in the present study we maintained a sample size of 10 per mandal.

RESEARCH OBJECTIVES:

In view of the above, our present study is focused on the following objectives:

1. To understand and analyze the socio-economic profile of farmers who availed crop insurance.
2. To ascertain the levels of perception and awareness regarding crop insurance and
3. To document the opinion of farmers regarding draw backs of existing crop insurance scheme.

HYPOTHESIS:

There will be a significant relationship with education level of farmers and awareness about crop insurance schemes.

RESULTS AND DISCUSSION

Socio-economic characteristics of loanee and nonloanee farmers are presented in Table 1. Average size of family among borrowers and non borrowers was six. In the present study, only 12 percent of the farmers were illiterate and nearly 44 percent have completed college level education. Level of education, family size and experience in farming did not show any significant difference among the mandals selected for study. The mandal wise analysis revealed that majority of the farmers belong to medium category followed by small and large in Bheempur, Thamsi and Gudihathnoor mandals, whereas small farmers dominated in the sample in Indravelly and Utnoor. The parameters farm size and crop income is generally correlated to each other and this is high in Bheempur compared to other mandals (Figure. 1).

As per the preliminary data collected it is well understood that the major source of income is from

sale of agriculture product followed by livestock and other sources. From mandal wise comparison it is evident that bheempur mandal farmers have higher annual income from crop enterprise compare to other four mandals. Indravelly and Utnoor mandals have comparatively lower annual income. However, the details furnished by the sample farmers are erratic i.e always not correlated to farm size in some areas. This might be mainly due to higher land holding in some areas, availability of water resources, fertility of the soil etc. Though NAIS and MNAIS crop insurance schemes are being operating since 2002-03 and 2010-11 respectively, in the study area majority of respondents (>80%) are not aware that who has been implementing the schemes and who are being responsible for the compensation. Almost all farmers were in the wrong perception that banks would be responsible to pay compensation and they are the implementing agency (Table- 2).

Table 1: Socio-Economic status of the farmers of study area

S.No	Particulars	Bheempur	Gudihathnoor	Indravelly	Thamsi	Utnoor	Overall
1	Age (years)	37.2	39.1	41.9	41.9	39.2	39.86
2	Experience in framing (years)	16.3	15.4	14.1	17.8	13.7	15.46
3	Education						
	Illiterate	1	1	1	1	2	1.2
	primary	1	0	2	0	0	0.6
	secondary	2	8	4	1	3	3.6
	college & above	6	1	3	8	5	4.6
4	Family size (No.)	7.5	5.6	4.5	5.2	7.8	6.12
5	Landing Holding (Acre)						
	Irrigated	9.3	3.2	0	6.6	2.2	4.26
	non-irrigated	15.8	8.8	10.3	5.5	6.3	9.34
	total	25.1	9.4	10.3	12.1	8.5	13.08
6	Annual income (in INR)	271708.33	101000	36225	117955.6	40500	113477.8
	Annual income/acre	10825.03	10744.68	3516.99	9748.39	4764.71	7919.96
7	Bank that sanctioned loan	DGB	Bank of Maharastra	Andhra Bank	SBH	Andhra Bank	

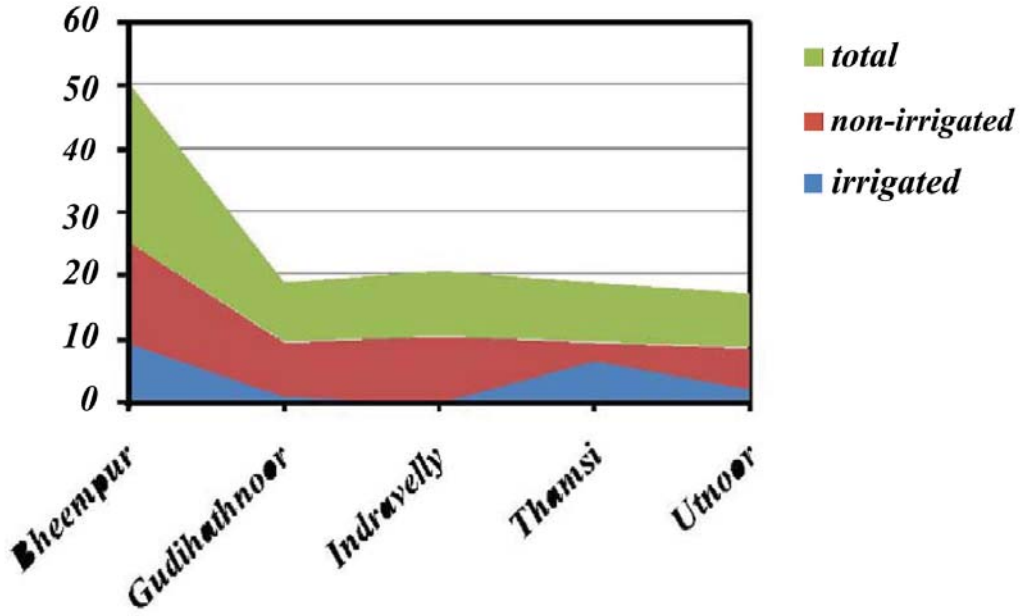

Figure 1: Details of Land holding capacity of the study. Different mandals of farmers considered in the study are mentioned on X-axis. The irrigated, non-irrigated and total land (in acres) is plotted on Y axis. Bheempur and Thamsi mandals have high land holding capacity and also the irrigated land (in acres) is recorded to be high in these mandals respectively. Gudihathnoor, Utnoor and Indravelly the cultivated land under irrigation is 34 %, 25.4% and zero percent respectively.

Views of sample farmers regarding various aspects of insurance were consolidated in the present study. These include source of motivation, experience with agricultural insurance schemes and claiming procedures and also opinion on premium rate (**Figure. 2**). More than 90 percent of the farmers mentioned that bank compulsion was the motivation for opting insurance. The loanee was enquired regarding the type of agriculture insurance they are aware of and their knowledge of the implementing agency, compensation payment details were questioned. The study also revealed that only 4 percent of the respondents were fully aware of crop insurance and nearly 60 percent were not aware of any of the schemes. It is deplorable to notice that nearly 44 percent of the farmers fall under the category of college and above level of education, but still have partial awareness of the schemes like NAIS, MNAIS and WCBIS. In the present study, we cannot correlate level of education to the level of awareness of crop insurance schemes among the respondents. However, on the contrary awareness for PMFBY was fairly high compared to the previous schemes. This can be attributed to the extent of advertisements in newspapers, radio and even through the banks. Further, more than 80% of respondents were not aware of extent of coverage premium paid, last date, procedure for insuring crops and method of loss determination and compensation worked out by agriculture insurance company. Loanee/ Farmers made several suggestions for improving existing schemes. Most of the farmers suggested for quick settlement of claims which is usually taking more than one year. Based on their knowledge on the previous schemes, around three fourth of the beneficiaries suggested to provide facilities for Insurance service at door step, sufficient time for opting insurance (notification should be done well in advance) and simplified procedure. The wide publicity for the recently launched insurance scheme PMFBY has awakened the farmers and raised a hope for a solution to claiming insurance for crop loss. Further detailed study on the implementation of PMFBY would definitely help us in understanding the bottlenecks in crop

Table 2: Awareness about Agriculture Insurance

S.No	Particulars	Aware Fully	Aware Partially	Not Aware
1	crop insurance	0	20	30
2	components of insurance			
	extent of coverage	0	0	0
	premium to be paid	0		
	last date for insuring crops	0	0	0
	procedure for insuring crops	0	0	0
	methods of loss determined	0	0	0
	method of compensation determined	0	0	0
3	implementing Agency			
	Agriculture crop insurance	0	0	0
	agriculture department	0	0	0
	others		0	0
4	Agency paying compenstion			
	Agriculture crop insurance	0	0	0
	agriculture department	0	0	0
	grameen Bank	0	0	0
	commercial Bank	0	0	0

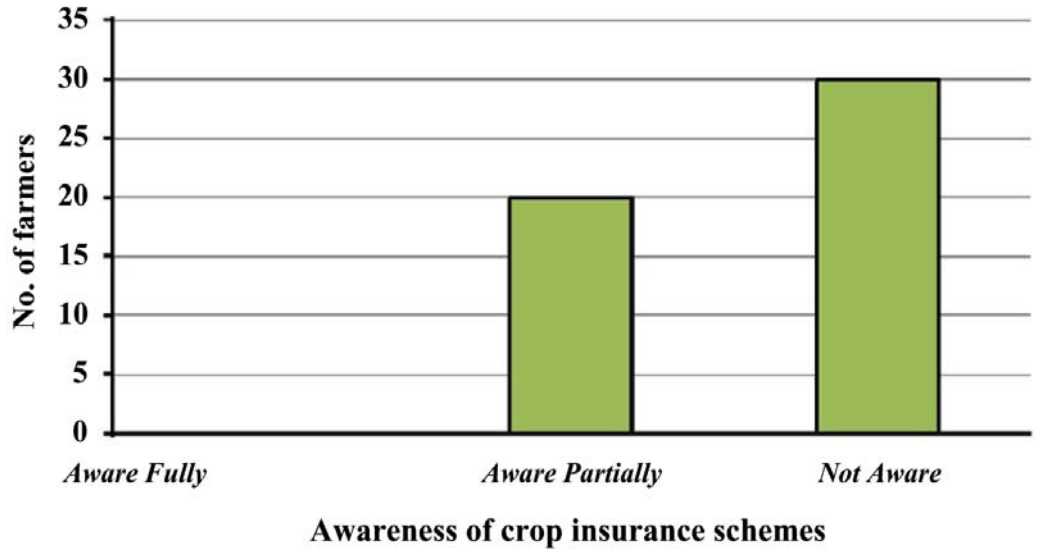

Figure 2: Graphical representation awareness of farmers regarding crop insurance schemes in the study area. Out of 50 farmers taken for the study, no farmer was fully aware of the schemes of crop insurance. Only 20 farmers (40%) were partially aware and 30 farmers (60%) were completely unaware.

insurance from a farmer's perspective. Respondents were suggested to consider actual crop condition/ actual loss, total sum insured and other agri parameters for working out compensation (indemnity). The source of information through which they are aware of crop insurance indicated that grameen and commercial

banks, neighbors and gram sevak were the most preferred media through which awareness on crop insurance has been created. At present service for PMFBY scheme to loanee farmers is provided by the concerned institution like Co-operative society or ACI. Nearly 85 present borrowers/ respondents suggested that a special rural agent at village level like LIC agent should facilitate insurance services.

CONCLUSION:

From the present study it could conclude that majority of the farmers both loanee and non loanee are not fully aware of the crop insurance schemes. They are being motivated by the banks to opt for insurance schemes and premium is being charged regularly. Further, Majority of the farmers are being under the apprehension that banks are the implementing agencies, which are collecting the premium to pay the actual implementing agency on behalf of the farmers. **Nearly 50 percent of the farmers in this study were educated but they do not clearly understand the procedural and other requirements of formal financial institutions. So our proposed hypothesis is rejected and it is concluded that there is no relationship between education level of farmers and awareness regarding crop insurance schemes.** Hence, there is need to create awareness about Crop Insurance by providing effective service centers or appointing Crop Insurance Agent like LIC agent to provide insurance service at the farmers door step as suggested many of the farmers. With the introduction of PMFBY scheme which is crop specific and low premium, there is an enormous insurance potential that can be captured to address the needs of the farming community. Enhancing the efficiency of insurance implementation can mitigate the adverse impacts of uncertainties, which is on the individual farmers. A further detailed study on PMFBY of the same sample farmers would give an idea to overcome the problems with awareness of crop insurance schemes.

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IRCTC – INSURANCE SCHEME FOR E – TICKET PASSENGERS

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ABSTRACT

Travelling has become an important part in ones life. We daily travel for some or the other purpose may be enjoyment, trip, work etc. The most cheapest and convenient way of travelling to long distances is through train. People of lower and middle class preferred mode of travelling to a distance place is through train. The travelling charges are minimal compared to other modes of travel. So people in India mostly prefer trains for long distance travelling. But when we see the risk of train travelling in India, there is one or the other major train accident every year. There are lakhs of people who loose their lives and are getting disabled.

Looking into the severity of the train accidents government of India wanted to ensure safety to train passengers and introduced 92 paisa travel insurance scheme. Travellers who book tickets through IRCTC website can avail this 92 paisa travel insurance scheme .

So this paper makes an attempt to study the importance of Travel Insurance and mainly focused on the IRCTC 92 paisa Travel Insurance Scheme. The Benefits, conditions and viability of the 92 paisa scheme has been presented in the paper.

Keywords: Travel insurance, IRCTC, 92 paisa travel Insurance,Shriram,ICICI Lombard,Royal Sundaram.

INTRODUCTION:

Insurance is a financial protection for an unexpected loss which may occur in our daily life. It is an agreement between an individual or an entity with an Insurance company where compensation is paid for an exchange of periodic payment. It is termed as buying financial peace of mind against the uncertainties and risks in life such as untimely death, loss of property, serious health issues incurring heavy expenditure, accidents etc.There are different types of insurances like life, health, motor, business, travel etc., to cover different types of loss.

Travelling has become a most important and regular aspect in one's life. Travelling may be for leisure or work. People love travelling and would like to cherish the happy moments life long. But there may be unforeseen situations which may occur while travelling. It may be loss or theft of baggage, trip cancellation, terrorist attack, accident etc. So due to this uncertainties and risks we are unable to spend good time while travelling. So to have a safe and better travel we need to buy a travel insurance. But many people ignore it and do not feel worth to buy travel insurance. It is not expected that everytime bad happens but if something goes wrong then it becomes a huge question mark..So there is a saying that "Prevention is better than Cure". which is applicable for insurance also. Travel Insurance is better to go for rather than taking a chance. But before taking Travel Insurance a person should be aware of how the Travel Insurance would benefit you for your trip. List out all the pros and cons of the Insurance with your trip and go for a better travel insurance plan.

All travel insurance policies have specific benefits and exclusions. So its common sense, imperativeness which are absolutely necessary to take time to read the policy carefully and opt for it.

IMPORTANCE OF THE STUDY:

Every year the country witnesses at least one major train accident, where large number of people die

and get injured. According to National Crime Records Bureau Approximately 15,000 passengers are said to die in rail mishaps every year and accident rate is 300 train accidents each year.

There are many poor people who cannot opt for travel insurance as the insurance premium are too costly and not worthwhile. But there are many people who lost their lives and got disabled due to train accidents. Though the accidents while travelling by train are rare but they are intense and cannot be ignored. Passengers should be aware of the importance of travel insurance and should opt for a right travel insurance. Thus it is always good for passengers to avoid risk and get protected by a proper insurance. So, Government of India took an initiative to provide Travel Insurance to the passengers who cannot afford for the travel insurance schemes which is benefitting many poor people.

OBJECTIVES OF THE STUDY:

1. To study about 92 paisa Travel Insurance Policy.
2. To study the features and benefits of the Scheme.
3. To study the viability and trend of Scheme.

RESEARCH METHODOLOGY:

The information for the present study has been obtained through secondary data from various websites, newspapers, reports of Indian railways and IRCTC. I also had discussion with the officials of the IRCTC and collected the data.

92 PAISA TRAVEL INSURANCE SCHEME:

Indian Railway Catering and Tourism Corporation started the facility of providing travel insurance for the e – ticket passengers at a cheaper cost 92 paisa. This 92 paisaTravel Insurance Scheme was launched by Union Railway Minister Suresh Prabhu on 1st September 2016. This scheme is introduced to ensure safer journeys via Indian Railways.

The Insurance claim is covered upto 10 lakh rupees at the cost of 92 paisa premium including taxes. The insurance cover is uniform for all the classes. The passenger who book e-ticket only can avail this scheme. Any Citizen irrespective of class, status like Confirmed and RAC passengers can avail this Insurance. It applies not only for accidents but terrorist attacks, riots, robbery, shoot outs, arson, accident falls from trains which are described under Sec 123,124 and 124A of the Railways Act 1989.

Later, from 23rdNovember 2016, 92 paisa travel insurance scheme was mademandatory and made free of cost to all the e ticket passengers where IRCTC is paying the 92 paisa premium to the Insurance Companies on behalf of the passengers so that it could benefit more number of passengers.

FEATURES:

To avail the 92 paisa travel insurance there are certain conditions

1. The scheme is only applicable for Indian citizens.
2. Foreign citizens cannot avail this Scheme.
3. Any passenger travelling by local or suburban trains cannot avail this insurance.
4. A passenger should be above 5 years of age.
5. This Scheme has become mandatory on e-ticketing and there is no need of paying any premium.
6. The citizens those who book ticket on New Generation E - ticket (NGet) website are eligible for this scheme.
7. The policy information is provided through SMS on their registered email and Mobiles.
8. The nomination details should be filled at respective Insurance companies.
9. The coverage for the policy shall be for each passenger under the PNR incase if death, permanent disability, partial disability, hospitalization expenses for injury and transportation of mortal remains following rail accident or untoward accident.
10. The contractual obligations are between passengers and the insurance company and no way with IRCTC.

11. The policy also covers the alternate mode of transport arranged by railway till the destination level.
12. If there is any diversion of train the coverage is also considered for diverted route.
13. The travel insurance scheme is uniform for all classes.
14. The coverage is valid for the Vikalp trains also.
15. The Insurance claim should be made within 4 months of the incident.

BENEFITS OF THE SCHEME:

This Insurance scheme offers the passengers or there families a compensation ofRs.10,00,000 for death or permanent total disability, Rs. 7,50,000 for permanent or partial disability, Rs. 2,00,000 for hospitalization expenses and Rs. 10,000 for transportation of mortal remains in the event of death or injury from a train accident or other incidents like terrorist attacks, dacoity, rioting, shoot-out or arson, as well as for short termination, diverted route and Vikalp trains.

Compensation assured for 92 paisa Travel Insurance Scheme:

Death Permanent	Total Disability	Permanent Partial Disability	Hospitalization expenses for injury	Transportation of mortal remains
Rs.10,00,000	Rs.10,00,000	Rs.7,50,000	Rs.2,00,000	Rs.10,000

INSURANCE PROCESSING:

The Indian railways has selected three insurance companies for providing insurance to the passengers who book tickets online.

1. Shriram General Insurance
2. ICICI Lombard General Insurance
3. Royal Sundaram General Insurance

These Insurance companies were selected through competitive bidding where 19 companies had participated in which 17 companies were found eligible and 3 companies were selected. Of the three companies selected, each company would get insurance policies on a rotation basis from an automated system.IRCTC has engaged the firms for one year with the provision of extending the contract on a performance basis.

Shriram General Insurance was the lowest bidder quoting 92 paisa, ICICI Lombard quoted 99 paisa and Royal Sundaram Rs.1.15 paisa. The other two companies have to match the lowest bid of 92 paisa.

This states that this policy is the cheapest among all other policies in the world. The premium is way below the Global Market Standards. There is no other insurance policy which can be compared with such a low cost.

Here comes thequestion whether this 92 paisa Insurance policy is viable or not?

It was stated by the IRCTC that there were 3.2 million daily logins to the website and where 5.5 lakh tickets are booked per day and from that only 3.5 lakh people opted for this 92 paisa Travel Insurance Scheme. Then later on from December 2016 IRCTC made the scheme mandatory and stated that the passengers need not pay the premium of 92 paisa and it was offered free of cost to every passenger who opted for e - ticket.

IRCTC has also estimated that 22 crore rupees would be generated through e-ticketing system alone. If this 92 paisa Travel Insurance Scheme is extended to all 2.3 crore passengers travelling daily on India 65000 km network, the revenues are also estimated to grow up to Rs.670 crore annually.

The below statistics depicts the statistics of the passengers who opted for E – Ticketing and Insurance which shows the viability of the Travel Insurance Scheme.

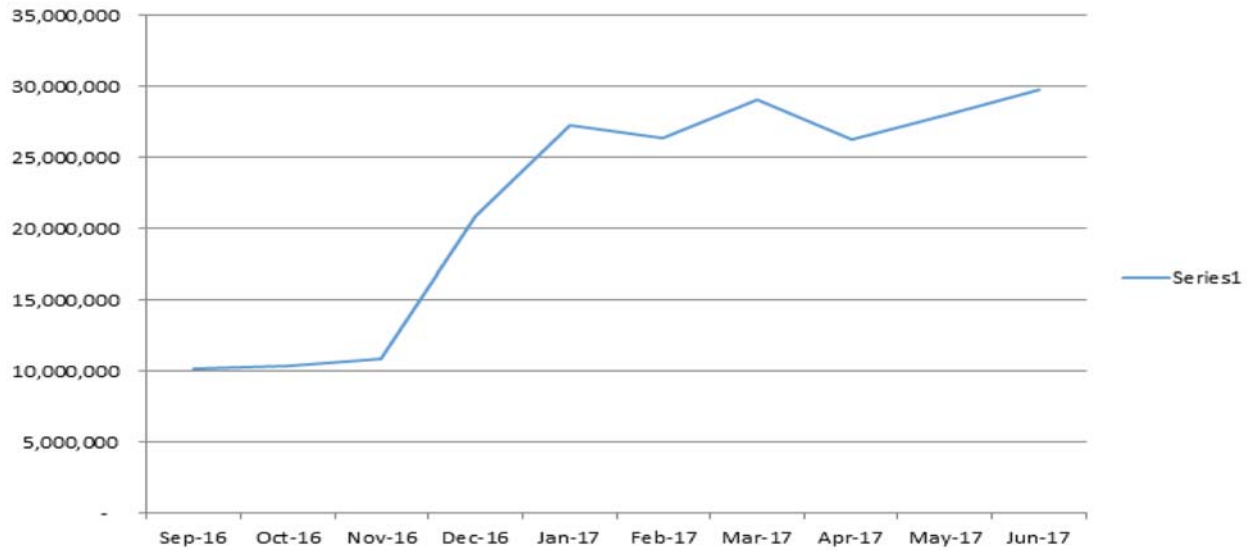
Table of Passengers who opted for E- Ticketing and Insurance

Months	Passengers	Passengers who opted insurance
September – 2016	1,01,78,429	35,62,450
October – 2016	1,03,77,214	36,32,024
November – 2016	1,09,01,667	38,15,583
December – 2016	2,09,05,541	2,09,05,541
January – 2017	2,73,09,223	2,73,09,223
February- 2017	2,63,31,421	2,63,31,421
March – 2017	2,90,27,662	2,90,27,662
April – 2017	2,62,83,656	2,62,83,656
May – 2017	2,80,24,510	2,80,24,510
June – 2017	2,97,53,470	2,97,53,470

Source: IRCTC

Note: Since the Travel Insurance has become mandatory from the month of Dec 2016, the total no of e-ticket passengers is equal to total no of passengers opting for 92 paisa Travel Insurance scheme.

Graph showing an Increasing trend for the 92 paise Travel Insurance Scheme



In addition to the data provided by the IRCTC (e tickets) the graph states that there is an increase in passengers of the scheme from the month of December 2016 as the government made it a mandatory travel insurance scheme for the E – ticket passengers.

A CASE STUDY PERTAINING TO THE 92 PAISA TRAVEL INSURANCE SCHEME:

In a incident that took place on 20th November,2016 of Patna - Indore derailment a 148 passengers were killed and 200 were injured. The 92 paisa travelinsurance scheme has compensated all the eligible victims.

There were 695 passengers in the train among which only 209 passengers have chosen travel insurance while booking their tickets online and 78 passengers were eligible for insurance and thus claimed the insurance compensation.

The three companies Royal Sundaram, Shriramand ICICI Lombard has provided insurance to the devasted victims of the incident.

This incident has forcedthe Railways to make the 92 paisa Travel Insurance Scheme mandatory to all the e – ticket passengers . The Indian Government decided to offer it free of cost to all the e-ticket passengers so that more number of passengers are covered under this scheme and can be benefitted through e – ticketing.

TREND OF THE SCHEME:

92 paisa Travel Insurance Scheme got a positive response in the beginning as 35% of passengers opted for the scheme per day. Though it was a good start with the scheme it was not 100% of passengers. In spite of various benefits the total e-ticket passengersi.e 100% passengers were not opting for the scheme due to various reasons like ignorance, carelessness and lack of interest etc. Later on the 92 paisa Travel Insurance Scheme was made mandatory after the Indore – Patna derailment of the train accident to benefit more number of passengers and all e - ticket passengers making it 100%.

One of the benefits of demonetization is awareness and increased use of modern technology and this has influenced the Indian Railways also. Now more number of passengers are using technology and opting for e-ticket through IRCTC and thus this also brings greater prospects for opting the 92 paisa Travel Insurance Scheme. This clearly indicates greater prospects for the 92 paisa Travel Insurance Scheme which is beneficial to everyone in providing financial security and giving protection against various unforeseen contingencies that we face while travelling.

CONCLUSION:

IRCTC Travel Insurance Scheme is a passenger friendly scheme and offers lot of benefits to the passengers. In spiteof benefits only 35% passengers had only opted for the scheme. Until the Government of India made it mandatory 100% passengers did not avail it due to reasons likeunawareness, not bothered, has not been introduced in IRCTC mobile application etc. If the importance of Travelinsurance is made known to the people then passengers wouldopt for it for a minimal premium also. There was no need to provide free of cost since the premium is affordable as it is minimal amount i.e 92 paisa where a poor person can also afford. To benefit more number of passengers theinsurance scheme should be opened for the Counter ticket passengers also.One of the suggestions is that allthe State Government Road Transport Corporations should also adopt such type of scheme so that more number of poor and middle class people would be benefitted by such schemes as Road accidents are more than the Train accidents. If such a provision is made by all the State Tourism Development Corporation for the tourists who are visiting the states for a trip, the passengers and corporations would also bebenefitted by such schemes.

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CONCEPT, GROWTH, CHALLENGES AND PROSPECTS OF TAKAFUL INSURANCE IN INDIA – A STUDY

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ABSTRACT

India's life insurance sector is the biggest in the world with about 360 million policies(Indian Insurance Industry Overview & Market Development Analysis, June 2016) and is expected to increase at a CAGR of 12-15 per cent over next five years.The current population of India is 1.327 Billion in 2016 as per the Census Report, of which the Muslim population is 172 million i.e. around 14.2% of total population of India and is stated to be the third largest Muslim populated country of the world (being the home for 10.97 % of the world's Muslim population), next to Indonesia and Pakistan. (as per Islam in India – Wikipedia). 2011 Census data reveals that the muslim community still lags behind on most counts despite the country's rapid economic growth and they come out pretty much at the bottom of most socio-economic indices. Muslims do not take the conventional insurance policies because of the element of interest (which is Haram in Islam), uncertainty (Al- Gharar) & gambling (Al-Maisir), present in them.

In such a scenario when the Government of India is planning to achieve inclusive growth, steps need to be taken to improve the financial conditions of the weaker sections of the society including the down trodden muslims. The conventional insurance industry is currently facing the short term painful effects and financial crisis mainly due to demonetisation and implementation of GST norms. In such a scenario the Takaful Insurance which is based on the ethical principles of mutual cooperation, help and protection to all, can prove to be a good solution. The present paper has been prepared by using both secondary and primary data. An attempt is made to understand the concept of Takaful insurance and to find out the awareness and feasibility of it, in India through administering a questionnaire to 150 muslims in Hyderabad City.

Keywords: Takaful Insurance, Tabarru, Shariah, Al-Mudarabah, Al- Wakalah and Al-Waqf Models, CAGR, Gross Takaful Contributions.

Introduction

India's life insurance sector is the biggest in the world with about 360 million policies[1] which are expected to increase at a Compound Annual Growth Rate (CAGR) of 12-15 per cent over the next five years. The insurance industry of India consists of 53 insurance companies of which 24 are in life insurance business and 29 are non-life insurers. Among the life insurers, Life Insurance Corporation (LIC) is the sole public sector company. Apart from that, among the non-life insurers there are six public sector insurers. In addition to these, there is sole national re-insurer, namely, General Insurance Corporation of India (GIC Re). The insurance industry plans to hike penetration levels to five per cent by 2020.

The Indian insurance market is a huge business opportunity waiting to be harnessed. India currently accounts for less than 1.5 per cent of the world's total insurance premiums and about 2 per cent of the world's life insurance premiums[2] despite being the second most populous nation.

The country is the fifteenth largest insurance market in the world in terms of premium volume, and has the potential to grow exponentially in the coming years.

The current population of India is 1.327 Billion in 2016 as per the Census Report, of which the Muslim population is 172 million i.e. around 14.2% of the total population of India and is stated to be the third largest Muslim populated country of the world(being the home for 10.97 % of the world's Muslim population), next to Indonesia and Pakistan[3].

Almost a quarter of India's 370,000 beggars are Muslims, newly released data from the 2011 Census reveals that the muslim community still lags behind on most counts despite the country's rapid economic growth.They come out pretty much at the bottom of most socio-economic indices, even a decade after a high-level government probe into their historical disadvantages led to policy actions. Government employment is up from 5% a decade ago to 8.50% in 2014-15, but that's way below their share in the population. Higher education indices for 2014-15 put the gross enrolment rate at 13.8% for Muslims, compared to an all-India figure of 23.6%. Within their community, the literacy rate of Muslim adult males is 81%, compared to 91% among Hindus, 94% among Christians and 84% among Sikhs, according to a 2013 report of the National Sample Survey Organisation. Though there are no authentic figures to be quoted regarding the no. of insurance policies taken by Muslims in India, still we can say that it is minimal as most Muslims do not take the conventional insurance policies because of the element of interest or usury called riba in Arabic (which is Haram in Islam), uncertainty (Al- Gharar) and gambling (Al-Maisir), present in them.

In such a scenario when the Government of India is planning to achieve inclusive growth, steps need to be taken to improve the financial conditions of the weaker sections of the society including the down trodden muslims. Besides this the conventional insurance industry is currently facing the short term painful effects and financial crisis mainly due to demonetisation and implementation of GST norms, which are being stated as the "Game Changers" and are claimed by the Modi Government, to impact the growth of the economy positively, in the long run. In such a scenario if the public have an option to move to such an ethical model of insurance, which is based on the principle of mutual cooperation, help and protection to the takaful holders, we need to check out the feasibility of such an insurance in India.

Takaful is the Islamic concept of insurance which is emerging as one of the dynamic concepts in today's globalised insurance industry bringing in the new dimension of ethical financing based on the principle of cooperation, mutual help and protection.

Even as the Reserve Bank of India is exploring Islamic banking opportunities for Indian banks, the Life Insurance Corporation of India has set the ball rolling on *takaful* (Islamic insurance).

LIC's new international joint venture company - Indo-Saudi Insurance Company — will be the first to introduce *takaful*. This Arabic word means 'guaranteeing each other' or joint guarantee.

"The entire pricing will be different as the benefits differ from conventional insurance policies," LIC Managing Director K Mehrotra told *Business Standard*. "Its actuarial team has started working on the pricing mechanism and senior officials have been sent to Saudi Arabia to look into the product", he added.

Literature Review

Issa Khan et.al(2016)in their study reveal that Islamic insurance in Bangladesh is regulated by the Insurance Act 2010 which is contradictory with Islamic insurance causing numerous problems for Islamic insurance. Their study also points out that Islamic insurance is a fast growing industry with huge prospects in Bangladesh. The government should introduce separate regulations for both Islamic and conventional insurance. The research concludes with suggestions for the further development of Islamic insurance in Bangladesh.

C.K.Hebbar et.al (2014) in their article explained about the concept and operational details of Takaful,its history, growth and prospects in the muslim countries of the world.they explained about the takaful operation models along with their merits and drawbacks and also gave a clear distinction between conventional insurance and the takaful insurance, along with the basic challenges that the takaful insurance is facing in the countries which have implemented it. Besides using the secondary data, their study made use of primary data by administering a questionnaire on takaful insurance in South Canara to both Muslim and Non- Muslim Communities to study about its awareness and feasibility and concluded that though most people are aware of only the basic concept of Islamic insurance, still a lot of efforts need to be put in to meet the challenges of takaful insurance and to educate the people about its advantages.

Syed Ahmed Salman and Sheila Nu NuHtay (2013) opined that the conventional insurance contains the prohibited elements such as interest, uncertainty and gambling which calls for an alternative insurance, i.e. Islamic insurance, suitable for both Muslims and non-Muslims. Many Muslim and non-Muslim countries have introduced Islamic insurance due to its ethical nature and have succeeded in improving its potential growth. In their study they explained the concept, origin and growth of Takaful industry world-wide and stated that the prospects of Islamic insurance in India are high as it ranks third among the highest Muslim populated countries of the world.

Many more studies were conducted on viability of Takaful Insurance by researchers like Hafsa Sadat (2016), Khalid Al-Amri and Mohammad Zakir Hossain (2015), A Bhatty (2010) and others

Research Gap

As the Islamic Insurance is still in the nascent stage and not so far introduced in India most of the studies are based on secondary data collected from various articles on Takaful published / available on websites. Only a few researchers have made use of primary data and no such study is taken up in Hyderabad City of Telangana State where, out of 44.65 lakh muslims about 17.13lakh muslims (i.e.43.5% of the total muslim population of the state) reside. So the present study is carried out by administering the questionnaire to muslims in Hyderabad to know about their awareness on Takaful.

Objectives of the Study

The present study is carried out with the following objectives:

1. To understand the concept, growth, challenges and prospects of Takaful Insurance in the world.
2. To know whether the muslims in Hyderabad are taking the conventional insurance policies or not.
3. To evaluate the awareness of the muslims regarding Takaful Insurance and its feasibility in India based on their responses.

Research Methodology

Collection of Data

The study makes use of both primary and secondary data to achieve the stated objectives

The concept, growth, challenges and prospects of Takaful Insurance are studied through the secondary sources like books, articles and research papers published in various journals and websites, Reports related to takaful insurance published by World Islamic Directory and other organisations.

Primary data has been collected by administering the questionnaire to muslims at Hyderabad using convenience sampling technique to evaluate the awareness and feasibility of takaful insurance in India

Area Selection Hyderabad City is selected for the present study because among the muslim concentrated states of India like Lakshadweep, Jammu and Kashmir, Uttar Pradesh, West Bengal, Bihar, Assam, Kerala, Maharashtra, Jharkhand, Karnataka and Telangana, the highest Muslim percentage is in **Hyderabad** (40%) among all the big cities in India as per the 2011 Census.

Sample Size:150 respondents

Tools for Analysis: Simple Statistical tools like Averages, Percentages, Bar Diagrams and Pie-Diagrams are used for analysing the data.

Concept and working of Takaful Insurance

Theoretically, takaful is perceived as cooperative or mutual insurance, where members contribute a certain sum of money to a common pool. It is based on the principle "Pay a defined loss from a defined fund". The purpose of this system is not profits, but to share the burden of others who suffer from unexpected misfortune. Takaful insurance works with the following ethical principles.

- Ø Helping the needy: Subscriptions are paid by the policy holders to help the needy.
- Ø Mutual Help for collective good: The members taking the policy come together for a common purpose of cooperating with each other for their collective good.
- Ø Community pooling system: Takaful insurance does not derive advantage at the cost of others as the liabilities are spread and losses are divided according to the prevalent community pooling system.
- Ø Gambling and uncertainty eliminated: It eliminates gambling and uncertainty and instead compensation and subscriptions are contributed.
- Ø Cooperation and support: It is based on the concept of cooperative insurance which upholds the principle of "bear ye one another's burden".

For entering into Takaful Contract, the participants contribute some amount to the takaful fund in the name of "Tabarru" and agree to mutually help each other, if any of the participants suffer any form of misfortune like death, permanent disability, loss, damaged etc. Under takaful, the contributions collected from the policy holders are considered as donations to the takaful fund, from which all claims are reimbursed. The amount to be contributed is determined based on the type of cover they require.

At the end of each financial year, after deducting the claims operating expenses and making provision for reserves the surplus is not taken by the shareholders, but it is distributed to the policy holders in the form of cash dividends as profits for their investments. The Investment assets representing the Takaful Fund gets accumulated and is invested by the shareholders who manage the company on behalf of the policy holders and get rewards as percentage of profit on these investments.

There are three basic Models of Takaful Insurance

1. Al-Mudarabah Model
2. Al- Wakalah Model
3. Al- Waqf Model

The Mudarabah Model

This is essentially a basis for sharing profit and loss between the Takaful operator and the policyholders. The Takaful company acts as the trustee and manager of the Mudarabah fund in return for a share of the surplus on underwriting and a share of profit from investment. Management expenses of the operator shall be borne by the shareholders' fund and not from the Takaful funds. This model is commonly used in Malaysia.

The Wakalah Model

Wakalah is a contract between the Takaful operator and the participant in which the policyholder authorizes the Takaful operator to manage the fund in return for a fee. This model was formulated by scholars in the Middle East and is still the predominant form of Takaful in this region.

Al- Waqf Model or the Mudarabah Cum Wakalah Model

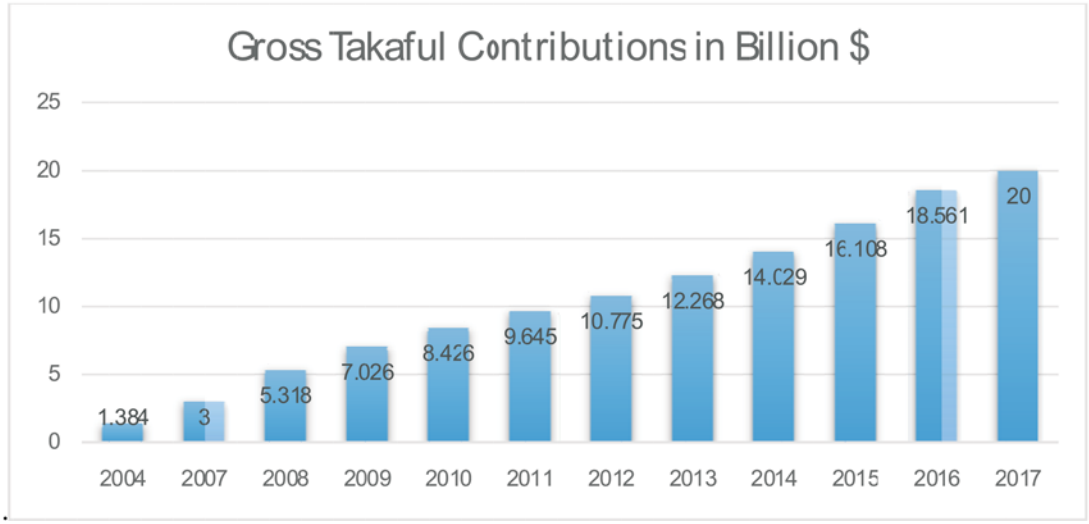
This is a hybrid model, which combines the principles of both Mudharabah and Wakalah models. Here the Takaful agent receives both a share of the profits generated from the investment activities of the Takaful fund, as well as a predetermined share of the contributions paid by policyholders in the form of Wakalah fees.

Whatever may be the model adopted, in a "Takaful system" there is no reference to a 'policy holder' and instead the beneficiary is called as participant. The entity which collects the common fund (Takaful fund) and issues the policy is referred to as "Takaful operator". The intention of this scheme is to share responsibility and indemnify the losses and not to solely make profits. In regard of the profits made by the Takaful Operator, the principles of the Islamic Shariah are to consider it as a surplus fund and to distribute the same in the proportionate manner among the participants. The strides of its progress throughout the world are visible from figures related to the Global Gross Takaful Contributions as stated in the given table

Table 1: The Global Gross Takaful Contributions

Yea	2004	•0007	2008	2009	2010	2011	2012	2013	2014	2015	•1 16	2017
GTC in B •	1.384	•00	5.32	7.03	8.43	9.65	10.78	12.27	14.03	16.11	•. .56	14.03
CAC	-	† -	-	-	-	-	-	-	-	-	† -	27.48%

Sour• World Is ıic Directory
Note • he figure• ˙2015,16 & 17 are estimations.



Source: World Islamic Directory (2012) & Ernst & Young, Global Takaful Report (2014)

The Gross Takaful Contributions were only 1.384 billion$ in 2004 but with the progress in Takaful Insurance over various countries across the world the global Takaful contributions increased to 14.029 billion $ in 2014 according to World Takaful Reports and it is estimated to reach 20 billion $ by 2017 (ICD Thomson Reuters (2015)). The Compound Annual Growth Rate of Takaful Insurance in the world, over the period 2004 to 2017 is estimated to be 27.481 % which is quite high. Around year-end 2014, the Takaful assets were estimated to be around USD 33 billion. Besides this, the number of Takaful operators were only 150 in 2009 (Keat, 2009) and by 2014 this number increased to 308 (Source: ICD Thomson Reuters (2015)) These figures, no doubt are small when compared to the conventional insurance market across the globe but the Takaful insurance, still in its nascent stage and with a smaller asset base has registered more varied performance.

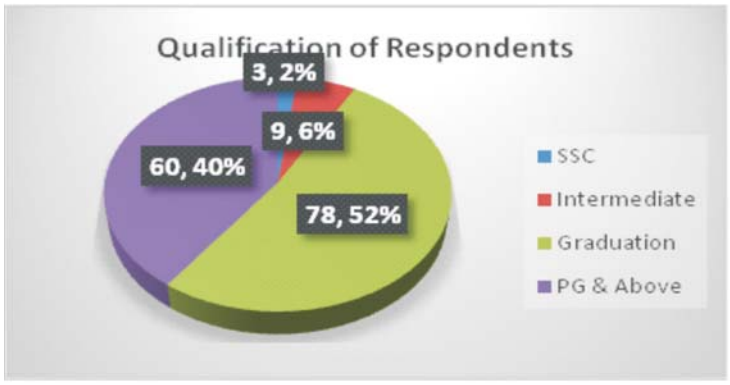
Findings of Primary Data collected through Questionnaire:

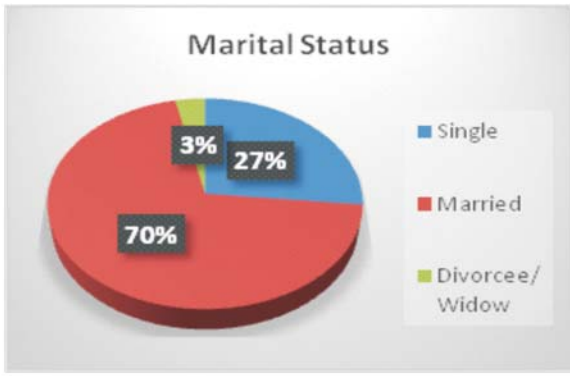
To know whether the Muslims are taking Insurance policies in Hyderabad or not and to find out their awareness with regard to the Takaful Insurance and to understand the perceptions of Muslims on the feasibility of takaful Insurance in India a Questionnaire was administered to 150 muslims randomly using convenience sampling technique and the analyses revealed the following details:

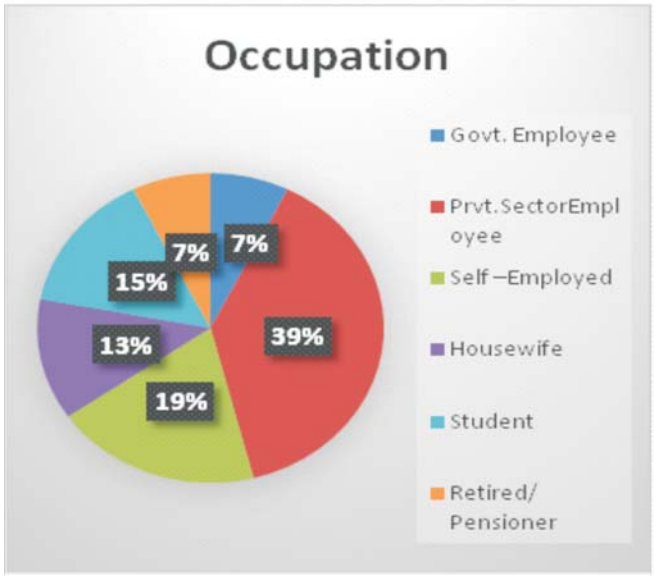
Table 2: Demographic Profile of the Sample Correspondents

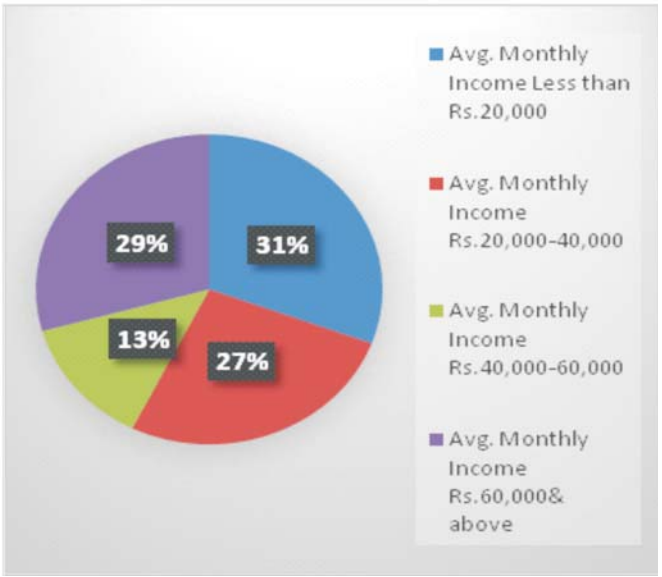
Variable	Particulars	Count in No.	Percentage Count
Sex	Males	94	62.7
	Females	56	37.3
	Total	150	100
Age	20 – 30 Years	63	42
	30 – 40 Years	31	20.7
	40 – 50 Years	31	20.7
	50 & Above	25	16.6
	Total	150	100
Edu. Qualification	Illiterate	Nil	-
	Up to Primary	Nil	-
	SSC	3	2
	Intermediate	9	6
	Graduation	78	52
	PG & Above	60	40
	Total	150	100
Marital Status	Single	40	26.7
	Married	105	70.0
	Divorcee/ Widow	5	3.3
	Total	150	100
Occupation	Govt. Employee	11	7.3
	Prvt.SectorEmployee	58	38.9
	Self –Employed	29	19.3
	Housewife	19	12.6
	Student	22	14.6
	Retired/ Pensioner	11	7.3
	Others	Nil	-
	Total	150	100
Avg. Monthly Income	Less than Rs.20,000	46	30.7
	Rs.20,000-40,000	40	26.7
	Rs.40,000-60,000	20	13.3
	Rs.60,000& above	44	29.3
	Total	150	100
Having any Policy	Yes	68	45.3
	No	82	54.7
	Total	150	100

Source: Primary Data









As per the primary data collected through Questionnaire, it is found that out of 150 respondents 94 are Males and 56 are Females, this shows that 63% of the respondents are Males and 47% are Females. Though the questionnaire was administered in equal numbers to both, more percentage of males responded and among the females who responded to the questionnaire most of them are highly educated and are working.

42% of the respondents (most of them) belong to the age group of 20 – 30 years, while 20% each belong to the age group of 30 – 40 & 40 – 50 Years and 17% are above 50 years. This shows that the young generation is now more enthusiastic and willing to go ahead to adopt changes and work for their better future.

Out of the 150 respondents only 68 of them (i.e.45%) said that they have an insurance policy and most of them 82 members (i.e.55%) do not have any insurance policy. If we carefully analyse the respondents, it is found that majority of them are Graduates (52%) and Post Graduates (40%). It means even in the educatedMuslim community most of them prefer not to take an insurance policy as it is having Interest which is Haramin Islam. This clearly points out that the situation is much worse when we consider the illiterate Muslims who don't take insurance policies.

When the occupation of the respondents is considered it is found that most of them are working in Private Sector (58) or they are Self Employed (29), very few of them (11) are Govt. Employees and remaining are either students, housewives or retired people.

The average monthly income of most of the respondents in the present survey was reported to be less than Rs. 20,000 (31%) and surprisingly 29% of them have reported to have income above Rs. 60,000 (This may be because most of the Muslim families in Hyderabad are working in Gulf

countries and they were also requested to respond to the questionnaire. But majority of them have average monthly incomes less than Rs. 40,000.

Out of the 68 respondents who had taken an insurance policy it is reported that 28 had Life Insurance Policy and 24 had taken medical insurance(most of them have either not claimed it or claimed only once), 7 General Insurance and 8 of them had taken both Medical and life insurance and only 1 person had all the three.

As most of them are working in Private Sector or are self-employed, majority of them have stated that they have taken the policy for savings and investment (15) and it is the policy of the company where they work, to take an insurance policy (20 out of 68 respondents have given this reason)and other reasons stated are, meeting medical expenses (10); for claiming tax deduction (6) and remaining for covering financial risk.

When the reasons for not taking any insurance policy were enquired, majority of them cited the basic reason of interest being haram in Islam and so not interested (68) other reasons cited were lack of knowledge and ignorance and no sufficient income to pay premium etc.

Table 3: Awareness on Takaful Insurance

Particulars	Response of Respondents	Number	% Count
Awareness of Takaful Insurance	Yes	30	
	No	120	
	Total	150	
Knowing the difference between Conventional & Takaful Insurance	Yes	20	
	No	120	
	May be	10	
	Total	150	
Willingness/ Preference to Buy Takaful insurance if offered by the Indian Insurance Co.s	Yes	76	
	No	8	
	May be	66	
	Total	150	
Feasibility of Takaful Insurance in India	Yes	37	
	No	13	
	May be	100	

Source: Primary Data

With regard to the awareness about Takaful Insurance it has been found out from the data collected that only 20% of the respondents are aware about it and only 15% of the respondents know about the differences between the conventional and the Takaful Insurance, this is because the concept of such an Islamic Insurance has not been started so far in India and it is in a nascent stage in the Islamic countries of the world.

Majority of them (51%) have stated that they would surely prefer to take the Takaful insurance if offered by the Indian Insurance Companies in India and others (44%) expressed their willingness to buy it but where not very sure and only 5 % were not interested in it.

When their perceptions were taken regarding the feasibility of Takaful Insurance in India 37 of them (25%) were very sure that it will be feasible and 100 (67%) were hopeful but not very sure and 13 (8%) stated that it is not feasible in India.

Challenges in implementation of Takaful Insurance in India

Takaful Insurance with its ethical principles of mutual cooperation and protection is being accepted worldwide as one of the new dimensional alternative insurance business not only by the Muslims but also by the non-Muslimsbut its growth rate is not satisfactory and facing a number of challenges which are stated as follows:

- The process of starting a new company with all legal aspects of insurance such as Takaful is lengthy.

- The Shariah requirements are not uniform throughout the globe and hence it is difficult to create uniform product.
- The conventional insurance is already well established and Takaful insurance will take its time.
- The benefits of Takaful insurance are not known to everyone and hence educating the people about them is necessary.
- Tapping local markets is not enough for Takaful insurance. It should gain international acceptability to become viable.
- Profits are not much in the Takaful business, so it is not easy to succeed.
- Considering the cost factor and the requirement of transparency as per the IRDA regulations make it more difficult.
- The success of Takaful business lies in the efficiency and dedication of well qualified and trained Takaful operators and there is shortage in the availability of such personnel.

Suggestions for improvements

Proper steps should be taken to improve governance competence in the working of the Takaful insurance.

Risk management function along with development of Shariah compliant products are to be taken care of by the takaful operators and the administration team for the success of this business.

Training the takaful operators with regard to improving their sales and marketing capabilities and targeting strategic target market will help in achieving the targets.

Accounting regulations, Solvency and Funds treatment operations should be taken up so that transparency is maintained.

Government support and direction and a good regulatory framework is necessary for its wider acceptability.

Above all these, the most important one is bringing in awareness and education regarding the Takaful insurance among the target market audience is must.

Conclusions

From the analysis of the primary data it is concluded that the future prospects of takaful insurance in India are bright as 95% of the respondents were willing to buy Takaful insurance if offered by the insurance companies in India.

It is found that only 20% of the respondents were aware of takaful insurance and majority of them are not aware of the benefits of it. So it is concluded that unless proper education and awareness about takaful insurance is brought about there is no chance of that being successful.

Though the ethical concept of takaful insurance would help many people to save and invest money and consequently contribute to the growth of the economy but it is not easy to implement it in India as it requires strong support from the government and necessary changes in the legal frame work of the present insurance sector to include Islamic insurance in it.It also requires qualified and competent people who have knowledge regarding the working of modern economies and also have proper understanding and insight into the Islamic Shariah so that they develop appropriate Takaful model. It is likely to succeed if proper awareness and education about the benefits of Takaful insurance is brought about to all including the non-muslims.

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GROWTH AND STATUS OF REINSURANCE BUSINESS IN INDIA: A STUDY

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ABSTRACT

Varied literature on Insurance and Reinsurance emphasises that Reinsurance is a very valuable and multi-faceted product that enhances the fundamental financial risk spreading function of insurance. Reinsurance provides a helping hand to insurers to unlock their full potential. In the simplest terms the purchase of insurance by an insurance company is known as Reinsurance. India on one hand being a natural catastrophes prone area and on the other hand the year on year growth in the market size of insurance business highlights the need of a high reinsurance capacity. In the backdrop of growing importance of Reinsurance in India and dearth of research and publications on the same, the current study has been taken up to analyse the growth and status of Reinsurance business in India.

The focus of the study is on the Reinsurance business of the Non-life insurance companies operating in India and also on the Indian National Reinsurer GIC Re. Further a comparative analysis of the public and private sector non-life insurance companies with respect to reinsurance business is done. The growth is measured on the basis of two parameters viz. Reinsurance Demand and Reinsurance Supply. Ten years data from 2006-07 to 2015-16 pertaining to 21 Non-Life insurance companies (4 from the Public Sector and 17 from the Private Sector) have been taken as sample for the study. The data collected has been analysed using trend analysis, graphical analysis, descriptive statistics and basic accounting procedures.

Key words: Reinsurance, Insurance, Growth, Non-life Insurance companies, GIC Re, Reinsurance Demand, Reinsurance Supply, Reinsurance Ceded, Reinsurance Accepted, Profitability

Introduction:

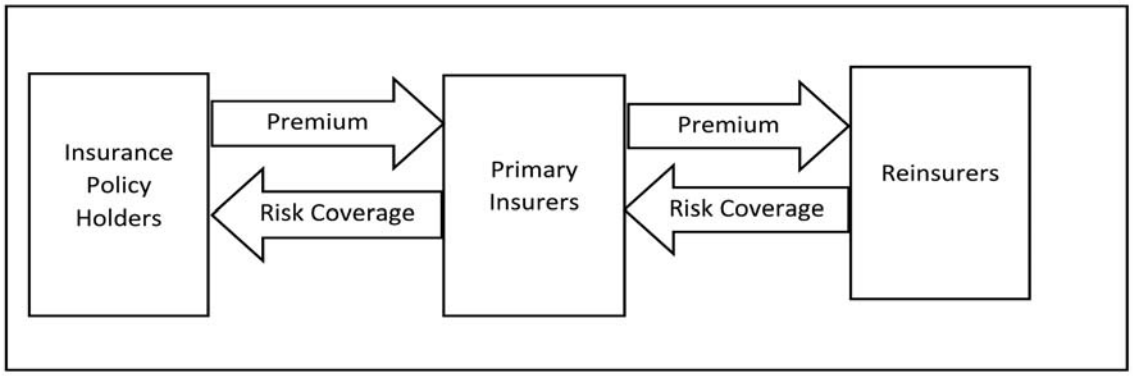
In the current competitive insurance scenario, the success of an insurer depends not only on charging adequate rates to cover costs, but also on providing credible assurances to policy holders that claims payments will be made (James Garven and Lamm Tennant (2003)). Reinsurance is one such multifaceted product which provides a helping hand to insurers in providing this credible assurance. In the simplest terms the purchase of insurance by an insurance company is known as Reinsurance. It serves at least four basic functions for the direct insurance company: increasing the capacity to write insurance; stabilizing financial results in the same manner that insurance protects any other purchaser against spikes from realized financial losses; protecting against catastrophic losses; and financing growth (David and Joy 2007). In India reinsurance is an emerging domain which exhibits tremendous long term growth potential. India on one hand being a natural catastrophes prone area and on the other hand the year on year growth in the market size of insurance business highlights the need of a high reinsurance capacity. The Non-life insurance sector dominates the reinsurance market in India with a share of almost 94%. In this backdrop understanding the growing importance of Reinsurance in India and

dearth of research and publications on the same, the current study has been taken up to study the growth and status of Reinsurance business of the non-life insurance companies operating in India and also to study the growth and status of the national reinsurer GIC Re.

The Concept of Reinsurance:

According to M. Grossmann, Reinsurance is defined as "the transfer of a part of the hazards or risk that a direct insurer assumes by way of insurance contract or legal provision on behalf of an insured, to a second insurer carrier, the Reinsurer, who has no direct contractual relationship with the insured".The company who requests for the cover is called the cedant and the reinsurer is called the ceded. The reinsurance contract does not change the direct, or original insurer's responsibility to its policyholder (the "original insured" or "policyholder"), and the insurer must fulfil the terms of its policy whether or not it has reinsurance or whether or not the reinsurer is rightly or wrongly refusing to perform.

Figure 1: Process of Insurance and Reinsurance



Source: Authors own representation

History of Reinsurance in India:

Prior to 1950s there were no professional reinsurance companies in India. Indian insurance companies could avail reinsurance protection only through overseas reinsurers. This would obviously lead to foreign exchange drain. After 1950s the general insurance business started growing significantly and a strong need for reinsurance capacity in India was felt. Consequently a group of general insurance companies came together and formed the Indian Reinsurance Corporation in 1956 which was the first professional reinsurance company in India. All its member companies voluntarily ceded 10% of their gross direct premiums to it. Later in 1961 the Indian Guarantee and General Insurance Company Limited , a government company was also notified as a professional reinsurer and a compulsory cessions of 20% on fire and marine cargo, 10% on marine hull and miscellaneous insurance and 5% on credit and solvency business were fixed by the Indian government. These compulsory cessions were to be shared between the two professional reinsurers. In 1966 reinsurance pools in fire and marine hull were initiated to further improve the retentions in the country(Palande and Lunawat (2003)). The entire reinsurance business in India was nationalised by General Insurance Business (Nationalisation) Act 1972 (GIBNA). General Insurance Corporation was also formed in the same year. Later in 1973, 107 general insurance companies were merged and GIC of India was formed as the holding company with four subsidiaries Viz. The New India Assurance Company Ltd., National Insurance Company Ltd., Oriental Insurance Company Ltd., and United India Insurance Company Limited. GIC apart from its Direct Insurance operations used to provide reinsurance capacity to its four subsidiaries.

After the opening up of the Indian insurance sector in the year 2000 and the formation of IRDA, GIC was notified as the Indian Reinsurer. In 2003 GIC ceased to be the holding company of its four subsidiaries. Further in the same year GIC started

its life reinsurance underwriting activities and is called GIC Re. Currently GIC Re would receive 5% obligatory cession on each policy written in India. In order to focus on reinsurance, both in India and through its overseas offices and trading partners, GIC has divested itself of any direct business that it wrote prior to November 2000, with the temporary exception of crop insurance. Till the year 2016 GIC Re is the only Reinsurance Company in India registered with IRDA. Though GIC Re is the only reinsurance company in India registered with IRDA, the Indian regulatory framework acknowledges that the Indian insurers can seek reinsurance protection from overseas reinsurers also and there was a steady supply of Reinsurance capacity from the overseas Reinsurers.

Current Scenario of Re/insurance industry in India:

Currently there are 55 insurance companies operating in India of which 24 are in the life insurance business, 29 are in non-life insurance business and 2 are exclusive reinsurance companies. The recent amendments to the insurance laws (amendments) Act2015 (IRDA exposure draft (2015)) has paved way for some major reforms likeincreasing the percentage of FDI from 26% to 49% and enabling the foreign reinsurers to set up branch offices in India. Concurrently many leading reinsures across the world have started to set up their branch offices in India. Presently eight overseas reinsurance companies namely Munich Re, Swiss Re, SCOR SE, Hannover Re, RGA Life Reinsurance Company of Canada, XL insurance company SE, General reinsurance AG, Lloyds India Reinsurance have set up their branch offices in India. ITI reinsurance is the first private sector reinsurance company in India Registered with IRDA which is exclusively for life reinsurance.

Review of Literature:

The various studies related to the growth and status of insurance and reinsurance business in India and abroad have been briefly discussed below:

Peter Falush (1996) has studied the general development of insurance markets in the economies of transition in central and Eastern Europe and the former Soviet Union with special emphasis on reinsurance developments. Their focus of the study was primarily non-life insurance, although matters of relevance on life insurance were also included.

MezgebeMihretu (2010) report the findings on the influence of the cross border reinsurance business on the insurance industry and the economy and perceptions of the management of the industry regarding the reinsurance business regulations in the Ethiopian context. Their study used ten years data from 2000 to 2009 including financial transactions of the insurance companies, GDP and sample primary data of the perceptions of the management of the insurance industry regarding reinsurance business regulations. Quantitative and qualitative research approach was used. Their results have shown that cross border reinsurance business affects negatively the insurance industry from the financial performance perspective. The insurance industry is contributing little to the economy of the country. Awareness gap regarding the reinsurance regulation persists in both top and middle management levels. Lack of awareness induced the industry to engage in the international business without the appropriate regulations.

Nema and Parul Jain (2012) discussed the growth of reinsurance sector in India during 2005-2010 in various forms of reinsurance. They also studied the growth of GIC Re the Indian national reinsurer during the period. Their analysis concludes that the business of GIC Re as reinsurer has recorded a continuous growth pattern during the study period in terms of its earned premium and profit. They also reveal that the miscellaneous, fire and engineering reinsurance business showed maximum earned premium in comparison to other segments of reinsurance. Reinsurance claims also registered continuous growth pattern and maximum claims were recorded in the miscellaneous, fire and marine reinsurance business.

Chaitra KS & Savitha S (2014) have studied the importance and the performance of GIC Re during the years 2008-09 to 2013-14. They have also analysed the major source of income; premium of the sampled unit and the major components of expenses i.e. claims, commission and operating expenses of GIC Re to measure its operating efficiency.

A comparative analysis of financial performance of public and private non-life insurance companies operating in India was performed by **Showket and Ishfaq (2015)**. Three parameters taken from CARAMEL model Viz. Earnings and Profitability, Management Soundness and Liquidity have been used to analyse and evaluate the financial performance of selected public and private non-life insurers. Statistical tools like mean, standard deviation and F test have been used to test the parameters statistically. Their analyses revealed that there was improper risk selection and mismanaged expenditure policy. In terms of management soundness both the sectors have breached the standard benchmark of 20% of management to premiums ratio and both sectors lack high degree of liquidity.

Sanjib Kumar Pakira (2015) in his paper compared the growth performance of private and public sector non-life insurance companies in terms of affiliation and association between net profit after tax and growth performance indicators. The period of study was 2001-02 to 2013-14. Secondary data was used with application of descriptive methods of statistical analysis including multiple regression.

Need for the study:

The review of literature has shown that there are very few studies on reinsurance in developing countries. Further there are no studies on the growth of reinsurance by the primary insurers in the Indian context. The studies on the growth and performance of GIC have not covered the net profitability of reinsurance and a comparison of reinsurance ceded and accepted was also not studied. This creates a need to take up a study on reinsurance business in India.

Objectives of the study:

1. To study the growth and status of Reinsurance business of Non-Life insurance companies operating in India
2. To compare the growth of Reinsurance business of Public and Private sector Non-Life insurance companies in India
3. To study the growth and status of Reinsurance business of the National Reinsurer GIC Re.

Research Methodology

The study is analytical and explorative in nature. The focus of the study is on the Non-life insurance sector in India as it dominates the Reinsurance market in India with a share of almost 94%. Out of the 29 Non-life Insurance companies currently operating in India, 21 companies are selected for the study. The Public Sector excludes specialised insurers ECGC and AIC. The Private Sector excludes five standalone health insurance companies and Kotak General Insurance Company Limited which was incorporated in 2015-16 and has not completed one year of operation. On the other hand a separate analysis of GIC Re was performed which excludes the life reinsurance segment. The sample period is ten years from 2006-07 to 2015-16. The data for the sample is collected from Public disclosures and Annual reports of the insurance companies. The data collected has been analysed using growth rate, trend analysis, graphical analysis, descriptive statistics and basic accounting procedures. The full forms of abbreviations of non-life insurance companies is given in Annexure 1.

Data Analysis, Results and Discussion:

The analysis of data, results and discussion has been presented under the following heads:

I. Growth, Status and Comparative analysis of Reinsurance business of Public and Private Sector Non-Life insurance companies operating in India

II. Growth and Status of Reinsurance Business of National Reinsurer GIC Re

I. Growth, Status and Comparative analysis of Reinsurance business of Public and Private Sector Non-Life insurance companies operating in India:

The growth and status of reinsurance business of public and private sector non-life insurance companies operating in India was studied using two parameters viz. Reinsurance Demand and Reinsurance Supply.

- **Reinsurance Demand** is measured through the ratio of Premium on Reinsurance Ceded to Gross Written Premium.
- **Reinsurance Supply** is measured through the ratio of Premium on Reinsurance Accepted to Gross Written Premium.

The analysis of Reinsurance Demand and Supply parameters is performed in three stages:

1. The Growth of Reinsurance Demand and Supply.
2. The Gap betweenReinsurance Demand and Supply
3. Net Profitability of Reinsurance operations.

1. The Growth of Reinsurance Demand and Reinsurance Supply:

The growth of reinsurance demand and reinsurance supply is studied under two heads

i. Growth of underlying parameters of reinsurance demand and reinsurance supply

ii. Growth of the main parameters reinsurance demand and reinsurance supply

i. Growth of underlying parameters of reinsurance demand and reinsurance supply:

In this paper an attempt has been made to study the growth of reinsurance demand and supply considering the underlying parameters such as

a. Premium on Reinsurance Ceded
b. Premium on Reinsurance Accepted
c. Gross Direct Premium

a. Premium on Reinsurance Ceded:

The premium which is paid or payable by an insurance company to another insurer or reinsurer for the risk protection is known as premium on reinsurance ceded. An analysis of data pertaining to premium on reinsurance ceded by the non-life insurance companies (see table 1, table 2 and figure 2) indicate that it has increased from Rs.9023.47 crores in 2006-07 to Rs.18395 crores in 2015-16 registering a growth of 104%. The premium on reinsurance ceded has shown an upward trend till 2011-12 and was maximum in the same year which was Rs.18652.77 crores.There after it showed a fluctuating trend till 2015-16.

Public Sector: The public sector has registered a growth of 51% from Rs.4969.70 crores in 2006-07 to Rs.7502.51 crores in 2015-16 in terms of premium on reinsurance ceded. Among the public sector companies The New India Assurance Company Limited is on the top continuously from 2006-07 to 2015-16 with the maximum amount of premium on reinsurance ceded. On the other hand National Insurance Company Limited was on the bottom for most of the years except in 2007-08, 2011-12 and 2012-13 with the lowest amount of premium on reinsurance ceded. In 2007-08 United India Insurance Company Limited and in 2011-12 and 2012-13 The Oriental Insurance Company Limited were on the bottom. The average premium on reinsurance ceded by the public sector was Rs.1242.43 crores in 2006-07 and has increased to Rs.1875.63 crores in 2015-16 registering a growth of 50%. The standard deviation of the public sector has increased from 292.11 in 2006-07 to 851.92 in 2015-16 which means that the deviation of premium on reinsurance ceded among the public sector companies has increased.

Private Sector: The premium on reinsurance ceded of the private sector has registered a growth of 169% from Rs.4053.77 crores in 2006-07 to Rs.10892.49 crores in 2015-16. Whereas the average premium on reinsurance ceded by the private sector was Rs.506.72 crores in 2006-07 and has increased to Rs.640.73 crores in 2015-16 registering a growth of just 26%. Among the

private sector companies ICICI Lombard General Insurance Company Limited is continuously on the top from 2006-07 to 2015-16 with the highest amount of premium on reinsurance ceded. Raheja QBE General Insurance Company Limited was on the lower end with lowest premium on reinsurance ceded since its establishment in 2009-10 except in the year 2012-13 during which Liberty Videocon General Insurance Company Limited ceded the minimum. Before 2009-10 HDFC ERGO General Insurance Company Limited ceded the minimum in 2006-07 and 2007-08 and Universal Sompo General Insurance Company Limited was on the lower end in 2008-09. The standard deviation of the private sector has also increased from 480.11 in 2006-07 to 730.57 in 2015-16 indicating a larger spread among the companies premium on reinsurance ceded.

b. Premium on Reinsurance Accepted:

The premium received or receivable by an insurance or reinsurance company from another insurance company for providing the risk coverage is known as premium on reinsurance accepted. An analysis of data pertaining to premium on reinsurance accepted by the non-life insurance companies (see table 3, table 4 and figure 3) indicate that it has increased from Rs.782.99 crores in 2006-07 to Rs.2976.95 crores in 2015-16 registering a growth of 280%. Similar to Premium on reinsurance ceded the premium on reinsurance accepted has also shownan upward trend till 2011-12 and was maximum in the same year which was Rs.8525.26 crores. There was a steep decrease in 2012-13 and was steady till 2015-16.

Public Sector: The public sector has registered a growth of 213% from Rs.702.64 crores in 2006-07 to Rs.2201.64 crores in 2015-16 in terms of premium on reinsurance accepted. Among the public sector companies The New India Assurance Company Limited is on the top continuously from 2006-07 to 2015-16 with the highest amount of premium on reinsurance accepted. On the other hand National Insurance Company Limited and United India Insurance Company Limited were on the bottom in different years from 2006-07 to 2015-16 except in 2011-12 during which The Oriental insurance Company Limited was on the lower end. The average premium on reinsurance accepted by the public sector was Rs.175.66 crores in 2006-07 and has increased to Rs.550.41 crores in 2015-16 registering a growth of 213%. The standard deviation of the public sector has increased from 196.50 in 2006-07 to 468.53 in 2015-16 which means that the deviation of premium on reinsurance accepted among the public sector companies has also increased.

Private Sector: The premium on reinsurance accepted of the private sector has registered a growth of 90% from Rs.80.35 crores in 2006-07 to Rs.775.31 crores in 2015-16. The average premium on reinsurance accepted by the private sector has registered a growth of 354% from 2006-07 to 2015-16. Among the private sector companies ICICI Lombard General Insurance Company Limited is continuously on the top from 2007-08 to 2015-16 with the highest amount of premium on reinsurance accepted. In 2006-07 Tata AIG was on the top. The company on the lower end was differing in each year from 2006-07 to 2015-16. When compared to public sector the standard deviation of the private sector has not changed much from 2006-07 to 2015-16.

c. Gross Written Premium:

Gross written premium is the sum of the premium received or receivable from direct business and the premium on reinsurance accepted. An analysis of data pertaining to gross written premium by the non-life insurance companies (see table 5, table 6 and figure 4) indicate that it has increased from Rs.21713.03 crores in 2006-07 to Rs.93311.57 crores in 2015-16 registering a growth of 249%. The gross written premium has shown a stable upward trend till from 2006-07 to 2015-16.

Public Sector: The public sector has registered a growth of 194% from Rs.17986.09 crores in 2006-07 to Rs.52845.88 crores in 2015-16 in terms of premium on reinsurance ceded. Among the public sector companies The New India Assurance Company Limited is on the top continuously from 2006-07 to 2015-16 with the highest amount gross written premium. The Oriental Insurance

Company Limited was on the bottom for most of the years except in 2006-07, 2007-08 and 2009-10. United India Insurance Company Limited in 2006-07 and 2007-08 and National Insurance Company Limited in 2009-10 were on the lower end. The average gross written premium by the public sector was Rs.4496.52 crores in 2006-07 and has increased to Rs.13211.47 crores in 2015-16 registering a growth of 194%. The standard deviation of the public sector has increased from 1292.60 in 2006-07 to 4213.92 in 2015-16 indicating a greater deviation in the gross written premium among the public sector companies.

Private Sector: The gross written premium of the private sector has registered a growth of 364% from Rs.8726.94 crores in 2006-07 to Rs.40465.69 crores in 2015-16. Whereas the average gross written premium by the private sector was Rs.1090.87 crores in 2006-07 and has increased to Rs.2380.33 crores in 2015-16 registering a growth of 118%. Among the private sector companies ICICI Lombard General Insurance Company Limited was continuously on the top from 2006-07 to 2015-16 with the highest amount of gross written premium. Raheja QBE General Insurance Company Limited was on the lower end with lowest premium on reinsurance ceded since its establishment in 2009-10 except in the year 2012-13 during which Liberty Videocon General Insurance Company Limited ceded the minimum. Before 2009-10 HDFC ERGO General Insurance Company Limited ceded the minimum in 2006-07 and 2007-08 and in 2008-09 Universal Sompo General Insurance Company Limited was on the lower end. The standard deviation of the private sector has also increased from 923.11 in 2006-07 to 2136.23 in 2015-16 indicating a larger spread among the companies gross written.

ii. Growth of the main parameters Reinsurance Demand and Reinsurance Supply:

Having studied the underlying parameters of reinsurance demand and supply we further proceed to study the growth of main parameters

a) Reinsurance Demand
b) Reinsurance Supply

a) Reinsurance Demand:

According to Curak (2014), Kader, Adams and Mouratidis (2010), James Garven and Lamm Tennant (2002) reinsurance demand is measured through the ratio of Premium on Reinsurance Ceded to Gross Written Premium. An analysis of data pertaining to reinsurance demand by the non-life insurance companies (see table 7, table 8 and figure 5) indicate that it has decreased from 0.34 in 2006-07 to 0.20 in 2015-16 with a decline of 41%. The trend of reinsurance demand has been same by both public and private sectors showing a steady decrease from 2006-07 to 2015-16. The reinsurance demand was more by the private sector than the public sector.

Public Sector: The reinsurance demand by the public sector has decreased from 0.28 in 2006-07 to 0.14 in 2015-16 indicating a decline of 50%.Among the public sector companies National Insurance Company Limited has demanded the least reinsurance throughout the period of study. The maximum demand for reinsurance was by The Oriental Insurance Company Limited in 2006-07, 2007-08, 2008-09, 2011-12, 2014-15 and 2015-16, United India Insurance Company Limited in 2009-10 and 2010-11 and The New India Assurance Company Limited in the remaining years. The mean value of the reinsurance demand was same as the total reinsurance demand. There was a slight change in standard deviation from0.02 in 2006-07 to 0.03 in 2015-16 indicating that the variation among the companies reinsurance demand has not changed much.

Private Sector: The reinsurance demand by the private sector has decreased from 0.46 in 2006-07 to 0.27 in 2015-16 indicating a decline of 41%. Among the private sector companies ICICI Lombard General Insurance Company Limited in 2006-07, Royal Sundaram Alliance Insurance Company Limited 2007-08 to 2011-12 and Shriram General Insurance Company Limited from 2012-13 to 2015-16 has demanded the least. On the other hand the company with maximum reinsurance demand has been changing every year. The mean value of reinsurance demand has decreased from 0.44 in 2006-07 to 0.25 in 2015-

16 with a decline of 43%. The standard deviation was highest in 2009-10 with a value of 0.58 which shows that the reinsurance demand has varied more among the private sector companies.

b) Reinsurance Supply:

According to (OECD 2013) reinsurance Supply is measured through the ratio of Premium on Reinsurance Accepted to Gross Written Premium. An analysis of data pertaining to reinsurance supply by the non-life insurance companies (see table 9, table 10 and figure 6) indicate that it has increased at a high rate till 2011-12 and then they was a steep decrease. The Reinsurance Supplied by both public and private sector has shown a similar pattern from 2006-07 to 2015-16. The reinsurance supply was more by the public sector than the private sector.

Public Sector: The reinsurance supply by the public sector has increased from 0.04 in 2005-06 to 0.15 in 2011-12 and decreased again to 0.04 in 2015-16. Among the public sector companies National Insurance Company Limited has supplied the maximum reinsurance throughout the period of study. The reinsurance supplied by other companies was same or very close to each other. The mean value has increased from 0.03 in 2006-07 to 0.14 in 2011-12 and then decreased to 0.04 in 2015-16. The standard deviation is very low and has further decreased by 2015-16 which clearly shows that the reinsurance supplied by public sector companies is very close to each other.

Private Sector: The reinsurance supply by the private sector has increased from 0.01 in 2006-07 to 0.12 in 2011-12 and then decreased to 0.02 in 2015-16. Among the private sector companies TATA AIG General Insurance Company Limited has supplied maximum reinsurance till 2008-09 and since then Raheja QBE General Insurance Company Limited has supplied the maximum reinsurance till 2015-16. The company with minimum reinsurance supply was varying till 2010-11 and from 2011-12 to 2015-16 Shriram General Insurance Company Limited was on the lower end. The mean value of reinsurance supply has increased from 0.01 in 2006-07 to 0.13 in 2011-12and then decreased to 0.03 in 2015-16. The change in the standard deviation from 2006-07 to 2015-16 was slightly higher in private sector compared to public sector.

TABLE 1 - PREMIUM ON REINSURANCE CEDED BY NON LIFE INSURANCE COMPANIES IN INDIA

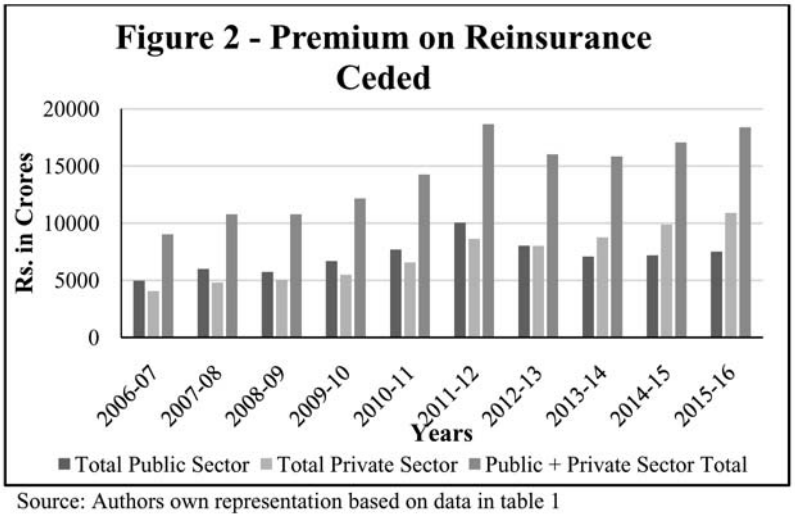
Rs. in Crores

Company Name	Years									
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Public Sector										
NICL	1024.91	1236.37	1083.66	1203.78	1540.09	2044.13	1592.64	1238.42	1323.42	1232.30
NIACL	1653.55	2098.95	2113.62	2342.63	2500.35	3418.03	2670.53	2776.30	2826.94	3100.48
UIICL	1043.39	1225.26	1233.30	1637.89	1994.02	2570.88	2168.68	1710.75	1630.16	1801.75
OICL	1247.85	1427.26	1297.47	1484.52	1646.73	2005.86	1586.37	1355.78	1402.97	1367.98
Total Public Sector	**4969.70**	**5987.84**	**5728.05**	**6668.82**	**7681.19**	**10038.90**	**8018.22**	**7081.25**	**7183.49**	**7502.51**

Private Sector										
RGICL	410.10	766.50	675.76	727.19	663.48	751.55	534.37	578.73	844.67	846.95
RSAICL	211.03	214.72	202.96	237.23	272.52	401.43	271.12	192.20	203.80	233.00
ITGICL	571.64	498.08	629.85	648.73	736.58	825.32	790.20	968.20	807.18	803.33
TAGICL	325.74	346.19	369.37	391.65	427.41	575.28	708.62	724.00	857.82	916.38
BAGICL	763.58	825.49	859.60	753.22	818.87	980.22	906.24	823.08	1291.80	1328.27
ILGICL	1552.68	1821.25	1632.74	1380.69	1701.71	1905.68	2263.58	2678.14	2509.06	2861.10
CMSGICL	155.33	242.54	315.89	338.39	319.71	515.11	301.50	319.77	325.49	408.27
HEGICL	63.67	72.11	179.26	415.93	632.68	910.56	1036.63	1234.34	1478.59	1568.42
FGIICL			81.66	171.60	256.64	385.54	309.99	328.98	357.28	547.15
USGICL			14.04	55.41	96.55	151.18	129.34	124.61	207.46	333.25
SGICL			59.85	226.42	393.90	744.95	173.35	95.47	97.26	114.89
BAXGICL			19.89	137.71	185.75	263.69	261.10	249.23	254.34	187.35
RQGICL				4.77	8.85	8.03	10.37	9.75	8.63	11.27
SBIGICL					38.29	128.63	233.82	270.67	351.00	444.89
LTGICL					8.96	66.70	52.65	72.56	88.36	117.95
LVGICL							3.58	22.14	46.68	74.60
MHGICL							17.07	54.94	143.64	95.42
Total Private Sector	**4053.77**	**4786.88**	**5040.87**	**5488.94**	**6561.90**	**8613.87**	**8003.53**	**8746.81**	**9873.06**	**10892.49**
Public + Private Sector Total	**9023.47**	**10774.72**	**10768.92**	**12157.76**	**14243.09**	**18652.77**	**16021.75**	**15828.06**	**17056.55**	**18395.00**

Note: Empty Cell indicates that the company was not established.

Source: Authors own compilation based on the figures in the Annual Reports of Non-Life Insurance Companies operating in India.



Source: Authors own representation based on data in table 1

TABLE 2 - DESCRIPTIVE STATISTICS FOR PREMIUM ON REINSURANCE CEDED										
Year	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Public Sector										
Mean	1242.43	1496.96	1432.01	1667.21	1920.30	2509.73	2004.56	1770.31	1795.87	1875.63
SD	292.11	411.90	463.15	484.83	432.55	658.13	521.22	700.07	699.56	851.92
Count	4	4	4	4	4	4	4	4	4	4
Minimum	1024.91	1225.26	1083.66	1203.78	1540.09	2005.86	1586.37	1238.42	1323.42	1232.30
Maximum	1653.55	2098.95	2113.62	2342.63	2500.35	3418.03	2670.53	2776.30	2826.94	3100.48
Private Sector										
Mean	506.72	598.36	420.07	422.23	437.46	574.26	470.80	514.52	580.77	640.73
SD	480.11	560.57	473.00	377.01	439.52	485.17	564.42	665.48	664.43	730.57
Count	8	8	12	13	15	15	17	17	17	17
Minimum	63.67	72.11	14.04	4.77	8.85	8.03	3.58	9.75	8.63	11.27
Maximum	1552.68	1821.25	1632.74	1380.69	1701.71	1905.68	2263.58	2678.14	2509.06	2861.10
Public + Private Sector										
Mean	751.96	897.89	673.06	715.16	749.64	981.72	762.94	753.72	812.22	875.95
SD	548.79	664.83	641.69	668.58	753.12	955.23	822.48	826.52	815.86	884.73
Count	12	12	16	17	19	19	21	21	21	21
Minimum	63.67	72.11	14.04	4.77	8.85	8.03	3.58	9.75	8.63	11.27
Maximum	1653.55	2098.95	2113.62	2342.63	2500.35	3418.03	2670.53	2776.30	2826.94	3100.48
Source: Calculated by author using MS Excel based on data in table 1										

TABLE 3 - PREMIUM ON REINSURANCE ACCEPTED OF NON-LIFE INSURANCE COMPANIES IN INDIA

Rs. in Crores

Company Name	Years									
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Public Sector										
NICL	53.15	402.37	441.44	535.44	684.63	1181.27	354.94	398.49	427.54	386.48
NIACL	468.54	861.76	1158.13	1246.15	1467.06	2115.36	1089.81	1127.31	1285.39	1249.08
UIICL	74.15	366.37	465.94	589.00	734.31	1171.11	391.72	293.21	264.45	265.95
OICL	106.80	405.73	454.68	592.37	688.43	1047.91	393.96	454.71	313.42	300.13
Total Public Sector	**702.64**	**2036.23**	**2520.19**	**2962.96**	**3574.43**	**5515.65**	**2230.43**	**2273.72**	**2290.80**	**2201.64**
Private Sector										
RGICL	2.19	157.53	160.44	176.26	162.86	222.94	65.16	52.87	37.21	76.42
RSAICL	2.38	53.38	67.91	78.72	91.03	170.73	31.22	23.82	22.70	12.13
ITGICL	7.74	107.68	141.46	181.73	205.69	273.37	84.37	60.97	68.71	71.11
TAGICL	31.02	91.56	132.94	117.86	129.85	243.62	76.70	93.38	109.30	136.18
BAGICL	17.00	198.12	246.89	242.55	259.40	389.27	107.99	67.44	70.82	68.50
ILGICL	14.38	293.90	347.18	399.72	483.02	864.28	275.08	319.97	258.95	205.29
CMSGICL	2.86	41.33	64.59	68.17	78.58	159.35	30.67	16.65	6.01	13.77
HEGICL	2.78	19.08	34.81	89.21	127.91	234.98	54.94	93.29	74.75	86.90
FGIICL			22.63	41.46	60.43	113.85	45.91	40.41	42.00	39.54
USGICL			1.85	14.31	23.10	48.31	9.59	6.76	8.60	-1.14
SGICL			7.26	33.69	59.90	127.57	2.21	7.82	6.65	8.76
BAXGICL			3.80	13.58	66.53	96.97	45.43	10.23	17.09	10.10
RQGICL				0.62	3.91	8.05	7.06	8.39	7.40	8.07
SBIGICL					6.64	39.14	14.35	23.11	30.00	2.75
LTGICL					0.78	17.18	23.14	15.89	12.64	9.17
LVGICL							0.00	6.21	10.34	4.33
MHGICL							0.68	4.92	81.22	23.43
Total Private Sector	**80.35**	**962.58**	**1231.76**	**1457.88**	**1759.63**	**3009.61**	**874.50**	**852.13**	**864.39**	**775.31**
Public + Private Sector Total	**782.99**	**2998.81**	**3751.95**	**4420.84**	**5334.06**	**8525.26**	**3104.93**	**3125.85**	**3155.19**	**2976.95**

Note: Empty Cell indicates that the company was not established.

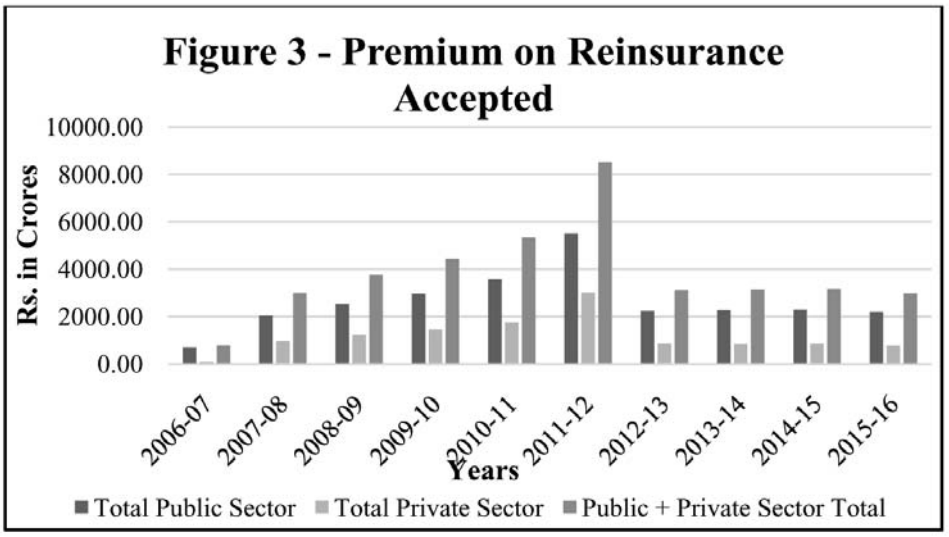


TABLE 4 - DESCRIPTIVE STATISTICS FOR PREMIUM ON REINSURANCE ACCEPTED

Years	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Public Sector										
Mean	175.66	509.06	630.05	740.74	893.61	1378.91	557.61	568.43	572.70	550.41
SD	196.50	235.81	352.20	337.95	382.97	494.69	355.25	378.55	480.01	468.53
Count	4	4	4	4	4	4	4	4	4	4
Minimum	53.15	366.37	441.44	535.44	684.63	1047.91	354.94	293.21	264.45	265.95
Maximum	468.54	861.76	1158.13	1246.15	1467.06	2115.36	1089.81	1127.31	1285.39	1249.08
Private Sector										
Mean	10.04	120.32	102.65	112.14	117.31	200.64	51.44	50.13	50.85	45.61
SD	10.26	92.21	108.32	113.70	126.19	212.31	65.95	75.73	62.40	56.61
Count	8	8	12	13	15	15	17	17	17	17
Minimum	2.19	19.08	1.85	0.62	0.78	8.05	0.00	4.92	6.01	-1.14
Maximum	31.02	293.90	347.18	399.72	483.02	864.28	275.08	319.97	258.95	205.29
Public + Private Sector										
Mean	65.25	249.90	234.50	260.05	280.74	448.70	147.85	148.85	150.25	141.76
SD	131.33	239.19	298.40	326.57	377.57	565.17	252.77	263.78	285.95	277.04
Count	12	12	16	17	19	19	21	21	21	21
Minimum	2.19	19.08	1.85	0.62	0.78	8.05	0.00	4.92	6.01	-1.14
Maximum	468.54	861.76	1158.13	1246.15	1467.06	2115.36	1089.81	1127.31	1285.39	1249.08

Source: Calculated by author using MS Excel based on data in table 3

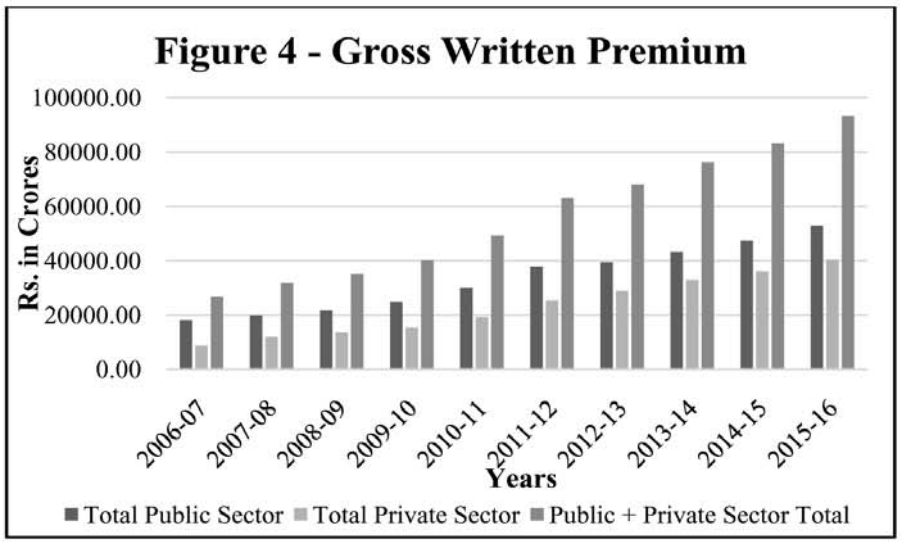
Source: Authors own representation based on data in table 3

TABE 5 - GROSS WRITTEN PREMIUM OF NON LIFE INSURANCE COMPANIES IN INDIA

Company Name	Years									
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Public Sector										
NICL	3880.27	4424.33	4737.30	5181.43	6929.80	8996.96	9549.56	10659.47	11710.17	12405.46
NIACL	6405.32	7013.23	7613.92	8345.29	9692.17	12189.24	12963.30	14854.92	16765.75	19012.39
UIICL	3572.92	4105.93	4743.71	5828.05	7110.97	9350.40	9657.76	10002.14	10956.18	12516.31
OICL	4127.58	4305.95	4532.58	5447.05	6258.31	7242.51	7131.62	7737.25	7875.35	8911.72
Total Public Sector	**17986.09**	**19849.44**	**21627.51**	**24801.82**	**29991.25**	**37779.11**	**39302.24**	**43253.78**	**47307.45**	**52845.88**
Private Sector										
RGICL	914.42	2103.95	2075.32	2155.91	1818.29	1935.49	2075.17	2441.69	2753.04	2867.98
RSAICL	600.57	747.79	871.27	991.83	1235.02	1650.52	1591.22	1460.86	1591.90	1706.25
ITGICL	1152.21	1235.83	1515.52	1639.57	1988.87	2248.61	2649.40	2991.89	3398.68	3762.44
TAGICL	741.57	874.20	956.86	971.66	1302.94	1885.19	2211.78	2456.09	2823.44	3094.74
BAGICL	1803.34	2578.04	2866.18	2724.88	3129.36	3675.89	4109.39	4583.89	5300.67	5900.65
ILGICL	3003.45	3601.02	3749.21	3694.78	4734.89	6014.42	6409.07	7176.13	6936.75	8296.00
CMSGICL	314.59	563.67	750.03	853.02	1046.57	1505.89	1651.56	1871.76	1896.44	2465.77
HEGICL	196.79	239.67	374.02	1004.61	1407.82	2074.44	2508.14	3000.28	3256.96	3466.45
FGIICL			209.12	418.07	660.59	1033.61	1151.30	1302.97	1480.25	1594.80
USGICL			31.99	203.59	322.20	452.89	543.94	547.21	709.71	902.65
SGICL			121.02	450.62	840.79	1394.01	1543.59	1518.41	1503.16	1721.03
BAXGICL			32.30	324.40	620.43	980.97	1263.86	1433.39	1474.16	1284.52
RQGICL				1.94	8.81	22.84	28.36	31.63	29.03	36.83
SBIGICL					49.66	289.28	785.20	1210.68	1606.90	2042.60
LTGICL					18.02	160.58	205.21	269.67	344.35	482.56
LVGICL							2.19	136.03	294.20	413.05
MHGICL							95.82	429.85	554.81	427.37
Total Private Sector	**8726.94**	**11944.17**	**13552.84**	**15434.88**	**19184.26**	**25324.63**	**28825.20**	**32862.43**	**35954.45**	**40465.69**
Public + Private Sector Total	**26713.03**	**31793.61**	**35180.35**	**40236.70**	**49175.51**	**63103.74**	**68127.44**	**76116.21**	**83261.90**	**93311.57**

Note: Empty Cell indicates that the company was not established.

Source: Authors own compilation based on the figures in the Annual Reports of Non-Life Insurance Companies operating in India.



Source: Authors own representation based on data in table 5

TABLE 6 - DESCRIPTIVE STATISTICS FOR GROSS WRITTEN PREMIUM

Years	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Public Sector										
Mean	4496.52	4962.36	5406.88	6200.46	7497.81	9444.78	9825.56	10813.45	11826.86	13211.47
SD	1292.60	1373.55	1474.63	1454.31	1508.18	2048.70	2394.93	2970.88	3686.86	4213.92
Count	4	4	4	4	4	4	4	4	4	4
Minimum	3572.92	4105.93	4532.58	5181.43	6258.31	7242.51	7131.62	7737.25	7875.35	8911.72
Maximum	6405.32	7013.23	7613.92	8345.29	9692.17	12189.24	12963.30	14854.92	16765.75	19012.39
Private Sector										
Mean	1090.87	1493.02	1129.40	1187.30	1278.95	1688.31	1695.60	1933.08	2114.97	2380.33
SD	923.11	1160.86	1206.28	1090.72	1278.20	1532.28	1641.75	1814.32	1841.14	2136.23
Count	8	8	12	13	15	15	17	17	17	17
Minimum	196.79	239.67	31.99	1.94	8.81	22.84	2.19	31.63	29.03	36.83
Maximum	3003.45	3601.02	3749.21	3694.78	4734.89	6014.42	6409.07	7176.13	6936.75	8296.00
Public + Private Sector										
Mean	2226.09	2649.47	2198.77	2366.86	2588.18	3321.25	3244.16	3624.58	3964.85	4443.41
SD	1951.84	2071.23	2271.86	2468.48	2904.27	3616.70	3703.77	4089.65	4474.57	5030.70
Count	12	12	16	17	19	19	21	21	21	21
Minimum	196.79	239.67	31.99	1.94	8.81	22.84	2.19	31.63	29.03	36.83
Maximum	6405.32	7013.23	7613.92	8345.29	9692.17	12189.24	12963.30	14854.92	16765.75	19012.39

Source: Calculated by author using MS Excel based on data in table 5

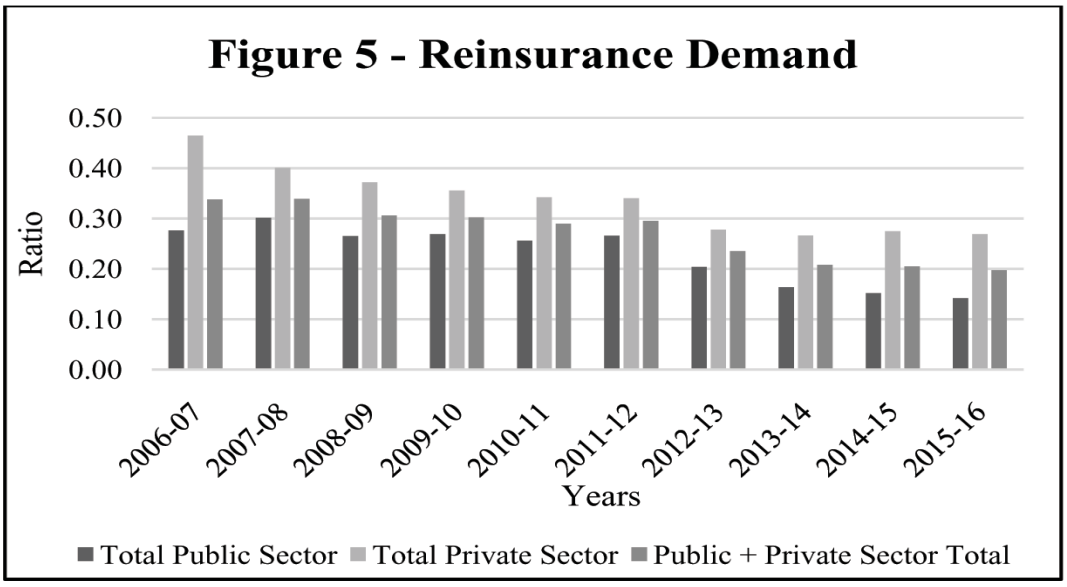
TABLE 7 - REINSURANCE DEMAND OF NON LIFE INSURANCE COMPANIES IN INDIA

Ratio

Company Name	Years									
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Public Sector										
NICL	0.26	0.28	0.23	0.23	0.22	0.23	0.17	0.12	0.11	0.10
NIACL	0.26	0.30	0.28	0.28	0.26	0.28	0.21	0.19	0.17	0.16
UIICL	0.29	0.30	0.26	0.28	0.28	0.27	0.22	0.17	0.15	0.14
OICL	0.30	0.33	0.29	0.27	0.26	0.28	0.22	0.18	0.18	0.15
Total Public Sector	**0.28**	**0.30**	**0.26**	**0.27**	**0.26**	**0.27**	**0.20**	**0.16**	**0.15**	**0.14**
Private Sector										
RGICL	0.45	0.36	0.33	0.34	0.36	0.39	0.26	0.24	0.31	0.30
RSAICL	0.35	0.29	0.23	0.24	0.22	0.24	0.17	0.13	0.13	0.14
ITGICL	0.50	0.40	0.42	0.40	0.37	0.37	0.30	0.32	0.24	0.21
TAGICL	0.44	0.40	0.39	0.40	0.33	0.31	0.32	0.29	0.30	0.30
BAGICL	0.42	0.32	0.30	0.28	0.26	0.27	0.22	0.18	0.24	0.23
ILGICL	0.52	0.51	0.44	0.37	0.36	0.32	0.35	0.37	0.36	0.34
CMSGICL	0.49	0.43	0.42	0.40	0.31	0.34	0.18	0.17	0.17	0.17
HEGICL	0.32	0.30	0.48	0.41	0.45	0.44	0.41	0.41	0.45	0.45
FGIICL			0.39	0.41	0.39	0.37	0.27	0.25	0.24	0.34
USGICL			0.44	0.27	0.30	0.33	0.24	0.23	0.29	0.37
SGICL			0.49	0.50	0.47	0.53	0.11	0.06	0.06	0.07
BAXGICL			0.62	0.42	0.30	0.27	0.21	0.17	0.17	0.15
RQGICL				2.46	1.00	0.35	0.37	0.31	0.30	0.31
SBIGICL					0.77	0.44	0.30	0.22	0.22	0.22
LTGICL					0.50	0.42	0.26	0.27	0.26	0.24
LVGICL							1.63	0.16	0.16	0.18
MHGICL							0.18	0.13	0.26	0.22
Total Private Sector	**0.46**	**0.40**	**0.37**	**0.36**	**0.34**	**0.34**	**0.28**	**0.27**	**0.27**	**0.27**
Public + Private Sector Total	**0.34**	**0.34**	**0.31**	**0.30**	**0.29**	**0.30**	**0.24**	**0.21**	**0.20**	**0.20**

Note: Empty Cell Indicates that the company was not established.

Source: Authors own compilation based on the figures in the Annual Reports of Non-Life Insurance Companies operating in India.



Source: Authors own representation based on data in table 7

TABLE 8 - DESCRIPTIVE STATISTICS FOR REINSURANCE DEMAND

Years	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Public Sector										
Mean	0.28	0.30	0.26	0.27	0.26	0.26	0.20	0.16	0.15	0.14
SD	0.02	0.02	0.03	0.02	0.02	0.03	0.03	0.03	0.03	0.03
Count	4	4	4	4	4	4	4	4	4	4
Minimum	0.26	0.28	0.23	0.23	0.22	0.23	0.17	0.12	0.11	0.10
Maximum	0.30	0.33	0.29	0.28	0.28	0.28	0.22	0.19	0.18	0.16
Private Sector										
Mean	0.44	0.38	0.41	0.53	0.43	0.36	0.34	0.23	0.25	0.25
SD	0.07	0.07	0.10	0.58	0.21	0.08	0.34	0.09	0.09	0.10
Count	8	8	12	13	15	15	17	17	17	17
Minimum	0.32	0.29	0.23	0.24	0.22	0.24	0.11	0.06	0.06	0.07
Maximum	0.52	0.51	0.62	2.46	1.00	0.53	1.63	0.41	0.45	0.45
Public + Private Sector										
Mean	0.38	0.35	0.37	0.47	0.39	0.34	0.31	0.22	0.23	0.23
SD	0.10	0.07	0.11	0.52	0.20	0.08	0.31	0.09	0.09	0.10
Count	12	12	16	17	19	19	21	21	21	21
Minimum	0.26	0.28	0.23	0.23	0.22	0.23	0.11	0.06	0.06	0.07
Maximum	0.52	0.51	0.62	2.46	1.00	0.53	1.63	0.41	0.45	0.45

Source: Calculated by author using MS Excel based on data in table 7

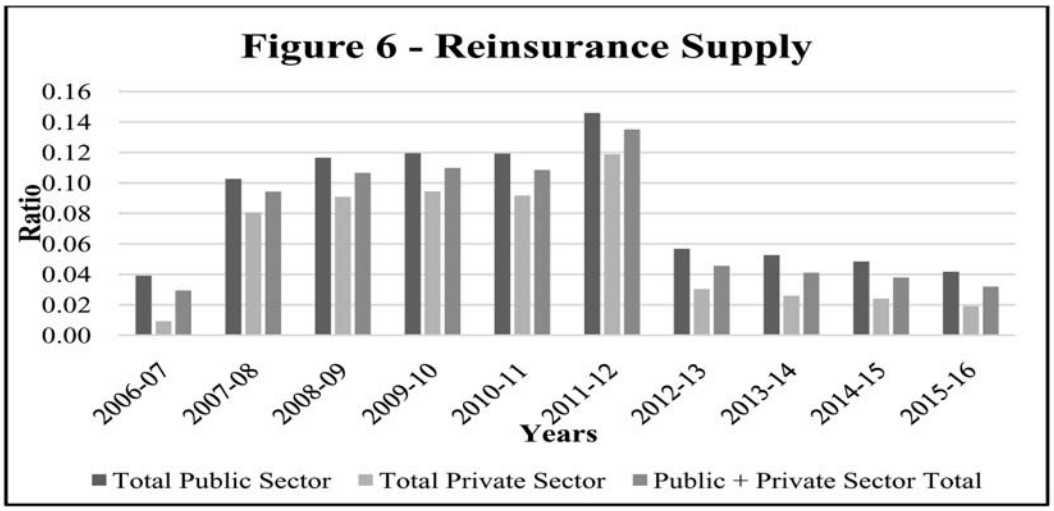
TABLE 9 - REINSURANCE SUPPLY OF NON LIFE INSURANCE COMPANIES IN INDIA

Ratio

Company Name	Years									
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Public Sector										
NICL	0.01	0.09	0.09	0.10	0.10	0.13	0.04	0.04	0.04	0.03
NIACL	0.07	0.12	0.15	0.15	0.15	0.17	0.08	0.08	0.08	0.07
UIICL	0.02	0.09	0.10	0.10	0.10	0.13	0.04	0.03	0.02	0.02
OICL	0.03	0.09	0.10	0.11	0.11	0.14	0.06	0.06	0.04	0.03
Total Public Sector	**0.04**	**0.10**	**0.12**	**0.12**	**0.12**	**0.15**	**0.06**	**0.05**	**0.05**	**0.04**
Private Sector										
RGICL	0.00	0.07	0.08	0.08	0.09	0.12	0.03	0.02	0.01	0.03
RSAICL	0.00	0.07	0.08	0.08	0.07	0.10	0.02	0.02	0.01	0.01
ITGICL	0.01	0.09	0.09	0.11	0.10	0.12	0.03	0.02	0.02	0.02
TAGICL	0.04	0.10	0.14	0.12	0.10	0.13	0.03	0.04	0.04	0.04
BAGICL	0.01	0.08	0.09	0.09	0.08	0.11	0.03	0.01	0.01	0.01
ILGICL	0.00	0.08	0.09	0.11	0.10	0.14	0.04	0.04	0.04	0.02
CMSGICL	0.01	0.07	0.09	0.08	0.08	0.11	0.02	0.01	0.00	0.01
HEGICL	0.01	0.08	0.09	0.09	0.09	0.11	0.02	0.03	0.02	0.03
FGIICL			0.11	0.10	0.09	0.11	0.04	0.03	0.03	0.02
USGICL			0.06	0.07	0.07	0.11	0.02	0.01	0.01	0.00
SGICL			0.06	0.07	0.07	0.09	0.00	0.01	0.00	0.01
BAXGICL			0.12	0.04	0.11	0.10	0.04	0.01	0.01	0.01
RQGICL				0.32	0.44	0.35	0.25	0.27	0.25	0.22
SBIGICL					0.13	0.14	0.02	0.02	0.02	0.00
LTGICL					0.04	0.11	0.11	0.06	0.04	0.02
LVGICL							0.00	0.05	0.04	0.01
MHGICL							0.01	0.01	0.15	0.05
Total Private Sector	**0.01**	**0.08**	**0.09**	**0.09**	**0.09**	**0.12**	**0.03**	**0.03**	**0.02**	**0.02**
Public + Private Sector Total	**0.03**	**0.09**	**0.11**	**0.11**	**0.11**	**0.14**	**0.05**	**0.04**	**0.04**	**0.03**

Note: Empty Cell indicates that the company was not established.

Source: Authors own compilation based on the figures in the Annual Reports of Non-Life Insurance Companies operating in India.



Source: Authors own representation based on data in table 9

TABLE 10 - DESCRIPTIVE STATISTICS FOR REINSURANCE SUPPLY

Years	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Public Sector										
Mean	0.03	0.10	0.11	0.12	0.12	0.14	0.05	0.05	0.04	0.04
SD	0.03	0.02	0.03	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Count	4	4	4	4	4	4	4	4	4	4
Minimum	0.01	0.09	0.09	0.10	0.10	0.13	0.04	0.03	0.02	0.02
Maximum	0.07	0.12	0.15	0.15	0.15	0.17	0.08	0.08	0.08	0.07
Private Sector										
Mean	0.01	0.08	0.09	0.10	0.11	0.13	0.04	0.04	0.04	0.03
SD	0.01	0.01	0.02	0.07	0.09	0.06	0.06	0.06	0.06	0.05
Count	8	8	12	13	15	15	17	17	17	17
Minimum	0.00	0.07	0.06	0.04	0.04	0.09	0.00	0.01	0.00	0.00
Maximum	0.04	0.10	0.14	0.32	0.44	0.35	0.25	0.27	0.25	0.22
Public + Private Sector										
Mean	0.02	0.09	0.10	0.11	0.11	0.13	0.04	0.04	0.04	0.03
SD	0.02	0.01	0.02	0.06	0.08	0.06	0.05	0.05	0.06	0.05
Count	12	12	16	17	19	19	21	21	21	21
Minimum	0.00	0.07	0.06	0.04	0.04	0.09	0.00	0.01	0.00	0.00
Maximum	0.07	0.12	0.15	0.32	0.44	0.35	0.25	0.27	0.25	0.22

Source: Calculated by author using MS Excel based on data in table 9

1. The Gap between Reinsurance Demand and Supply:

The Gap between reinsurance demand and supply is calculated by finding the difference between reinsurance demand and reinsurance supply. An analysis of data pertaining to gap between reinsurance demand and supply (see table 11, table 12 and figure 7) indicates that the Gap between the Reinsurance Demand and Supply has narrowed down from 0.31 in 2006-07 to 0.17 in 2015-16. Both the public and private sectors have shown similar trend in terms of gap.

Public Sector: In the case of public sector the gap has reduced from 0.24 in 2006-07 to 0.10 in 2015-16. Among the public sector companies The Oriental Insurance Company Limited has maximum gap followed by The United India Insurance Company Limited. The New India Assurance Company Limited had least gap during 2006-07 to 2010-11 and in 2012-13. In the remaining years National Insurance Company Limited has least gap. The mean value was almost same as the total value in all the years. There was no significant change in the standard deviation from 2006-07 to 2015-16.

Private Sector: In the case of private sector the gap has reduced from 0.46 in 2006-07 to 0.25 in 2015-16. The company with the Minimum gap and Maximum gap was varying in each year during the sample period. The mean value has decreased from 0.43 in 2006-07 to 0.22 in 2015-16. The standard deviation has slightly increased from 0.07 in 2006-07 to 0.10 in 2015-16.

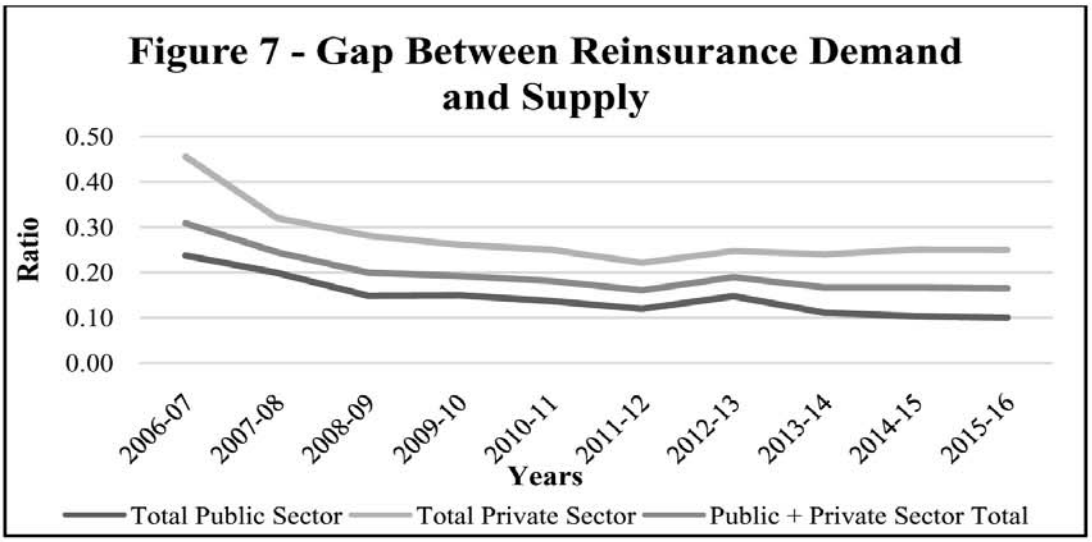
TABLE 11 - GAP BETWEEN REINSURANCE DEMAND AND REINSURANCE SUPPLY OF NON LIFE INSURANCE COMPANIES IN INDIA

Ratio

Company Name	Years									
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Public Sector										
NICL	0.25	0.19	0.14	0.13	0.12	0.10	0.13	0.08	0.08	0.07
NIACL	0.19	0.18	0.13	0.13	0.11	0.11	0.12	0.11	0.09	0.10
UIICL	0.27	0.21	0.16	0.18	0.18	0.15	0.18	0.14	0.12	0.12
OICL	0.28	0.24	0.19	0.16	0.15	0.13	0.17	0.12	0.14	0.12
Total Public Sector	**0.24**	**0.20**	**0.15**	**0.15**	**0.14**	**0.12**	**0.15**	**0.11**	**0.10**	**0.10**
Private Sector										
RGICL	0.45	0.29	0.25	0.26	0.28	0.27	0.23	0.22	0.29	0.27
RSAICL	0.35	0.22	0.16	0.16	0.15	0.14	0.15	0.12	0.11	0.13
ITGICL	0.49	0.32	0.32	0.28	0.27	0.25	0.27	0.30	0.22	0.19
TAGICL	0.40	0.29	0.25	0.28	0.23	0.18	0.29	0.26	0.27	0.25
BAGICL	0.41	0.24	0.21	0.19	0.18	0.16	0.19	0.16	0.23	0.21
ILGICL	0.51	0.42	0.34	0.27	0.26	0.17	0.31	0.33	0.32	0.32
CMSGICL	0.48	0.36	0.34	0.32	0.23	0.24	0.16	0.16	0.17	0.16
HEGICL	0.31	0.22	0.39	0.33	0.36	0.33	0.39	0.38	0.43	0.43
FGIICL	0.00	0.00	0.28	0.31	0.30	0.26	0.23	0.22	0.21	0.32
USGICL			0.38	0.20	0.23	0.23	0.22	0.22	0.28	0.37
SGICL			0.43	0.43	0.40	0.44	0.11	0.06	0.06	0.06
BAXGICL			0.50	0.38	0.19	0.17	0.17	0.17	0.16	0.14
RQGICL				2.14	0.56	0.00	0.12	0.04	0.04	0.09
SBIGICL					0.64	0.31	0.28	0.20	0.20	0.22
LTGICL					0.45	0.31	0.14	0.21	0.22	0.23
LVGICL							1.63	0.12	0.12	0.17
MHGICL							0.17	0.12	0.11	0.17
Total Private Sector	**0.46**	**0.32**	**0.28**	**0.26**	**0.25**	**0.22**	**0.25**	**0.24**	**0.25**	**0.25**
Public + Private Sector Total	**0.31**	**0.24**	**0.20**	**0.19**	**0.18**	**0.16**	**0.19**	**0.17**	**0.17**	**0.17**

Note: Empty Cell indicates that the company was not established.

Source: Authors own compilation based on the figures in the Annual Reports of Non-Life Insurance Companies operating in India.



Source: Authors own representation based on data in table 11

TABLE 12 - DESCRIPTIVE STATISTICS FOR GAP BETWEEN REINSURANCE DEMAND AND SUPPLY

Years	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Public Sector										
Mean	0.25	0.20	0.15	0.15	0.14	0.12	0.15	0.11	0.11	0.10
SD	0.04	0.03	0.03	0.02	0.03	0.02	0.03	0.03	0.03	0.03
Count	4	4	4	4	4	4	4	4	4	4
Minimum	0.19	0.18	0.13	0.13	0.11	0.10	0.12	0.08	0.08	0.07
Maximum	0.28	0.24	0.19	0.18	0.18	0.15	0.18	0.14	0.14	0.12
Private Sector										
Mean	0.43	0.29	0.32	0.43	0.31	0.23	0.30	0.19	0.20	0.22
SD	0.07	0.07	0.10	0.52	0.14	0.10	0.35	0.09	0.10	0.10
Count	8	8	12	13	15	15	17	17	17	17
Minimum	0.31	0.22	0.16	0.16	0.15	0.00	0.11	0.04	0.04	0.06
Maximum	0.51	0.42	0.50	2.14	0.64	0.44	1.63	0.38	0.43	0.43
Public + Private Sector										
Mean	0.37	0.26	0.28	0.36	0.28	0.21	0.27	0.18	0.19	0.20
SD	0.11	0.07	0.11	0.47	0.15	0.10	0.32	0.09	0.10	0.10
Count	12	12	16	17	19	19	21	21	21	21
Minimum	0.19	0.18	0.13	0.13	0.11	0.00	0.11	0.04	0.04	0.06
Maximum	0.51	0.42	0.50	2.14	0.64	0.44	1.63	0.38	0.43	0.43

Source: Calculated by author using MS Excel based on data in table 11

1. Net Profitability of Reinsurance Operations:

The net profitability of Reinsurance operations is the sum of reinsurance demand side profitability and reinsurance supply side profitability. The reinsurance demand side profitability and supply side profitability are calculated in the following way:

- Reinsurance Demand side profitability = Premium on reinsurance ceded – claims on reinsurance ceded - commission received on reinsurance ceded
- Reinsurance Supply side profitability = Premium on reinsurance accepted – claims on reinsurance accepted - commission paid on reinsurance accepted

An analysis of data pertaining to net profitability of reinsurance operations of the public and private sector non-life insurance companies (see table13 and table 14) indicate that the net profitability was negative in all the years except in 2011-12. Further it has declined from Rs.1050.03 crores in 2006-07 to Rs.1171.01 crores in 2015-16.

Public Sector: The net profitability of reinsurance operations of public sector was negative in seven years during the period of study. The profitability of demand side operations and supply side operations has shown a mixed result with either of them resulting in loss or both of them resulting in loss. Among the public sector companies National Insurance Company Limited is comparatively in a better profitable position in almost 6 years and The New India Assurance Company Limited was on the bottom in terms of profitability in almost 7 years during the period of study. The mean value has decreased from Rs.104.45 Crores in 2006-07 to Rs. -282.32 Crores in 2015-16. The standard deviation value increased drastically from 136.87 in 2006-07 to 1583.78 in 2011-12 and then decreased to 576.35 in 2015-16. The Variability of net profitability relatively higher in public sector than private sector.

Private Sector: The net profitability of reinsurance operations of private sector was negative in all the years during the period of study. The negative value of net profitability is mainly due to the losses in demand side operations. The supply side profitability has been favourable in almost 6 years during the period of study. Among the private sector companies ICICI Lombard General Insurance Company Limited was on the bottom in terms of profitability for almost 6 years during the period of study. On the other hand the company with maximum profitability was varying in different years during the period of study. The mean value has improved from Rs.-183.48 Crores in 2006-07 to Rs.-2.46 Crores in 2015-16. The standard deviation values are much lesser in private sector compared to public sector indicating that the profitability among the companies didn't vary much.

TABLE 13 - NET PROFITABILITY OF REINSURANCE OPERATIONS OF NON LIFE INSURANCE COMPANIES IN INDIA

Rs. in Crores

Public Sector

Years	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Demand Side Profitability	129.92	-1627.75	5852.27	5498.05	-1379.76	4524.77	-1035.10	483.00	138.43	-1222.90
Supply Side Profitability	287.86	856.49	-6891.89	-7227.13	113.43	-1652.14	-1807.83	-1578.84	891.45	93.67
Net Profitability	417.78	-771.26	-1039.62	-1729.08	-1266.33	2872.63	-2842.93	-1095.84	1029.88	-1129.23

Private Sector

Years	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Demand Side Profitability	-1505.60	-1894.84	-1592.35	-1966.11	-1186.98	-3603.55	-2530.75	-2211.62	-1569.46	-214.66
Supply Side Profitability	37.79	834.87	1073.31	1002.91	-138.93	1169.31	-2244.17	-1207.89	-2239.71	172.88
Net Profitability	-1467.81	-1059.97	-519.04	-963.20	-1325.91	-2434.24	-4774.92	-3419.51	-3809.17	-41.78

Public + Private Sector

Years	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Demand Side Profitability	-1375.68	-3522.59	4259.92	3531.94	-2566.74	921.22	-3565.85	-1728.62	-1431.03	-1437.56
Supply Side Profitability	325.65	1691.36	-5818.58	-6224.22	-25.50	-482.83	-4052.00	-2786.73	-1348.26	266.55
Net Profitability	-1050.03	-1831.23	-1558.66	-2692.28	-2592.24	438.39	-7617.85	-4515.35	-2779.29	-1171.01

Source: Authors own compilation based on the figures in the Annual Reports of Non-Life Insurance Companies operating in India.

TABLE 14 - Descriptive Statistics for Net Profitability of Reinsurance Operations

Years	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Public Sector										
Mean	104.45	-192.82	-259.91	-432.27	-316.58	718.16	-710.73	-273.96	257.47	-282.31
SD	136.87	178.66	731.02	650.05	469.00	1583.78	59.51	318.18	517.41	576.35
Count	4	4	4	4	4	4	4	4	4	4
Minimum	-76.99	-402.24	-1341.28	-1382.63	-904.05	-1369.04	-757.41	-565.78	-396.62	-1119.25
Maximum	243.69	-35.59	255.92	31.42	195.60	2125.14	-631.45	70.93	868.23	127.54
Private Sector										
Mean	-183.48	-132.50	-43.25	-74.09	-88.39	-162.28	-280.88	-201.15	-224.07	-2.46
SD	178.66	122.04	71.93	75.38	104.01	182.34	384.54	310.10	397.22	112.27
Count	8	8	12	13	15	15	17	17	17	17
Minimum	-563.93	-375.27	-159.38	-185.43	-292.14	-614.58	-1259.99	-1208.38	-1597.89	-161.36
Maximum	-15.83	-15.42	90.47	70.84	83.90	0.80	-3.52	44.76	86.80	293.02
Public + Private Sector										
Mean	-87.50	-152.60	-97.42	-158.37	-136.43	23.07	-362.75	-215.02	-132.35	-55.76

SD	213.35	138.08	346.49	328.66	232.83	761.52	385.68	304.91	451.58	269.43
Count	12	12	16	17	19	19	21	21	21	21
Minimum	-563.93	-402.24	-1341.28	-1382.63	-904.05	-1369.04	-1259.99	-1208.38	-1597.89	-1119.25
Maximum	243.69	-15.42	255.92	70.84	195.60	2125.14	-3.52	70.93	868.23	293.02
Source: Calculated by author using MS Excel based on data in table 13										

I. Growth and Status of Reinsurance Business of National Reinsurer GIC Re:

As GIC Re is a purely reinsurance company it doesn't have direct premiums. Therefore Reinsurance Ceded and Reinsurance Accepted are the two parameters taken to study the growth and status of GIC Re.

- Reinsurance Ceded is measured through the absolute value of Premiums on Reinsurance Ceded.
- Reinsurance Accepted is measured through the absolute value of Premium on Reinsurance Accepted.

The Life Reinsurance segment is excluded from the Analysis of GIC Re.

The analysis of Reinsurance ceded and accepted of GIC Re is performed in three stages:

1. The Growth of Reinsurance Ceded and Accepted.
2. The Gap between the Reinsurance Ceded and Accepted.
3. Net Profitability of Reinsurance operations.

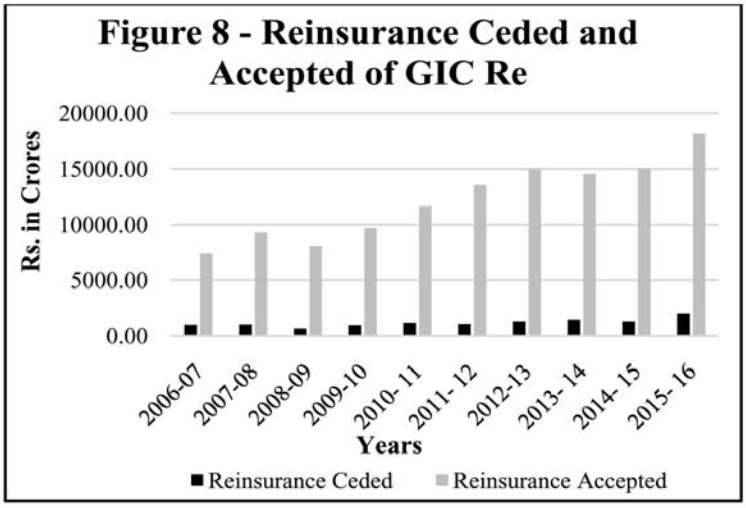
1. The Growth of Reinsurance Ceded and Reinsurance Accepted:

An analysis of data pertaining to reinsurance ceded and reinsurance accepted by GIC Re (see table 15 and figure 8) has indicated that the reinsurance ceded has increased from Rs.983.30 crores in 2006-07 to Rs.2020 crores in 2015-16 registering a growth of 105%. On the other hand reinsurance accepted has increased from Rs.7402.21 crores in 2006-07 to Rs.18205.16 crores in 2015-16 registering a growth of 146%. The Reinsurance Accepted is very high compared to Reinsurance Ceded. The reinsurance ceded by a reinsurer is known as retrocession and GIC was successful in maintaining a very low level of cessions.

Table 15 - Reinsurance Demand and Supply of GIC Re*

Rs. in Crores

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Reinsurance Ceded	983.30	1004.41	658.80	960.04	1168.54	1056.94	1297.23	1442.63	1289.32	2020.64
Reinsurance Accepted	7402.21	9298.21	8049.39	9722.89	11646.76	13568.12	14990.40	14554.42	15026.65	18205.16
***Note:** Excluding the Life Reinsurance										
Source: Authors own compilation based on the figures in the Annual Reports of GIC Re.										



Source: Authors own representation based on data in table 15

2. The Gap between the Reinsurance Ceded and Accepted:

Unlike the calculation of gap in case of non-life insurance companies which was the difference between the reinsurance demand and supply which are expressed in ratios the gap of reinsurance ceded and accepted of GIC is calculated by taking the difference of absolute values. An analysis of data pertaining to gap between reinsurance ceded and accepted (see table 16 and figure 9) indicate that the gap has shown an increasing trend. The gap has increased from Rs.6418.91 crores in 2006-07 to Rs.16184.52 crores with a growth of 152%.

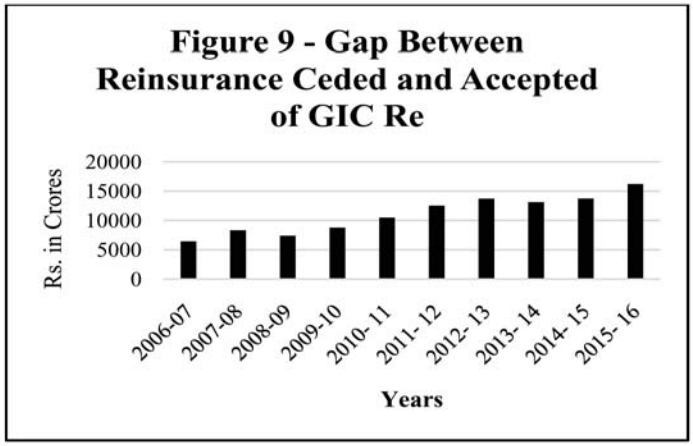
Table 16 - Gap Between Reinsurance Ceded and Accepted of GIC Re*

Rs. in Crores

Years	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015- 16
Gap	6418.91	8293.8	7390.59	8762.85	10478.2	12511.2	13693.2	13111.8	13737.3	16184.5

***Note:** Excluding the Life Reinsurance

Source: Authors own compilation based on the figures in the Annual Reports of GIC Re.



Source: Authors own representation based on data in table 16

2. Net profitability of Reinsurance Operations of GIC Re:

The net profitability of Reinsurance operations of GIC Re is the sum of profitability of reinsurance ceded and profitability of reinsurance accepted. The profitability of reinsurance ceded and profitability of reinsurance accepted is calculated in the following way:

- Profitability of Reinsurance Ceded = Premium on reinsurance ceded – claims on reinsurance ceded - commission received on reinsurance ceded
- Profitability of Reinsurance Accepted = Premium on reinsurance accepted – claims on reinsurance accepted - commission paid on reinsurance accepted

An analysis of data pertaining to net profitability of reinsurance operations of GIC Re (see table 17) has shown that the net profitability has grown by 78% from 2006-07 to 2015-16. The profitability of reinsurance ceded has fallen by 147% and profitability of reinsurance accepted has grown by 99.63% from 2006-07 to 2015-16. Net profitability of reinsurance operations of GIC Re has been favourable in almost all the years except in 2013-14 and 2014-15. The Reinsurance Ceded operations have continuously shown losses across the sample period. On the other had the profits from Reinsurance Accepted operations has helped to offset these losses leading to a net profitability.

Table 17 - Net Profitability of Reinsurance Operations of GIC Re*

Rs. in Crores

Years	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Profitability of Reinsurance Ceded	-340.76	-622.41	-129.89	-584.93	-705.57	-670.78	-604.18	-317.87	-1049.88	-842.64
Profitability of Reinsurance Accepted	1096.10	1155.66	531.51	1335.04	2562.48	2990.99	2344.25	299.17	-184.52	2188.17
Net Profitability	755.34	533.25	401.62	750.12	1856.92	2320.22	1740.07	-18.71	-1234.40	1345.53

***Note:** Excluding the Life Reinsurance

Findings and Conclusion:

Findings:

1. The premium on reinsurance ceded was initially more by the public sector than the private sector from 2006-07 to 2012-13 and later the private sector has over taken the public sector. The growth from 2006-07 to 2015-16 in premium on reinsurance ceded (51%) was less than the growth of total public and private sector (104%). Whereas the growth of private sector during the same period (169%) was more than the total public and private sector growth.
2. On the contrary the public sector has dominated the private sector in premium on reinsurance accepted throughout the period of study. The growth of premium on reinsurance accepted from 2006-07 to 2015-16 was also more by the public sector (213%) than the private sector (90%). Another notable point is the variability of premium on reinsurance accepted was very high among public sector companies compared to private sector.
3. In the case of gross written premium though the private sector's growth from 2006-07 to 2015-16 (364%) was almost double than the private sector (194%), in terms of volume the public sector's share was more than the private sector in all the years.
4. The reinsurance demand was more by the private sector compared to public sector in all the years of study. Further there was a steady decline in the ratio of reinsurance demand by both public and private sectors from 2006-07 to 2015-16.
5. On the other hand the reinsurance supply was more by the public sector than the private sector. Both the sectors have shown a similar trend of high increase till 2011-12 and then a steep decrease till 2015-16.
6. The gap between the ratio of reinsurance demand and ratio of reinsurance supply of both the sectors has narrowed down from 2006-07 to 2015-16.
7. The net profitability of both the sectors was not satisfactory throughout the period of study. There was net loss in most of the years. The deviation of net profits was very high among the public sector companies compared to private sector.
8. Being an exclusive reinsurance company the reinsurance accepted by GIC Re was very high compared to reinsurance ceded in all the years of study. Further the growth from 2006-07 to 2015-16 in reinsurance accepted (146%) was more than the growth of reinsurance ceded (105%).
9. The gap between the volume of reinsurance ceded and reinsurance accepted of GIC Re has widened from 2006-07 to 2015-16.
10. The profitability of reinsurance ceded by GIC Re has fallen by 147% and the profitability of reinsurance accepted has grown by 100% resulting in the growth of net profitability by 78% from 2006-07 to 2015-16.

Conclusion:

A stronger capital base, experienced staff and better risk management practices of the public sector non-life insurance companies has led to greater supply of reinsurance and reduction in the volume of cessions by them compared to private sector. The reinsurance capacity supplied by the Indian non-life insurers is only to overseas insurance companies as they are not permitted to accept reinsurance from Indian insurers. The changes in the regulatory framework of different counties could be a reason for the sudden decrease in the reinsurance supply from 2013-14 by the non-life insurance companies in India. They should make efforts to improve the supply of profitable reinsurance as it can also help in improving the profits before tax of the companies. On the other hand GIC Re has shown a healthy growth in terms of both reinsurance ceded and accepted. GIC's Annual reports show that more than 50% of its capacity has been constantly supplied to Indian insurers throughout the period of study. This is mainly because of the compulsory cessions to be made to GIC by the Indian insurers. However the

establishment of branch offices by the overseas reinsurers in India will definitely give a though competition to GIC Re. The primary insurers will have more options in terms of reinsurance products and competitive prices to reinsure their risks in the domestic front. Finally reinsurance which acts as a backbone for the insurance sector to prosper has gained greater momentum in India in past few years and would definitely be a value proposition to deepen the roots of insurance.

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AN EVALUATIVE STUDY OF RAJIV AAROGYASRI HEALTH INSURANCE SCHEME IN WARANGAL DISTRICT OF PRE-BIFURCATION OF TELANGANA STATE

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ABSTRACT

Governments all over the world today have come to accept the health of people as a public responsibility. Health is a very significant and vital factor for the prosperity of a country. Health is one of the most important indicators for socio-economic development. After independence, in India, health has been given a constitutional recognition as a major factor for the national development. Article 47 of the Directive Principles of Indian Constitution points out that the basic responsibility of the state as the promotion of health and standard of living of its people. It also, further says, 'the state shall regard the raising of the level of nutrition and improvement of public health as among the primary duties and in particular, the state shall endeavor to introduce prohibition of the consumption, except for medical purposes of intoxicating drinks or drugs which are injurious to health While visiting a hospital in India, one often contemplates the sheer impossibility of delivering quality health care services to the economically downtrodden. It is commonplace for poor Indians to use their life savings to access quality treatment for themselves and their loved ones. To address this problem of indebtedness of the poor due to overwhelming health costs, the Government of Andhra Pradesh launched the Rajiv Aarogyasri Health Insurance Scheme on 01-04-2007 in three backward districts of Mahboobnagar, Anantapur and Srikakulam on pilot basis was subsequently extended to the entire state in phased manner to cover 2.3 crore Below Poverty Line families in 23 districts from 17-07-2008. Thus from the past Nine years Rajiv Aarogyasri Scheme working in the state and provides health insurance to Below Poverty Line, it is the right time to evaluate the scheme and to offer suggestions to improve its performance.

Keywords: *Health; Aarogyasri; Health insurance*

Introduction

Governments all over the world today have come to accept the health of people as a public responsibility. Health is a very significant and vital factor for the prosperity of a country. Health is one of the most important indicators for socio-economic development. World Development Report 1993 says, "Improved health reduced production losses, permits the proper utilization of natural resources, increases the ability to literate for the next generation and frees the resources that would otherwise have to be spent treating illness". According to preamble of Constitution of the World Health Organization, health is defined as "a state of complete physical, mental and social wellbeing and not merely an absence of disease or infirmity, nothing could be greater importance than the health of the people in terms of resources for socio-economic development". Health according to the Constitution of India is a state subject. The State Government assisted by local bodies is responsible for providing health care facilities to its people. This results in different policies and programs of health care in various states. They make use of different systems of planning, acquisition and maintenance of

equipment, hospital administration, charging of services, patients services etc. Theresult is incompatible information requirements and the decision-making process causing wide variations in the overall health status of people in various states. This does not allow any standards to be adopted for the better achievement of health objectives. After independence, in India, health has been given a constitutional recognition as a major factor for the national development. Article 47 of the Directive Principles of Indian Constitution points out that the basic responsibility of the state as the promotion of health and standard of living of its people. It also, further says, 'the state shall regard the raising of the level of nutrition and improvement of public health as among the primary duties and in particular, the state shall endeavor to introduce prohibition of the consumption, except for medical purposes of intoxicating drinks or drugs which are injurious to health'. Poverty is undoubtedly one of the greatest challenges facing by India. Given the large proportion of its underprivileged population, the delivery of basic universal services seems almost unattainable. This issue is exemplified in public health service delivery. While visiting a hospital in India, one often contemplates the sheer impossibility of delivering quality health care services to the economically downtrodden. It is commonplace for poor Indians to use their life savings to access quality treatment for themselves and their loved ones. To address this problem of indebtedness of the poor due to overwhelming health costs, the Government of Andhra Pradesh launched the Rajiv Aarogyasri Health Insurance Scheme on 01-04-2007.

The State Government of Andhra Pradesh launched a community health insurance scheme called "Rajiv Aarogyasri Health Insurance Scheme" with effect from 01.04.2007. On consequent reorganization of the State of Andhra Pradesh into the States of Telangana and Andhra Pradesh with effect from 02-06-2014, the Government of Andhra Pradesh was issued the orders (G.O.MS.No. 127, dated 27-09-2014) to rename the 'Rajiv Aarogyasri Scheme' as "Dr. NandamuriTarakaRamaraoAarogyaSeva" and 100 procedures shall be added to the existing 938 procedures to provide cashless treatment in the empanelled network hospitals (total 1038 procedures), and also the then existing limit of financial coverage of Rs.2.00 lakhs per family per annum is hereby enhanced to Rs 2.50 lakhs per family per annum. Latter a new G.O was passed by the state on 17-12-2014.

Need for the Study

Health insurance is a safeguard against rising medical costs. The burden of expenditure on health care indicates a potential for community health insurance schemes for such sections of the society. It is estimated that the Indian workforce is covered by some form of health insurance through Central Government health schemes, State Government health schemes, and medi-claim. The low level of health insurance coverage's is due to the fact that Government policies have been designed to provide free health services through the public sector. Public insurance companies have paid very little attention to community health insurance because of low profitability and high risk involved. Keeping the above scenario in mind, the State Government of Andhra Pradesh in an effort to assist the Below Poverty Line families (BPL) has decided to introduce health insurance for treating the dreaded diseases. Big successes under this scheme have brought back the smile on the face of poor families.

Specific Objectives of the Present Study

The study is taken up with the following objectives:

- To study the evolution of Health Administration in India and Health care system in Andhra Pradesh.
- To examine the structure of Rajiv Aarogyasri Community Health Insurance scheme applied to the beneficiaries under Below Poverty Line families.
- To analyze the perceptions of patients relating to the services Rendered to them by the hospitals through Rajiv Aarogyasri scheme.

- To analyze the experiences and difficulties faced by the beneficiaries in obtaining Rajiv Aarogyasri Health Insurance Scheme.
- To find out the drawbacks and suggest necessary measures to reduce impediments and improve the quality of services rendered through Rajiv Aarogyasri scheme.

Hypothesis

In order to conduct the study, some hypotheses were formulated based on the observations made by studying the related literature. The following are the hypothesis of the present study:

- The lower and middle age group patients may prefer Privatehospitals for treatment through Rajiv Aarogyasri scheme.
- There may be a variation between caste and preference of hospitalfor getting treatment in Private as well as Government hospitals.
- There may be significant difference between selection of hospitalsand patients employment status for treatment.
- There may be a significant relationship between income level andselection of hospital.
- There may be key role played by the Aarogya Mithra in the RajivAarogyasri health insurance scheme.
- Media may be responsible for creating awareness about the RajivAarogyasri scheme.
- The facilities provided to the patients by the hospitals may not upto the mark.
- 108/104 ambulances may be rendering good services to thepatients.
- There may be a significant relationship between ration card andselection of hospital.

Tools and Materials

Researcher has retrieved data and literature from secondary sourceslike published and unpublished literature in the form of books andarticles in the journals. Reports and Governmental documents as wellas leaflets and broachers and from various authentic sources werecollected and studies for getting information. Researcher has preparedwell-structured schedule which contains both closed ended and openended questions to collect data from the beneficiaries of RajivAarogyasri scheme from Warangal district. Primary data has beencollected through field survey by administering schedules to thesample respondents who were drawn from the Warangal district. Itcontains 33 items in which the first item (1-7) is used to gather thepersonal information of the beneficiaries, 8-17 items relatedperceptions on Rajiv Aarogyasri scheme, 18-22 related tohospitalization, 23-27 items are related to post hospitalization and28-33 items are related to administration of Aarogya Mithra. Interviewand observation and focus group discussion techniques were also usedto collect the necessary data to fulfill the objectives2.

Sampling

Out of 23 districts in Andhra Pradesh (at present Telangana state is having31districts), the core focus of research has beenfocused on the region of Warangal which consists of 51mandals. With the heterogeneity of beneficiaries hailing from Warangal district, the researcher selected this area using Purposive andconvenient sampling technique was used to selecting respondents. Thefield survey for primary data collection was conducted in threedifferent phases. In the first phase, a pilot survey was conducted toprepare a prototype questionnaire, in the second phase, questionnairewas tested and finalized. In the third phase, final field survey had beenconducted by administrating the finalized questionnaire to the samplerespondents. Simple random sampling has been used to select 51mandals and thereby 10 beneficiaries from each mandal. The currentsample size undertaken for research is 510. Out of the total selectedbeneficiaries only 400 was taken as sample by using convenientsampling and they were responded and showed their willingness toprovide information for the present research study.

Key Concepts

The following are the key concepts of the present study to evaluatethe Rajiv Aarogyasri scheme.

- Awareness: Knowledge of the beneficiaries regarding rules, regulations and procedures and practices of the Rajiv Aarogyasrischeme.
- Responsiveness: Doctors response to patients relating to theservices rendered to them.
- Grievances: Complaints lodge by beneficiaries towards the servicesrendered through Rajiv Aarogyasri health insurance scheme.
- Delay: Duration of the time taken in rendering services to thebeneficiaries.
- Equity: Treatment given to the beneficiaries without anydiscrimination under the Rajiv Aarogyasri scheme.

Computation of Data (Data Analysis)

Information on this study, as already stated is obtained in threeforms information from official records, questionnaire and informalinterviews. Each type of information has been carefully analyzed andtabulated according to the need of the study. Simple percentages arethus mostly used. Interpretation and generalization of data were madeon the basis of empirical analysis. Tables and graphs present theunivariate and bipartite frequency and percentage distribution.

Table 1: Policy Period wise BPL Population and Therapies

[BPL Population in lacks]							
PHASE	Financial Year	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
V	Policy Period [PP]/ District	-	17.07.2008 To 16.07.2009 [PP1]	17.07.2009 To 16.07.2010 [PP2]	17.07.2010 To 16.07.2011 [PP3]	17.07.2011 To 16.07.2012 [PP4]	17.07.2012 To 16.07.2013 [PP6]
	WARANGAL	**-**	**27.75**	**30.80**	**29.95**	**30.67**	**35.03**
	THERAPIES AVAILABLE	-	330	330	352	192	938

Table 2: Age wise distribution of the beneficiaries of Rajiv Aarogyasri among Government and Private Hospitals

S.No	Age	Government	Private	Total
1	Below 15	13 (38.0)	21(62)	**34 (100.0)**
2	15-25	39 (55.0)	32 (45.0)	**71 (100.0)**
3	25-35	69 (67.0)	34(33.0)	**103 (100.0)**
4	35-45	48 (44.0)	61(66.0)	**109 (100.0)**
5	45-55	54 (41.0)	79(59.0)	**133 (100.0)**
6	Above 55	32 (53.0)	28(47.0)	**60 (100.0)**
	Total	**255 (50.0)**	**255 (50.0)**	**510 (100.0)**

Table 3: Sex-wise distribution of the beneficiaries of Rajiv Aarogyasri among Government and Private Hospitals.

S.No.	Sex	Government	Private	**Total**
1	Male	150 (60.0)	105 (40.0)	**255 (100.0)**
2	Female	105(42.0)	150 (58.0)	**255 (100.0)**
	Total	**255(50.0)**	**255(50.0)**	**510 (100.0)**

Table 4: Education qualification-wise distribution of the beneficiaries of Rajiv Aarogyasri among Govt. and Private Hospitals

S.No	Education	Government	Private	**Total**
1	P.G	31(42.0)	42(58.0)	**73 (100.0)**
2	Graduation	33(46.0)	38(54.0)	**71(100.0)**
3	School education	68(54.0)	59(46.0)	**127(100.0)**
4	Illiterate	123 (51.0)	116 (49.0)	**139 (100.0)**
	Total	**255(50.0)**	**255 (50.0)**	**510 (100.0)**

Table 5: Category –wise distribution of the beneficiaries of Rajiv Aarogyasri among Government and Private Hospitals

S,No.	Category	Governament	Private	**Total**
1	OC	21(40.0)	32(60.0)	**53(100.0)**
2	BC	47(39.0)	73(61.0)	**120(100.0)**
3	SC	91(58.0)	65(42.0)	**156(100.0)**
4	ST	96(53.0)	85(47.0)	**181(100.0)**
	Total	**255(50.0)**	**255(50.0)**	**510 (100.0)**

Table 6: Income is received on

S.No	Income	Governament	Private	**Total**
1	Below 10000	23(35.0)	42(65.0)	**65(100.0)**
2	10000-20000	28(42.0)	38(58.0)	**66(100.0)**
3	20000-30000	51(60.0)	34(40.06)	**85(100.0)**
4	30000-40000	58(54.0)	50(46.0)	**108(100.0)**
5	40000-50000	30(48.0)	32(52.0)	**62(100.0)**
6	above 50000	19(56.0)	15(344.0)	**34(100.0)**
	Total	**209(49.6)**	**211(50.4)**	**420(100.0)**

Telangana State Brief Profile

Telangana is the 29th state of India, formed on the 2nd of June 2014. The state has an area of 1, 12,077 Sq. Km. and has a population of 3,52,86,757. The Telangana region was part of the Hyderabad state from Sept 17th 1948 to Nov 1st 1956, until it was merged with Andhra state to form the Andhra Pradesh state. After decades of movement for a separate State, Telangana was created by passing the AP State Reorganization Bill in both houses of Parliament. Telangana is surrounded by Maharashtra and Chhattisgarh in the North, Karnataka in the West and Andhra Pradesh in the South and East directions. Major cities of the state include Hyderabad, Warangal, Nizamabad and Karimnagar.

Warangal District Profile

Warangal is spread over 12, 84,000 ha with merely one-fourth of the geographical area under forests. Gross cropped area is 5, 50,000 ha and net sown area is 29.1%. The cropping intensity is 123%, the highest among the NAIP districts. Areas under permanent pastures constitute 3.3%, highest next to Nalgonda. The district has a total population of 32, 46,004 of which 17% belong to Scheduled Castes and 14% to Scheduled Tribes. The literates in the rural area constitute 52%. About 68.1% of the workers are engaged in agricultural activities.

Back ground of Rajiv Aarogyasri

Public health care in India often faces heavy criticism. Seriousshortcomings in quality of and access to services, quantity of personneland equipment, and levels of funding haunt the public health caresystem. Moreover, government hospitals face a myriad of problems,exposing the poorest sectors of society to insufficient and low qualitytreatment. With diseases and the numbers of affected on the rise, it iscrucial to develop a sound and effective health care delivery process. Insuch circumstances, a public private partnership may offer a solution4.The Government of Andhra Pradesh was introduced the scheme i.e.,Rajiv Aarogyasri Health Insurance Scheme on 01-04-2007 in threebackward districts of Mahboobnagar, Anantpur and Srikakulam onpilot basis was subsequently extended to the entire state in phasedmanner to cover 2.3 core Below Poverty Line families in 23 districtsfrom 17-07-2008. While designing the scheme, experience gained inother States implementing similar schemes viz. Yeshasvini ofKarnataka, Karuna of Tamilnadu, and Universal Health InsuranceScheme of Govt. of India was carefully studied5.A list of 533(389 surgical and 144 medical) such procedures wereidentified for inclusion under the scheme. These procedures werecovered under the banner Aarogyasri-II and launched in the State on17th July 2008 in order to enable all BPL families avail cashlesstreatment for more procedures. 79 new procedures in the specialties ofObstetrics, Eye, ENT, Cardiology, and Trauma and Critical care werefurther added in the Scheme with effect from 14th November, 2008,thus bringing the total procedures covered under the Scheme to 942.At present the scheme is covering 1038 procedures6.

Objectives of the Rajiv Aarogyasri Community Health

Insurance Scheme

- Improve overall health infrastructure for the betterment of citizenwell-being.
- Provide social protection by addressing the problem of growingindebtedness faced by the poor due to burdensome health carecosts.
- Monitor trends in diseases and treatment of ailments to ensure thathealthcare reaches the grassroots.
- Provide health security to the largest and most disadvantagedsegment of the population.
- To increase access to health care.
- To protect families from high medical expenditure.
- To provide options in terms of health care providers.
- To improve quality of public health care system.

Major Findings of the Study

- The middle age group patients and lower age groups prefer Private hospitals and there is

significant relation between the age and selection of hospitals for treatment through Rajiv Aarogyasri Scheme.

- Majority of the male and female patients prefer to visit private hospitals for treatment. Hence there is no relation between the gender and selection of hospitals for treatment through Rajiv Aarogyasri Scheme.
- Most of the P.G level educated beneficiaries prefer Government hospitals and majority of the graduate level educated beneficiaries like to get treatment at private hospitals through Rajiv Aarogyasri scheme. Hence there is a significant relation between the education and selection of hospitals for treatment through this Scheme among the patients. • More than 50 percent of BC and OC patients prefer Private hospitals and ST, SC patients are interested in Government hospitals for treatment. Hence, there is a significant difference between the category and selection of hospitals for treatment through this scheme.
- Employed and Unemployed patients preferred both Private andGovernment hospitals and there is no significant differencebetween selection of hospitals and patient employment status fortreatment through Rajiv Aarogyasri Scheme.
- The study reports a significant relation between the income andselection of hospitals for treatment through Rajiv AarogyasriScheme. Hence, Income is one of the factor which influencesselection of hospital for treatment among the beneficiaries.
- Daily and weekly beneficiaries prefer Government hospitals,whereas, monthly income patients prefer to visit Private hospitals.Hence, there is a significant relation between the payment receivedand selection of hospitals for treatment through Rajiv AarogyasriScheme.
- It is observed in the study that network hospitals are not providingfood and beverages to the patients, although there is a provision forsuch service in Rajiv Aarogyasri Scheme.
- Network Hospitals having limited resources and management hasto improve all types of services under Rajiv Aarogyasri strategy.
- As per the respondents' views, the top three measures used toevaluate the importance of Rajiv Aarogyasri irrespective of thetype of hospital, bed capacity, specialization or quality service, on

Time service and responsiveness.

- The network hospitals opined that the cashless treatment service isone of the most important reasons for the success of RajivAarogyasri programme.

Suggestions

- Patients reported lack of bed facilities and they lose time andresources in searching alternate hospital for treatment. This may beovercome by coordinating, the scheme with more networkhospitals and by increasing the bed capacity than the existing one. This way the scheme will reach out to more number ofbeneficiaries at the right time and at the right place.• The Government should take measures to inspect the networkhospitals on a regular basis in order to find the discrepancies in thefunctioning of the scheme. As it has been found by the researcherthat some network hospitals are not providing food and beveragefacilities to the beneficiaries. As the provision of food andbeverages to the beneficiaries is of utmost importance as theybelong to BPL families and they do not have the resources to feedthemselves. This is crucial where post-operative care is needed [3].
- The Government can engage more social welfare workers to spreadinformation about the scheme in rural areas. More awareness canbe brought about by repeated broad cast in T.V and Radio. Eventhough the Government has provided for mandatory medicalcamps, the researcher is of the opinion that more frequent medicalcamps will bring proper awareness of the scheme and will enablefaster dissemination of information to

the population in ruralareas. It is also observed by the study that some network hospitalsdo not conduct medical camps which need immediate notice andaction of the Government to make the scheme a successful one.

- In order to prevent post-operative complications it is suggestedthat the network hospitals should provide well experienced doctorsfor cases that require such expertise. It is also suggested thatallotment of doctors for this scheme must be done on a basis ofgrouping the diseases under the categories of critical/severe/ andgeneral to provide good treatment to the beneficiaries.
- Since the reach of 108/104 ambulances has been proved successfulin several areas it is suggested that more such services can beintroduced to cover several rural areas.
- The advantage of the researchers' suggestion of grouping cases under critical/severe/general ill enable immediate and proper treatment to the beneficiaries which will increase the satisfaction levels of the respondents towards this scheme.
- The Government should take measures to release funds to the network hospitals providing this scheme at the earliest as this will bring about better response to the beneficiaries in this scheme

From the private hospitals, who otherwise are hesitant to extend this scheme, due to delay in settlement of their claims

- Government should take measures to investigate the operational efficiencies of the network hospitals under this scheme to serve the interest of the down-trodden segment of the society.
- A strict vigil is necessary on private hospitals providing this scheme as they are not providing the required medication to the beneficiaries at the time of discharge. • AarogyaMithra's cabin must be placed at a prime point which is easily, clearly visible and can be identified with ease by the beneficiaries.
- Finally, the health staff including doctors should develop motivation towards serving the under privileged community and provide the services with full commitment in fulfilling the task assigned to them.

CONCLUSION:

Rural population of state, majority of whom are farmers, are not having access to advanced medical treatment and are silent sufferers of ill health. This is truer in case of diseases related to heart, kidney, brain, cancer and injuries due to domestic accidents and burns. While the Government is in the process of adequately strengthening the health institutions for basic health care, lack of specialist doctors and equipment for treatment of serious diseases has created a wide gap between the disease load and the capacity of the Government hospitals to serve the poor. These facilities though available in private sector are catering mainly to the affordable sections of society and are beyond the reach of poor families living in villages. Because of this gap poor patients are constrained to go to private hospitals for treatment and in the process land is a huge debt leading to sale of properties and assets or are, sometimes, left eventually to die. While critics of Aarogyasri say it is limited to tertiary healthcare while the pressing concerns are still in primary healthcare delivery. However, the fact is that an insurance company, Government and private hospitals have created a framework for a genuine, health insurance scheme. The scheme undoubtedly regarded as a boon to BPL families who are otherwise vulnerable to diseases and lack of treatment by professionally qualified doctors. There is an imminent need to enlarge the scope of the scheme and improve delivery of health care in the interest of society and social wellbeing of people, especially the families from BPL. Without proper health care and concern of all in any society, there is no meaning of economic and social developments in the context of human development criteria for measuring progress of a nation.

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EVALUATIVE STUDY OF RAJIV AAROGYASRI HEALTH INSURANCE SCHEME IN TELANGANA STATE

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ABSTRACT

Health is an important constituent of human resource development. Good health is real wealth of society. It not only increases human efficiency but also decreases private and public expenditure on sickness and diseases.The government of Andhra Pradesh introduced Aarogyasri as a cashless health insurance program for households living Below Poverty Line(BPL) inApril 2007.A Scheme is a unique Community Health Insurance Scheme being implemented in State of Telangana. The Scheme provides financial protection to families living BPLupto Rs.2 lakhs in a year for the treatment of services ailments requiring hospitalization and surgery. The objective of the scheme is to improve access BPL families to quality medical care for treatment of identified diseases involving hospitalization. Surgeries and therapies through an identified network of health care providers are carried out.

The present paper focuses, the examine the structure of Rajiv Aarogyasri Health Insurance Scheme (RAHIS),toevaluate the accessibility of RAHIS whether home or outside of the district wise beneficiariesand study the demographic profile of beneficiaries of RAHISand also study the understand the availment of benefits of RAHIS by respondents in government or private hospitals. The present study relied on secondary data and for analysis of data statistical techniques are used like coefficient of correlation, pie, bar and line chats.

The Aarogyasri Scheme covered all districts of Telangana State. Nearly about four-fifths of the householdshave Rajiv Aarogyasri Health Card in Telangana state. Among these highest in Medak district and lowest in Hyderabad district and 92 percent of STs and 80 percent of SC have this facility, residing in 10859 villages 584 Revenue Mandals of all districts ofTelangana State in five phases.The scheme started with 163 procedures covered and has been gradually extended to 938 procedures. The majority of beneficiaries utilizing the scheme are illiterate and have a rural address. Since inception of the scheme totill 17695 Medical camps were conducted and 4250864 patients were screened held by the network hospitals in rural areas.2177848 Pre-authorisations were performed and 1977992 surgeries were done.The pre-authorised amount for the surgeries/therapies is Rs.5497.45crores. The claim paid is Rs.5431.41crores for the surgeries/therapies performed. It is concluded that the majority i.e., 72.4 percent of households access medical services from Private/Corporate hospitals and 27.6 percent from Government hospitals. The community wise medical services rendered by beneficiaries of RAHIS are highest i.e., percent from BCs community and followed by minorities (14.8%), OCs (14.4%), SCs (10%) and STs (6.7%) respectively. Hence, it is that suggested appropriate steps are initiated at the earliest for development of infrastructural facilities and recruit required staff in government hospitals to meet the needs of the medical services of poor families.

Key words: Below Poverty Line, Aarogyasri Health Insurance Scheme, Surgeries, Therapies.

Introduction

Health is an important constituent of human resource development. Good health is real wealth of society. It not only increases human efficiency but also decreases private and public expenditure on sickness and diseases. Health has been declared as a fundamental human right. Healthcare services help to reduce infant mortality rate, check crude death rate, keep diseases under control and raise life expectancy[1]. The government of Andhra Pradesh introduced Aarogyasri as a cashless health insurance program for households living below the poverty line on 01.04.2007[2]. The program provided "medical assistance to families below poverty line for the treatment of serious ailments such as cancer, kidney failure, heart and neurosurgical disease etc., requiring hospitalization and surgery/therapy". Under the scheme, Below Poverty Level (BPL) households in Telangana were eligible and covered for medical expenditure towards 938 listed treatments up to Rs. 200,000 (USD 3300)[3].Under Aarogyasri Scheme, 256 network hospitals both under Government and Private Sectors have been empanelled. A total of 17695 Health Camps were conducted and 4250864 patients were screened. 1439869 Pre-authorisations were performed and 1255010 surgeries were done. The pre-authorised amount for the surgeries/therapies is Rs.3773.64 crores. The claim paid is Rs.2983.32 crores for the surgeries/therapies performed.

Of the total coverage, 75% is on family floater basis, i.e., unutilized coverage will be available to the other household members. The remaining coverage, Rs. 50,000 is available on the basis of recommendations of a technical committee. The insurance does not have any deductible or co-payment. All transactions are cashless, where a beneficiarycan go to any authorized hospital and receive care without paying for the procedures covered under the scheme. As of Feb 2016, 256 Government and Private Hospitals were empanelled under Aarogyasri in every district of Telangana.

Objective of the study

1. To examine the structure of Rajiv Aarogyasri Health Insurance Scheme.
2. To evaluate the accessibility of Rajiv Aarogyasri Health Insurance Scheme whether home or outside district wise beneficiary.
3. To study the demographic profile of beneficiaries of Rajiv Aarogyasri Health Insurance Scheme.
4. To understand the availment of benefits of Rajiv Aarogyasri Health Insurance Scheme by respondents in Government or Private Hospitals.

Methodology:

In order to conduct the study, information has been gathered mostly from secondary sources such as scheme website, available assessment reports, and the data provided by the Aarogyasri health care trust, Scheme website and published articles.For analysis of the data by using statistical tools like Karl person's coefficient, line, bar and pie charts.

Rajiv Aarogyasri Health Insurance Scheme

In the Government hospitals lack ofbasic health, care specialists doctors and equipment for treatment of serious diseases. These facilities though available in private sectors are catering mainly to the affordable sections of society and are beyond the reach of poor families living in villages. Because of this gap poor patients are constrained to go to private hospitals for treatment and in the process land in a huge debt leading to sale of properties and assets are sometime left eventually to die[1]. Hence, there is a felt need in the state to provide medical assistance to BPL families for the treatment of serious ailments. However, the fact is that an insurance company, Government and Private hospitals have created a framework for genuine health insurance scheme. The State Government of Andhra Pradesh launched a community health insurance scheme called "Rajiv Aarogyasri Health Insurance Scheme" with effect from 01.04.2007. On consequent reorganization of the State of Andhra Pradesh into the States of Telangana and Andhra Pradesh with effect from 02-06-2014, the Government of Telangana was issued the orders to rename the 'Rajiv Aarogyasri Scheme' as

"Aarogyasri Health Care Trust" and 100 procedures shall be added to the existing 938 procedures to provide cashless treatment in the empanelled network hospitals.

Eligibility:

All below poverty line residents of the state of Telangana are technically entitled to Aarogyasri benefits. The scheme has been implemented in all districts in the state. Nearly about four-fifths of the households in the state have food security card earlier is called white ratio card for access to the PDS; level of access is highest in Medak district at 94.5 per cent, lowest in Hyderabad with just about half of the households having Food Security Card. Nearly 92 per cent of the STs in the state have food security card; among SC households about 80 per cent have ration cards. The selection of beneficiary under Aarogyasri Scheme uses data of food security card which was issued by Civil Supply Department, Government of Telangana. Such of the beneficiaries who are covered for the "listed therapies" by other insurance schemes such as CGHS, EHS, ESIS, Railways, RTC etc., will not be eligible for any benefit under this scheme.

Funding

This is a state government scheme. Under this, hospital bills of the insured persons are paid by the insurance company. The premium for insurance company is paid by the government. People do not have to pay anything under this scheme. The state wanted to ensure that the benefits of the scheme reached the poorest, who might otherwise be deterred from enrolling even if the premium to be paid out of pocket was nominal.

Institutional structure

Rajiv Aarogyasri Trust under the Government of Andhra Pradesh has an overall responsibility of implementing the scheme in the state. The administrative structure of Aarogyasri is comprised of four main organizations:

Aarogyasri Healthcare Trust: The Trust is responsible for oversight of the entire insurance program as well assome important administrative functions such as setting benefits and pricing, managing contracts with insurer (s)and network providers, approving claims, and monitoring.

Insurer: The insurer is selected based on a competitive bidding process to bear risk and manage all back endinsurance administration, including claims processing, reimbursements to providers, and oversight of hospitals.The Insurer is also responsible for holding health camps in villages to screen, diagnose, treat, and makebeneficiaries aware of any health problems they might have; health camps are also used to enroll eligiblebeneficiaries.

Network hospitals: Network hospitals provide care to Aarogyasri beneficiaries. Under the scheme 256 networks hospitals both under government and private sectors in Telangana State.

Aarogya Mithras: Aarogya Mithras is patient advocates and assists Aarogyasri beneficiaries to navigatethrough the system and ensure beneficiaries receive quality care. Aarogya Mithras is also responsible forcommunity outreach.

Table1.1
District – wise total number of therapies preauthorized under Aarogyasri during 1.4.2007 to 31.3.2017

SL. No	Name of the district	Therapies Pre-authorized in home district		Therapies Pre-authorized outside district		No of therapies count	No of therapies amount (in lakhs)
		No of therapies count	No of therapies amount (in lakhs)	No of therapies count	No of therapies amount		
1	Hyderabad	226432 (12.6%)	56033.562	41565(2.3%)	10569.982	267997(15)	66603.544(14.3%)
2	Ranga Reddy	164712 (9.2%)	43227.984	76526(4.3%)	19940.798	241238(13.4)	63168.782(13.6%)
3	Karimnagar	137371 (7.6)	31769.918	85883(4.8%)	25273.86	22325412.4)	57043.778(12.3%)
4	Warangal	163455 (9.1)	38827.27	41565(2.3%)	10569.984	205020(11.4)	49397.254(10.6%)
5	Nalgonda	26635 (1.5%)	7258.5319	182173(10.3%)	46932	208808(11.6)	54190.5319(11.7%)
6	Medak	13596 (0.75)	3221.4363	118694(6.6%)	32943.598	132290(7.4)	36165.0343(7.8%)
7	Khammam	37500 (2%)	10331.963	80825(4.5%)	22613.135	118325(6.6)	32945.098(7%)
8	Mahabubnagar	42313 (2.4%)	9779.556	152357(8.5%)	41663.7	194670(10.9)	51443.256(11%)
9	Nizamabad	48511(2.7)	10012.619	66165(3.7%)	19718.283	114676(6.4)	29730.902(6.4%)
10	Adilabad	10042(0.5)	2431.2844	77753(4.3%)	21140.531	87795(4.9)	23571.8154(5%)
	Grand total	870567 (48.4%	212894.1246	923506 (51.6%)	251365.871	179407 (100)	464259.9956(100%)
	Correlation	No of therapies preauthorized performed between home district and outside districts is -0.618					

Source: Website of Rajiv Aarogyasri Health Care Trust, Government of Telangana

Looking at the table shows about district wise total number of therapies preauthorized under Aarogyasri Scheme. It has been found that the total number of therapies preauthorized that have been taken under this scheme since the inception to till dateis 1794073. Among these 48.4 percent (870567) therapies pre-authorized in home districts and 51.6 percent (923506) are outside of the districts in Telangana State. The pre-authorizations amount for the therapies is Rs.464259.9956 lakhs, during the study period. Among these home districts pre-authorizations amount is 212894.1246 lakhs and outside of the districts amount incurred Rs. 251365.871 lakhs. It is observed from the above table that major share of claim amount i.e., 14.3 percent utilized in Hyderabad district for therapies preauthorization and followed by Ranga Reddy, Karimnagar, Nalgonda, Mahabubnagar, Warangal, Medak, Khammam, Nizamabad and Adilabad districts with 13.6%, 12.3%, 11.7%, 11%, 10,6%, 7.8%, 7%, 6.4% and 5% respectively. It is clearly evident from the above table that the highest number of therapies preauthorized performed in home districts are Hyderabad with 12.6 percent (226432), Ranga Reddy with 9.2 percent (164712), Warangal with 9.1 percent (163455) and Karimnagar with 7.7 percent (137371). Lowest number of number of therapies preauthorized in Adilabad district 0.5 percent (10042), Medak district .075 percent (13596), Nalgonda district 1.5 percent (26635), Khammam district 2 percent (37500), Mahabubnagar 2.4 percent (42313) and Nizamabad district 2.7 percent (48511). In case outside of the districts highest number of therapies preauthorized performed districts are Nalgonda with 10.3 percent, Mahabubnagar with 8.5 percent, Medak with 6.6 percent and Karimnagar with 4.8 percent. And lowest number of therapies preauthorized districts was both Hyderabad and Warangal districts with 2.3 percent, and Nizamabad 3.7 percent respectively.

In the above table an attempt has been made to measure the relationship between home and outside districts regarding beneficiaries of Aarogyasri Health Insurance Scheme in Telangana State by computing Karl Pearson's Coefficient of Correlation is -0.618. Which indicates a negative relation among them?

It is noticed that the more number of therapies performed in outside of the districts than the home districts. It is indicates that Hyderabad, Ranga Reddy, Warangal and Karimnagar districts have sufficient basic health care facilities along with specialist and equipment for treatment of serious diseases. Hence, people are giving priority to these districts for taken medical treatments for serious diseases.

Table 1.2

Demographical Profile of the Beneficiaries of RAHIS in Telangana State

Descriptive	2014		2015		Grand total	%
	No of beneficiary	%	No of beneficiary	%		
Community						
BC	64482	54.8	98227	54.2	162709	54.4
OC	16198	13.6	26069	14.4	42267	14.14
ST	7632	6.5	12077	6.7	19709	6.6
SC	12226	10.4	17631	9.7	29857	10
Minorities	16980	14.5	26851	14.8	43831	14.7
Others	234	0.21	382	0.21	616	0.21
Total	**117752**	**100**	**181237**	**100**	**298989**	**100**
Age distribution						
0- 14 year	11159	9.5	16160	8.9	27319	9.2
15-35 years	27658	23.5	39557	21.8	67215	22.5
36-60 years	60391	51.3	94464	52.2	154855	51.8
Above 60 yrs	18544	15.7	31056	17.1	49600	16.5
Total	**117752**	**100**	**181237**	**100**	**298989**	**100**
Gender						
Male	59936	50.9	92432	51	152368	50.96
Female	45953	39	71762	39.6	117715	39.37
Male (Child)	7351	6.2	10552	5.8	17903	5.98
Female (Child)	4512	3.8	6491	3.5	11003	3.2
Total	**117752**	**100**	**181237**	**100**	**298989**	**100**
Types of hospitals						
Government	31996	27.2	50467	27.8	82463	27.6
Private/Corporate	81756	72.8	130770	72.2	216526	72.4
Total	**113752**	**100**	**181237**	**100**	**298989**	**100**
Amount utilized						
Pre-authorized amount	3031334817		4861858277		7893193094	
Claim amount	2716337093		4352798959		7069136052	

Source: Website of Rajiv Aarogyasri Health Care Trust, Government of Telangana

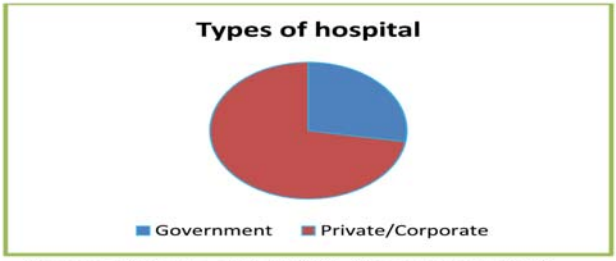
Community wise distribution: In the above table, it shows that the caste wise distribution of beneficiaries of Rajiv Aarogyasri Health Insurance Scheme in Telangana State. It is indicates majority 54.4 percent of the backward class (BC), while 14.7 percent are minorities, 14.1 percent are OC community and 10 percent are Scheduled Caste. And 6.6 percent beneficiaries are Scheduled Tribes. It is noticed that most of the Aarogyasri scheme beneficiaries are BCs, Minorities and OCs communities and meager percent of Scheduled Caste and Scheduled Tribes people are utilizing this scheme.

Gender distribution: It is evidence that the 57 percent of the beneficiary of RAHIS holders are male, among these 6 percent are male child and 51 percent are male. 43 percent respondents are female among these 3.7 percent are female child and 39.3 percent are female. It is indicates that the majority of the beneficiary are male than the female.

Age distribution: In the present study beneficiary of Rajiv Aarogyasri Health Insurance Scheme holders are categorized into four groups based on their age, viz the less than 14 year age group of 15-35 year age group, 36-60 year group and above 60 year age group.It is found from the above table that 51.8 percent of Aarogyasri scheme beneficiaries belongs to the age group of 36-60 years, 22.5 percent in the age group of 15-35 years, 16.5 percent belong to above 60 years age groups respondents. And 9.2 percent of Aarogyasri scheme beneficiaries are less than 14 years age group. It is observed that the most of the beneficiaries are matured and old age group people.

Types of hospitals: It is observed that the majority i.e., 72.4 percent of the Rajiv Aarogyasri Health Card holders access the medical services from Private/Corporate hospitals and 27.6 percent of beneficiary access the medical services from Government hospitals of Telangana State.It is noticed that there is a huge gap between the Corporate Hospitals and Government Hospitals regarding services providing under Rajiv Aarogyasri Health Insurance. Hence, it is suggested that appropriate steps are initiated at the earliest for development of infrastructural facilities and recruit required staff in government hospitals to meet the needs of the medical services of poor families.

Chart.1.1



Source: Website of RAHCT, Government of TS

Table 1.3

District wise total number of pre-authorized and surgeries under Aarogyasri Scheme1.4.2007 to 31.3.2017

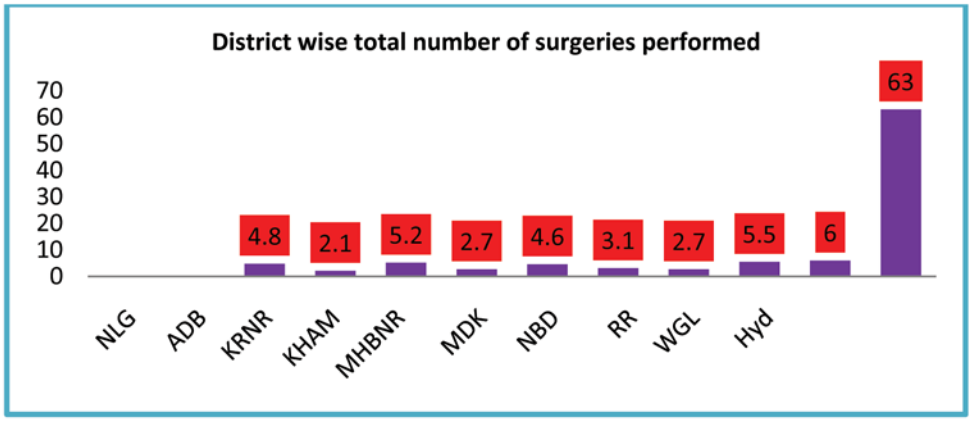
SL. No	Name of the district	Pre-auth initiated count	Pre-auth initiated amount (in lakhs)	Pre-auth approved count	Pre-auth approved amount(in lakhs)	Surgeries done count	Surgeries done amount (in lakhs)
1	Nalgonda	104243(4.7%)	2820823157	96486(4.8%)	2518109644	95253(4.8%)	2484513439 (4.5%)
2	Adilabad	46720(2.1%)	1307154247	42917(2.1%)	1153988607	42339(2.1%)	1138071186(2%)
3	Karimnagar	111777(5.1%)	3039065416	104127(5.2%)	2739254169	103108(5.2%)	271030374(.05%)
4	Khammam	59467(2.7%)	1734363570	54811(2.7%)	1534172057	54107(2.7%)	1513122790(2.7%)
5	Mahabubnagar	100700(4.6%)	2769572303	91693(4.6%)	2411288176	90383(4.6%)	2373560928(4.4%)
6	Medak	67751(3.1%)	1932892921	62140(3.1%)	1692811804	61295(3.1%)	1667279476(3%)
7	Nizamabad	58674(2.6%)	1583657473	54360(2.7%)	1398187139	53580(2.7%)	1377072776(2.5%)
8	Ranga Reddy	120230(5.5%)	3242733669	110741(2.7%)	2858907336	109066(5.5%)	2814259155(5.2%)
9	Warangal	130342(5.9%)	355449903	120015(5.5%)	3160488686	118918(6%)	3129062001(5.7%)
10	Hyderabad	1377944(63.3)	43264594955	1264314(6%)	35507252053	1249943(63%)	37546115278(69%)
	Total	2177848(100)	62050307614	2001604(100)	54974459671	1977992	54314087403(100)

Source: Website of Rajiv Aarogyasri Health Care Trust, Government of Telangana

Table 3.1 shows about district wise total number of pre-authorized and surgeries performed under Aarogyasri Scheme. It has been found that the total numbers of surgeries performed that have been taken under this scheme since inception of the scheme to till 2177848 Pre-authorisations were performed and 1977992 surgeries were done.The pre-authorised amount for the surgeries/therapies is Rs.5497.45 crores. The claim paid is Rs.5431.41 crores for the surgeries/therapies performed.

Highest number of surgeries performed in Hyderabad district with 63 percent, Warangal district with 6 percent, Ranga Reddy district with 5.5 percent and Karimnagar district with 5.2 percent. Lowest number of surgeries performed in Adilabad district with 2.1 percent and followed by Khammam, Nizamabad, Medak, Mahabubnagar Nalgonda, with 2.7 percent, 2.7 percent, 3.1 percent, 4.6 percent and 4.8 percent respectively. It is also observed that major share of claims amount utilized in Hyderabad district for surgeries under Aarogyasri scheme. And followed by Warangal, Ranga Reddy, Nalgonda, Mahabubnagar, Medak, Khammam, Nizamabad, Adilabad and Karimnagar with 5.7%, 5.2%,4.5%,4.4%,3%,2.7%,2.5%,2% and .05% respectively.

Chart1.2



Source: Website of RAHCT, Government of TS

It is clearly indicates that the majority i.e., 63 percent of the surgeries performed in Hyderabad district, 6 percent in Warangal districts and 5.5 percent in Ranga Reddy district. And remaining districts are low in number of surgeries performed due to that in these districts lack of basic health care specialities doctors and equipment for treatment of serious diseases. It has created a wide gap between the disease load and the capacity of the Public and Private hospitals to serve the people. Therefore, most of the people were giving priority to the private hospitals in urban areas like Hyderabad and Warangal. Hence, it is suggested that the Public and Private sector hospitals have to develop medical facilities especially in these districts to meet the need of poor families.

Conclusion

The Aarogyasri Scheme covered all districts ofTelangana State. Nearly about four-fifths of the households have Aarogyasri health cardin State. Among these highest in Medak district and lowest in Hyderabad district and 92 percent of STs and 80 percent of SC have this facility, residing in 10859 villages 584 Revenue Mandals of all districts ofTelanganaState in five phases. The scheme started with 163 procedures covered and has been gradually extended to 938 procedures. Since inception of the scheme to till date17695 Medical camps were conducted and 4250864 patients were screened held by the network hospitals in rural areas.2177848 pre-authorisations were performed and 1977992 surgeries were done.The pre-authorised amount for the surgeries/ therapies is Rs.5497.45 crores. The claim paid is Rs.5431.41 crores for the surgeries/therapies performed.

It is concluded that the majority i.e., 72.4 percent of households access medical services from Private/Corporate hospitals and 27.6 percent from Government hospitals. The majority of beneficiaries utilizing the scheme are illiterate and have a rural address. Most of the beneficiaries are BCs, Minorities and OC communities and meager percent of SC and ST categories. From all the communities' most ofbeneficiaries of Scheme i.e., 57 percent are male and 43 percent female

respondents. It is noticed that 51.8 percent of Aarogyasri scheme beneficiariesbelong to the age group of 36-60 years, 22.5 percent in the age group of 15-35 years, 16.5 percent belong to above 60 years age groups respondents.And9.2 percent of Aarogyasri scheme beneficiaries are less than 14 years age group. It clearly indicates that the highest i.e., 63 percent of the surgeries performed inHyderabad district and followed by Warangal and Ranga Reddy districts with 6 percent and 5.5 percent respectively. And remaining seven districts are low in number of surgeries performed.These districts lackof basic health care specialities, doctors and equipment for treatment of serious diseases. It has created a wide gap between the disease load and the capacity of the Public and Private hospitals to serve the people. Therefore, most of the people were giving priority to the private hospitals in urban areas like Hyderabad.

Hence, it is suggested that appropriate steps are initiated at the earliest for development of infrastructural facilities and recruit required staff in government hospitals to meet the needs of the medical services of poor families. And also suggested that public and private sector hospitals have to equally develop medical facilities for treatment of severe diseases inall district of Telangana State. Then only people can access quality medical services with affordable cost.

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POLICYHOLDERS PERCEPTION TOWARDS ONLINE INSURANCE - A PILOT STUDY IN HYDERABAD

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ABSTRACT

The emergence of new financial technology and growth of outsourcing services in insurance creates highly competitive market conditions which have a critical impact on consumer behaviour. Hence, it is the need of the hour for the insurance sector, to better understand their customer's attitudes towards technology in general, to enhance increased satisfaction of their customers using online insurance. If they succeed, insurance companies will be able to influence and even determine customer behaviour, which will become a major issue in framing appropriate strategies in the future. This study explores the perception of customers on the online insurance. It also tries to identify the level of satisfaction towards online insurance. The study also aims at understanding customer attitude towards the service quality dimension set by the insurance companies in general and the extent of customer satisfaction derived. The paper concludes with the suggestion to adopt specific measures to enhance the online initiatives to drive the growth further.

Keywords: *Internet banking, Customer Satisfaction, On-line Insurance, Service Quality*

INTRODUCTION

The insurance industry of India consists of 52 insurance companies of which 24 are in life insurance business and 28 are non-life insurers. Among the life insurers, Life Insurance Corporation (LIC) is the sole public sector company. Apart from that, among the non- life insurers there are six public sector insurers. In addition to these, there is sole national re-insurer, namely, General Insurance Corporation of India. Other stakeholders in Indian Insurance market include agents (individual and corporate), brokers, surveyors and third party administrators servicing health insurance claims. Three key social security schemes had a nationwide launch in May 2015, the schemes - which include accident insurance, life insurance and a pension plan — target the people from the economically deprived and the unorganized sections, The Pradhan Mantri Jeevan Jyoti Bima Yojana will offer a renewable one-year life cover of Rs 2 lakh to all savings bank account holders in the age group of 18-50 years covering death due to any reason, for a premium of Rs 330 per annum. The Pradhan Mantri Suraksha Bima Yojana will offer a renewable one-year accidental death-cum-disability cover of Rs 2 lakh for partial/ permanent disability to all savings bank account holders in the age group of 18-70 years for a premium of Rs 12 per annum per subscriber. Atal Pension Yojana will focus on the unorganized sector and provide subscribers a fixed minimum pension of Rs 1,000, Rs 2,000, Rs 3,000, Rs 4,000 or Rs 5,000 per month, starting at the age of 60 years, depending on the contribution option exercised on entering at an age between 18 and 40 years.

THE DIGITAL MARKETING OF INSURANCE PRODUCTS

Today, the digital revolution of the marketplace allows much greater customization of products, services, and promotional messages than older marketing tools. By doing so, it enables marketers to build and maintain relationships with customers. Over a period of a decade or so, the digital revolution has introduced several drastic changes into the business environment Consumers have more power than ever before.

- Consumers have access to more information than ever before.
- Marketers can offer more services and products than ever before
- The exchange between marketers and customers is increasingly interactive and instantaneous.
- Marketers can gather more information about consumers more quickly and easily. Impact reaches beyond the PC-based connection to the Web.

REVIEW OF LITERATURE

Zhang, Jansen, and Chowdhury (2011) [4] specified that businesses should have a brand presence on many different social media sites to increase their consumer audience. "Research has shown that exposure to electronic word of mouth (EWOM) messages can generate more interest in a product category than can exposure to information produced by marketers"

Yasser Mahfooz, *et al.* (2013) [5], in their research articles titled "A Study of the Services Quality issues of internet banking in Non-metro Cities in India'', confirms that non-users can be converted into users by proper education on the services available and assuring them of the secure environment.

Keerthi, P. and Vijayalakshmi, R. (2009)[1] "A Study on the Expectations and Perceptions of the Services in Private Life Insurance Companies" reveals that the policyholders' expectations are well met in the case of certain factors reacting to service quality. But in the case of other variables, there exists a significant gap which means that policyholders have experienced low levels of service as against their expectations.

Kunz (1997) [2] ease in using the Internet as a means of shopping positively impacted the consumer's online shopping behavior. Product promotions attempt to influence the consumers' purchasing behavior.

Blattberg & Wisniewsk, (1989) [3]. Like other retail methods, online channels have various promotional tools such as corporate logos, banners, pop-up messages, e-mail messages, and textbased hyperlinks to web sites. These types of promotions have positively affected Internet buying.

STATEMENT OF THE PROBLEM

Nowadays internet has become indispensable part of marketing, in some international markets as high as 30% of motor insurance is transacted online. All retail insurance products such as cars, bikes, health, and travel, home, personal, accident and critical illness insurance are available online with instant real -time policy issuance. Even though online insurance benefit customers in many ways still many people do not trust the insurance through internet. There are some frauds or proxy websites which can hack information. Due to the above problems the customers highly hesitate to make use of the online insurance service offered by the insurance companies. At this backdrop, following questions stand as challenges for the entire insurance industry operating in online.

1. What is the source of awareness of the insurance customers?
2. What factors influence a customer to adopt online insurance services?
3. What are the determinants of customer satisfaction on online insurance services and
4. What problems are faced by the customers in online insurance?

OBJECTIVES OF THE STUDY

Based on these questions the following objectives were framed for the study.

1. To study the socio economic profile of the customers and their association between various factors and their level of awareness towards online insurance.
2. To study the on-line insurance Awareness and buying behaviour of the consumers
3. To analyse the variables influencing customer satisfaction on on-line insurance
4. To identify the problems faced by customers on on-line insurance and suggest suitable

measures to improve quality of on-line insurance services.

RESEARCH METHODOLOGY

The study was conducted in Hyderabad which consist mainly the areas Hyderabad and Secunderabad in Hyderabad. Primary data were collected through questionnaire and field work. Secondary data were collected from government records, newspapers, business magazines, websites and some important sources of information used in this work. The main reason for choosing Hyderabad is that investigator is located here and is familiar with the people. The study includes all categories of respondents. The respondents were selected on the basis of non- probability convenience sampling. Statistical tools used for the study area.

DATA ANALYSIS &INTERPRETATION

Table 1: Demographic Profile of the Respondents

Factors	Classification	Frequency	Percent
1.Age	*i)18-29*	47	32
	ii)30-49	56	36
	iii)50-64	38	26
	iv)65&Above	09	06
	Total	150	100
2.Marital Status	i)Married	98	65
	*ii)*Unmarried	52	35
	Total	150	100
3. No. of Members in the Family	i)1-3	64	43
	ii)4-6	49	34
	iii)7&Above	33	23
	Total	150	100
4.Gender	I)Male	87	58
	ii)Female	63	42
	Total	150	100
5. Educational Qualification	i)SSC&Below	21	14
	ii)HSC/Deg/Dip	59	39
	iii)Post grad	45	30
	iv)Professional	25	17
	Total	150	100
6.Employment	i)Business	23	15
	ii)Private sec	65	43
	iii) Govt	33	22
	iv Professional	13	09
	v)Retired	09	06
	vi)Any other	07	05
	Total	150	100
7.Annual Income	I)Below 2,50,000	33	22
	ii)2,50,000-5,00,000	67	45
	iii)5,00,000-7,50,000	35	22
	iv)Above7,50,000	15	10
8. Annual Expenditure	i)Below 1,50,000	27	18
	ii)2,00,000-3,50,000	64	43
	iii)3,50000-500000	29	19
	iv)Above500,000	30	20
	Total	150	100
9. Annual Insurance Premium	I)Below25,000	22	15
	ii)25,000-50,000	49	33
	iii)50,000 -75,000	45	30
	iv)Above 75,000	34	22
	Total	150	100

Source: Primary Data

CHI-SQUARE TEST FOR CUSTOMER SATISFACTION

With a view to find the degree of association between the selected independent factors of sample respondents and their level of satisfaction towards online insurance a two-way table was prepared and the result is presented in the following table.

Table 2: Age and Level of Satisfaction on Online Insurance

		level of satisfaction			
S.No	**Age**	**low**	**Moderate**	**High**	**Total**
1	18-29	6(15.79)	8(21.05)	24(63.16)	38
2	30-49	15(26.32)	12(21.05)	30(52.63)	57
3	50-64	13(35.14)	14(37.84)	10(27.03)	37
4	65&>	2(20)	6(60)	10(20)	18
	Total	36	40	74	150

Source: Primary Data

On the basis of it is identified from the above table 2 that the highest percentage of satisfaction is enjoyed by the respondents in the age group of 18-29 with 63.16%.

Table 3: Marital Status and Level of Satisfaction on Online Insurance

S.No	**Variables**	**level of satisfaction**			
		Low	**Moderate**	**High**	
1	Married	29(39.73)	19(26.03)	25(34.25)	73
2	Unmarried	21(27.27)	33(42.86)	23(29.87)	77
	Total	50	42	48	150

Source: Primary Data

It is identified from the table-3 that the higher level of satisfaction is enjoyed by married people with 34.25% and in case of unmarried it is 29.87%.

Table: 4. Education and Level of Satisfaction on Online Insurance

S.No	**Qualification**	**Low**	**Moderate**	**High**	**Total**
1	SSC&Below	7(31.82)	8(36.36)	7(31.8)	22
2	HSC/Degree	5(11.36)	9(20.45)	30(68.18)	44
3	Post Grad	5(9.43)	10(18.87)	38(71.69)	53
4	Professional	8(25.81)	9(29.03)	14(45.16)	31
	Total	25.00	36	89	150

Source: Primary Data

It is identified from the table-4 that the higher level of satisfaction is enjoyed by respondents with post graduates qualification with 71.69% and in case of graduates who come next to post graduate is 68.18%.

Table 5: Income and level of Satisfaction on Online Insurance

S. No	Income	Low	Moderate	High	Total
1	BelowRs.2,50,000	6.(18.18)	7(21.21)	20(60.61)	33
2	Rs.2,50,000-5,00,000	17(25.37)	29(43.28)	21(31.34)	67
3	Rs5,00,0000-7,50,000	6(17.14)	12(34.2)	17(48.57)	35
4	<Rs.750000	2(13.33)	6(40)	7(46.67)	15
	Total	31.00	54	65	150

Source: Primary data

It is found from the table-5 that the higher level of satisfaction is enjoyed by respondents withRs5,00,0000-7,50,000 income groups with 48.57% and respondents with above Rs 7,50000income annually comes in second highest level of satisfaction.

Table 6: Employment and Level of Satisfaction on Online Insurance

S.No	Employment	Low	Moderate	High	Total
1	Business	8(34.78)	5(21.74)	10(43.48)	23
2	Private sector	4(8.16)	12(24.49)	33(67.35)	49
3	Government	10(25)	11(27.5)	19(47.5)	40
4	Professional	7(36.84)	5(26.32)	7(36.84)	19
5	Retired	9(47.37)	2(10.53)	8(42.10)	19
	Total	38	35	77	150

Source: Primary data

It is identified from the table-5 that the higher level of satisfaction is enjoyed by the respondents working for the private sector organisation with 67.35% and in case of respondents working for government organisation it is found to be 47.50%.

CHI-SQUARE TEST ANALYSIS HYPOTHESIS

H0: There is no significant relationship between selected independent factors and level of satisfaction regarding the online insurance consumers.

H1: There is a close significant relationship between selected independent factors and level of satisfaction regarding the online insurance consumers.

In order to find the relationship between the selected factors and their level of satisfaction, a chi -Square test was used and the result of the test is shown in the following table.

Table 7: Chi-Square Test

Factors	CaculatedX2	Table Value	D.F	Significant level
Age	12.98	12.592	6	5
Marital status	5.0295	2.386	2	5
Education	15.982	12.592	6	5
Income	13.674	12.592	6	5
Employment	12.9774	12.592	6	5

Source: Primary Data

It is clearly identified from the above table7 that the calculated chi-square value is greater than the table value in all the variables and the result is significant at 5% level. Hence, the null hypothesis is rejected for all the variables. That is, from the analysis, it is concluded that there is a close relationship between the selected independent variables and level of satisfaction regarding the online insurance consumers.

Service Quality Dimension and Customer satisfaction

In order to analyse the satisfaction of policy holders towards the various aspect of online insurance it was decided to select 10 variables which are highly related to the service quality in terms of reliability, security, timely performance of service, claim settlement, product pricing, employees skill, service policies and compliance with IRDA guideline etc. policy holders pinions were taken by the use of 5 point scale with different options/weights such as Strongly Agree-5, Agree-4, Neautral-3, Disagree-2, Strongly Disagree-1.

Table 8: Customer Satisfaction With Regard to Service Quality Dimension

S. No	Variables	Scale value	5	4	3	2	1	Total
1	Easy accessibility of information through websites	FX	320	172	63	26	9	590
2	Branding/Visual appeal of the product and services	FX	160	168	111	52	13	504
3	Premium and fees for services and riders	FX	140	144	126	64	12	486
4	Reliability & Security of services rendered	FX	320	124	63	46	11	564
5	Clarity of service procedure/policies	FX	115	136	177	48	10	406
6	Availability of products to different consumer segments	FX	240	144	90	52	10	536
7	Ability to complete quick delivery of the process	FX	140	124	153	56	12	485
8	Employees skill and ability to solve customer grievances	FX	95	148	117	72	19	451
9	Ability to finalise claim settlement online	FX	85	92	84	108	28	397
10	Ability to comply with IRDA guidelines	FX	295	148	75	38	10	566

Source: Primary Data

The above statements were used to understand the priority given by the company to establish strong service quality to influence the customers on various issues on online insurance. The customers were given 10 choices and according to the weighted score assigned to the various statements their priority was ranked.

Table 9: Ranking of Customer Satisfaction Factors According to Service Quality Dimension

Statement	Weighted score	Rank
1	590	1
2	504	5
3	486	6
4	564	3
5	406	9
6	536	4
7	485	7
8	451	8
9	397	10
10	566	2

Source: Primary Data

Table: 9 reveal the ranking of the service quality issues faced by the customers according to the perception of customer, it shows that Easy accessibility of information through websites were the most preferred area by the customers. Ability to comply with IRDA guidelines to bring positive opinion on customer is given second preference. Reliability & Security of services rendered was the third choice and availability of products to different consumer segments comes in fourth priority according to the customer choice. Ability to finalise claim settlement online was the least priority of most of the policy holders.

FINDINGS OF THE STUDY

The study came out with interesting findings, they were as follows

1. The respondents of age group 30-49 were found to be maximum in these study with36%.degree/diploma holders were found

to be at maximum number in this study (39%).maximum respondents are working for the private sector organization (43%).Also it is found that maximum number of the respondents were in the income range of 2.5 lakhs to 5 lakhs (45%).

2. That is, from the analysis, it is concluded to be a close relationship between the variables such as age, marital status, income, qualification, employment and level of satisfaction regarding the online insurance consumers.
3. It is understood from the study that respondents give more priority for the information availability through websites and brochures for knowledge and instant decision making.
4. Need to comply with IRDA guidelines and the application of insurance laws for fair business practices are the next major preference of the respondents in insurance business. Reliability & Security of services rendered was also the very important area to positively engage online insurance transaction with companies.

SUGGESTIONS

The study prefer to offer the following suggestions, Companies must provide frequent updates of their online insurance services to customers

1. The procedure for usage of online transaction must be in simple mode
2. The processing speed should be increased for fast use of all services
3. The pages setup and procedure for registration should be simple

CONCLUSION

Undoubtedly on-line insurance is a strong catalyst for the economic development and in order to enhance the propensity to use online insurance as a primary channel, it must be tailored suiting to the need of the customer. As more and more customers adopt the internet for their insurance transactions. It becomes important for management of insurance companies to be innovative in their approach to meet customer requirements.

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THIRD PARTY ADMINISTRATORS IN HEALTH INSURANCE BUSINESS- A STUDY

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ABSTRACT

This paper covers TPAs functions, duties, claim settlement, health insurance business in India. It's also covers health insurance claims handled through TPAs, health insurance claims handled directed by the insurers, aging claims handled through TPAs. Therefore, health insurance business in India during the year 2015-16 in terms of number of claims settled, 73 percent of the claims were settled through TAPs administrators, during the year insurers have settled 82.13 percent of claims registered and have repudiated 10.62 percent of the number of claims registered.

Key wards: *Third Party, Health Insurance, Claims, IRDA*

1. INTRODUCTION

Need of health insurance is on a rise these days owing to intimidating reasons like souring numbers of communicable and non communicable diseases, changing disease patterns, low public spending on health care, high out of pocket expenses, poor public health institutes infrastructure, shortage of drugs and equipment supply in public healthcare setup, advent of corporate hospitals, costly line of treatment in private hospitals due to highly paid qualified doctors and other challenges of health goals.

The proliferation of various healthcare technologies and increase in cost of care has necessitated the exploration of health financing options to manage problems arising out of healthcare costs. Health insurance is emerging fast as an important mechanism to finance the healthcare needs of people[1]. Insurance system works on the basic principle of preventing population from getting indebted in times of illness or accident by pooling of risks of unexpected costs of ill persons needing medical treatment or hospitalization by charging some basic amount (premium) from a wider group of population of the same community undergoing through same types of environment and risk.

The ILO defines health insurance as "the reduction or elimination of the uncertain risk of loss for the individual or household by combining a larger number of similarly exposed individuals or households who are included in a common fund that makes good the loss caused to any one member"2 . Third party administrators were introduced through the notification on TPA Health Services Regulation 2001 by IRDA. Their basic role is to function as an intermediary between insured and insurer (policy holder) and facilitate the cashless service of the insurance.

The Insurance Regulatory and Development Authority of India (IRDA) defines TPA as a Third Party Administrator who, for the time being, is licensed by the Authority, and is engaged, for a fee or remuneration, in the agreement with an insurance company, for the provision of health services3 . An insurance company hires TPA to manage its claims processing, provider network and utilization review. While some TPA operates as units of insurance companies, most are often independent.

Primary Functions of TPA:

- *Cashless Hospitalization:* The TPAs are responsible to help the insured go through the process of availing this benefit
- *Manage Claims:* The insured is supposed to file all the necessary documents with the TPA regarding their claims, whether they are hospitalized in a network hospital or non-network hospital. After verifying the details and confirming with the insurance company, TPAs disburse the claim amount, ask for more documents or reject the claims and give valid reasons for the same
- *Maintain Customer Database:* TPAs are authorized to maintain complete customer record, their medical history, claim history, assign unique identification numbers and also collect premiums from them.
- *Value-added Services:* TPAs also provides extra health care services like helping in getting beds in a hospital, ambulance services, consultation with a specialist, supply of medicines etc.
- *Customer Service:* This is a highly valuable service provided by the TPA. They have a full-time medical practitioners working for them who can guide a patient about the need for hospitalization as well as with other queries if there is a planned hospitalization.

1. LITERATURE REVIEW

Current health insurance, general and stand alone health insurance companies have settled 80.35 lakh health insurance claims and paid Rs. 21,759 crore towards claims. Interm of number of claims settled, 73 percent of the claims were settled through TAPs and the balance were settled through in-house. In terms of mode of settlement of claims, 58 percent of the total claims were settled by cashless mode. The remaining 42 percent of the claims are settled through reimbursement mode.

2. OBJECTIVES OF THE STUDY

1. To study the third party administrators in insurance business.
2. To analyse the third party administrators claim settlement.

3. METHODOLOGY

For the study, statistical data has been collected from the annual reports published by IRDA. The statistical techniques like, average, men, standard deviation, t-test have also been applied.

4. LIMITATIONS OF THE STUDY

As the report is mainly based on secondary data, the following limitations are expected to be part of the required study; the performances of TAPs have been shown for just one year 2015-16. The analysis is based on only claims settlement information by the third party.

5. THIRD PARTY ADMINISTRATORS IN INSURANCE BUSINESS

Third Party Administrators:

TPA or Third Party Administrator (TPA) is a company/agency/organisation holding license from Insurance Regulatory Development Authority (IRDA) to process claims - corporate and retail policies in addition to providing cashless facilities as an outsourcing entity of an insurance company.

LIST OF TPAs in INDIA AS ON 31ST MARCH 2016

1. United Healthcare Parekh TPA Pvt. Ltd.
2. Medi Assist India TPA Pvt. Ltd.
3. MD India Healthcare (TPA) Services (Pvt.) Ltd.
4. Paramount Health Services & Insurance TPA Pvt. Ltd.
5. E Meditek (TPA) Services Ltd.
6. Heritage Health TPA Pvt. Ltd.
7. Focus Health Services TPA Pvt. Ltd.
8. Medicare TPA Services (I) Pvt. Ltd.
9. Family Health Plan (TPA) Ltd.

10. Raksha TPA Pvt. Ltd.
11. Vidal Health TPA Private Limited
12. Anyuta TPA in Healthcare Pvt. Ltd.
13. East West Assist TPA Pvt. Ltd.
14. Med Save Health Care TPA Ltd.
15. Genins India TPA Ltd.
16. Alankit Health Care TPA Limited
17. Health India TPA Services Private Limited
18. Good Health TPA Services Ltd.
19. Vipul Med Corp TPA. Pvt. Ltd.
20. Park Mediclaim TPA Private Ltd.
21. Safeway TPA Services Pvt. Ltd
22. Anmol Medicare TPA Ltd.
23. Dedicated Healthcare Services TPA (India) Private Limited
24. Grand Health Care TPA Services Private Limited
25. Rothshield Healthcare (TPA) Services Limited
26. Happy Insurance TPA Pvt. Ltd.27. Ericson Insurance TPA Pvt. Ltd.
28. Health Insurance TPA of India Ltd.

6. ANALYSIS OF CLAIMS SETTLEMENT OF THIRD PARTY ADMINISTRATORS IN HEALTH INSURANCE

Table-1

Health insurance claims handled through TPAs during 2015-16

Particulars	Cashless		Reimbursement		Benefit Based		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Claims pending at the beginning of the period	226249	61,678	134950	81439	197	38	361396	143155
New claims registered during the period	35,34,858	10,46,203	3076073	998477	1416	418	6609347	2045098
Claims settled during the period	32,25,958	833360	2621230	774190	915	307	5848103	1607857
Claims repudiated during the period	230002	113816	413060	177451	591	122	643653	291390
TOTAL	**456251**	**1,008,854**	**6245313**	**2031557**	**3119**	**885**	**13462499**	**4087500**
AVG	**228125.5**	**336,285**	**1561328.25**	**507889.3**	**779.75**	**221.25**	**3365624.75**	**1021875**
STDEV		**431268.49**		**448197.01**		**172.7182**		**948000.9468**

Source: IRDA annual report 2015-16 Pg.No.52

The above table 1 reveals that the health insurance no of claims pending at the beginning of the period is 226249 cashless amount is Rs. 61678.00, new claims registered during the period 3534858 cashless amount 1046203.00. Claims settled during the period 3225958 cashless amount is Rs. 833360 claims repudiated during the period 230002 cashless amount Rs. 113816.00. claims handled through TPAs 2015-16 year average cash less amount Rs. 336285.00 and standard deviation Rs 43128.49. The health insurance no of claims pending at the beginning of the period is 134950 Reimbursement amount is Rs. 81439, new claims registered during the period 3076073 Reimbursement amount 998477, Claims settled during the period 2621230 Reimbursement amount

is Rs. 774190 claims repudiated during the period 413060 Reimbursement amount Rs. 177451.claims handled through TPA s 2015-16 year average Reimbursement amount Rs. 507889.3 and standard deviation Rs 448197.01.the Health insurance no of claims pending at the beginning of the period is 197 Benefit Based Amount is Rs. 38, new claims registered during the period 1416 Benefit based amount 418, Claims settled during the period 915 Benefit based amount is Rs. 307 claims repudiated during the period 591 Benefit based amount Rs. 122 .claims handled through TPA s 2015-16 year average Reimbursement amount Rs. 221.25 and standard deviation Rs 172.7182.

Table-2
Health insurance claims handled directed by the insurers during 2015-16

Particulars	Cashless		Reimbursement		Benefit Based		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Claims pending at the beginning of the period	136067	18,256	67942	42290	2050	5058	206059	65604
New claims registered during the period	1662818	314607	910272	383734	32114	18275	2605550	716616
Claims settled during the period	1454499	237721	707372	323698	24559	6615	2186608	568033
Claims repudiated during the period	163951	53381	226321	79947	5389	9861	395696	143189
Claims pending at the ending at the end of the year	180435	25647	44521	43863	4216	6886	229303	76397
TOTAL	**3597770**	**649,612**	**1956428**	**873532**	**68328**	**46695**	**5623216**	**1569839**
AVG	**719554**	**129,922**	**391285.6**	**174706.4**	**13665.6**	**9339**	**1124643.2**	**313967.8**
STDV		**136867**		**165472.4**		**5288.878**		**305763.2**

Source: IRDA annual report 2015-16 Pg.No.53

The above table 2 reveals that the Health insurance no of claims pending at the beginning of the period is 136067 Cashless Amount is Rs. 18,256, new claims registered during the period 1662818 cashless amount 314607, Claims settled during the period 1454499 cashless amount is Rs. 237721 claims repudiated during the period 163951 cashless amount Rs. 353381. Claims pending at the ending at the end of the Year 180435 cashless amount Rs. 25647, Claims Handled directed by the insurers 2015-16 year average cash less amount Rs. 129,922.00 and standard deviation Rs 136867.00. the Health insurance no of claims pending at the beginning of the period is 67942 Reimbursement Amount is Rs. 42290.000, new claims registered during the period 910272 Reimbursement amount 383734.00, Claims settled during the period 707372 Reimbursement amount is Rs. 323698.00 claims repudiated during the period 226321 Reimbursement amount Rs. 79947.00, Claims pending at the ending at the end of the year 44521 cashless amount Rs. 43863.00,. Claims handled directed by the insurers 2015-16 year average Reimbursement amount Rs. 174706.4 and standard deviation Rs 165472.4.the Health insurance no of claims pending at the beginning of the period is 197 Benefit based amount is Rs. 38, new claims registered during the period 1416 Benefit Based amount 418, Claims settled during the period 915 Benefit based amount is Rs. 307 claims repudiated during the period 591 Benefit based amount Rs. 122. Claims handled directed by the insurers 2015-16 year average Reimbursement amount Rs. 221.25 and standard deviation Rs 172.7182.

Table-3
Aging claims handled through TPAs 2015-16

Particulars	Cashless		Reimbursement		Benefit Based		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
<1month	2705759	662,435	2021775	519587	597	125	4728131	1182147
1-3months	435985	149349	404534	177382	201	82	840720	326814
3-6months	67117	16943	139397	49196	57	31	206571	66170
6-12months	14567	3255	46934	16445	38	40	61539	19740
1-2years	2096	632	6734	10514	15	22	8845	1168
2years	434	746	1856	1066	7	7	2297	1818
TOTAL	**3225958**	**833,360**	**2621230**	**774190**	**915**	**307**	**5848103**	**1597857**
AVG	**537659.6667**	**138,893**	**436871.6667**	**129031.7**	**152.5**	**51.16667**	**974683.8333**	**266309.5**
STDEV		**262935.6**		**202159.5**		**44.12445**		**465516.3214**

Source: IRDA annual report 2015-16 Pg.No.54

The above table 3 reveals that the claims handled through TPAs less than one month is 2705759 cashless amount is Rs. 662,435, claims handled through TPAs 1-3 months 435985 cashless amount 149349.00, claims handled through TPAs 3-6 months 67117 cashless amount is Rs. 16943.00 ,claims handled through TPAs 6-12months 14567 cashless amount Rs. 3255.00. Claims handled through TPAs 1-2years 2096 cashless amount Rs. 632.00, Claims handled through TPAs 2years 434 cashless amount Rs. 746.00, Claims handled through TPAs 2015-16 year average cash less amount Rs. 138,893.00 and standard deviation Rs 262935.6. the Claims handled through TPAs less than one month is 2021775 Reimbursement amount is Rs. 519587, Claims handled through TPAs 1-3 months 404534Reimbursement amount Rs. 177382.00, Claims handled through TPAs 3-6 months 139397 Reimbursement amount is Rs. 49196.00 ,Claims handled through TPAs 6-12months 46934 Reimbursement amount Rs. 16445.00. Claims handled through TPAs 1-2years 6734 Reimbursement amount Rs. 10514.00, Claims handled through TPAs 2years 1856 Reimbursement amount Rs. 1066.00, Claims handled through TPAs 2015-16 year average Reimbursement amount Rs. 129031.7.00 and standard deviation Rs 202159.50. the Claims handled through TPAs less than one month is 597 Benefit based amount is Rs. 125.00, Claims handled through TPAs 1-3 months 201 Benefit based amount 82.00, Claims handled through TPAs 3-6 months 57 Benefit based amount is Rs. 31.00 ,Claims handled through TPAs 6-12months 38 Benefit based amount Rs. 40.00. Claims handled through TPAs 1-2years 15 Benefit based amount Rs. 22.00, Claims handled through TPAs 2years Benefit based amount Rs.7.00,Claims handled through TPAs 2015-16 year average Benefit based amount Rs. 51.16667.00 and standard deviation Rs 44.12445.

7. CONCLUSION

It can be concluded that on an average Rs.10, 21,875 have been cleared by TPAs, Rs.3, 13,967.8 by the insurers. However it can be started that within one month time Rs.11, 82,147 claim settled by the TPAs.

In Indian non life insurance sector witnessed a growth of 8.1 percent during 2015 where as the growth in global non-life insurance premium was 3.6 only. However, the share of Indian non-life insurance premium in global non-life insurance premium was at 0.75% and India ranks 18th among the 88 countries.

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HEALTH INSURANCE IN INDIA- A STUDY OF PUBLIC AND PRIVATE SECTOR

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ABSTRACT

Health insurance is essential need to the human life; health insurance is protecting against health problems, financial protection, and family protection of human life. World is rapidly growing at the same time human life also rapidly changing human activities, day by day human life is felt into unsecure health zone. This paper covers trend, progress, in health insurance, public and private insurers, Number of Persons Covered under Health Insurance, Classification of Health Insurance, CAGR, ANOVA of Health Insurance Segments Wise. It is also explained the insurance Inter-Mediaries, Third Party Administrators, and IRDA.

Keywords: *Health Insurance, IRDA, Third Party, CAGR*

INTRODUCTION:

In today's global environment with rapidly growing economy, the changes in political scenario, changing cultural patterns, social values and the development precipitated in the business scenario predominantly

In the information technology have brought a significant transformation in the lifestyles in the urban and rural areas of our economy. These changes have caused an element of uncertainty in every sphere of business, at the same time; the health insurance sector has emerged as one of the important service sector of growth in Indian economy. While health insurance is not an exception to face dynamic global business environment, radical changes are being witnessed in products and services offered by the insurance companies. Further, the appearance of new risks, new types of covers to match the needs and requirements of customers are also being synchronized with innovative ideas.

The survival and growth of insurance companies are becoming stringent due to competitive rates, changing customer needs and the highly uncertain economic conditions. Health Insurance is a subtle aspect and administratively monitored and controlled in India by the Government till the year 2000. Since the decision of the Government was to encourage private players in all segments of the financial sector, it was inevitable that the insurance sector had no option. Subsequently, with the entry of many foreign players in the form of joint ventures with private agencies in the Indian market, the insurance companies have been experiencing fierce competition. As a consequence, the Indian healthcare insurance industry has closely integrated with the world economy[1].

OBJECTIVES OF THE STUDY:

1. To study the present trends and growth rate of health insurance.
2. To analyse the health insurance in public, private and standalone insurers.

HYPOTHESIS:

Ho: there is no relationship between public, private and standalone health insurers with regard to trend, number of persons covered and classification of health insurance.

RESEARCH METHODOLOGY:

This study is an exploratory research to examine the trends and progress in health insurance sector. Information sourced for this study is based on secondary data from various sources such as books, annual reports, journals, and internet source.

Statement of the Problem:

The need of the study is felt to analyse the trends, progress and growth rate of the health insurance industry.

REVIEW OF LITERATURE:

A detailed review of literature on the subject has given insight into various aspects related to health care and insurance. The summary of the review is presented herewith.

A study conducted by BhagabatBarik (2014) on „Emerging Trends in Insurance emphasizes that People have realized the importance of health insurance due to rise in the healthcare cost. With the advent of latest technology in medical science and demand for good service is the main cause for higher medical cost. Private insurance companies have played a pivotal role in enlarging the vision of the people about healthcare. *A study conducted by Girish (2014) on* „Health Insurance Evolution in India opined that healthcare transformation must focus on the three key areas namely beneficiaries, cost, and quality. Innovative product development, proximity to the consumer, and championing efficiency will be the critical success factors.*A study conducted by Aanchal Aggarwal1 (2013) on* „Health Insurance: Innovation and Challenges Ahead summarizes that the Indian health insurance scenario today is a mix of Governmental insurance schemes, Social Health Insurance (SHI), voluntary private health insurance and Community-Based Health Insurance (CBHI). As per the recommendations of Universal Health Coverage Committee on institutional reforms, insurance companies should strive to make quality health care affordable, insurance penetration should increase to at least 50 per cent of the population by 2020 and 80 percent by 2030 from the current 15 per cent. It may be necessary to pool various health insurance service providers to effectively use their services to ensure the healthcare of people. For Indians the healthcare insurance is the need of the hour. Product innovation would be one of the key drivers to reach this penetration target. *A study conducted by Onicra Credit Rating Agency (2013) on* „Emerging Trends in Healthcare Industry reports that there is an increased demand of Health Insurance by virtue of an increased healthcare awareness level among people about its need which in turn has increased the demand. *A study conducted by KPMG (2011) on* „Emerging Trends in Healthcare indicates that the healthcare sector, in India, is at an inflection point and is poised for rapid growth in the medium term. However, Indian healthcare expenditure is still amongst the lowest globally and there are significant challenges to be addressed both in terms of accessibility of healthcare service and quality of patient care. While this represents significant opportunity for the private sector, the Government can also play an important role in facilitating this evolution.

A study conducted by RDLele (2004) on „Health Insurance as an Integral Component of Health Maintenance Organization (HMO) highlights that the Institute of Medicine (IOM) in USA presented in its report that the healthcare system fails to fulfil six aims of quality health care viz., safety, effectiveness, efficiency, timeliness, patient centeredness and equity. As regards safety the IOM document- „ To Err is Human", in 1999, noted that almost 100,000 deaths occur yearly in USA alone due to medical errors, most of which are preventable. It was also noted that "Healthcare insurance is seen more as a troublesome, and routinely fails to deliver its potential benefits". IOM calls for a "high quality, safer and more integrated twenty first century healthcare delivery system by collaborating and communicating appropriate information to the customers. *A Studyconducted by DileepMavalankar (2000)* on „Health Insurance in India Opportunities-Challenges and Concerns emphasize that health insurance, which remained highly underdeveloped and a less significant segment of the product portfolios of the nationalized insurance companies in India, is poised for a fundamental change in its

approach and management. Further, the privatization of insurance and constitution of IRDA envisages in improving the performance of the state insurance sector in the country by increasing benefits from competition in terms of lowered costs and increased level of consumer satisfaction.

Thus, the review of literature indicates that the health insurance is a growing sector and it is the need of the hour to analyse the issues and challenges on hand to make the system more effective and patient centeredness.

Concept of Insurance:

Insurance is a product and service term related to finance which has gained its popularity in India. The insurance is the term used to express a contract between insurers and insured. The insurer is the company and the insured are the customers. It compensates the financial loss due to any uncertain death or other situations of the insured person. The insurance is for the specified period needs a careful planning in both design and implementation. Insurance is classified as Life Insurance and General Insurance.

Over a period of time, Health insurance has come out of General insurance, which a medical insurance is given by an insurance company, wherein it reimburses the medical expenses incurred for a valid hospitalization. In a global perspective, health insurance is very well established in many countries. But in India it is yet to take big leap except for the organized sector employees. In India only about 2 to 3per cent of total health expenditure is funded by public/social health insurance while around 18 per cent is funded by government budget. In many other low and middle income countries contribution of social health insurance is much higher[2].

Linkage and Functions of Healthcare Insurance Companies:

Health Insurance Companies:

The health insurance companies are generally involved only in selling the insurance policies and to some extent handling of claims not made to third party administrators. The process of medical underwriting is carried out which pertains to the selection of customers to insure and assigning them to specific risk pools for which insurance premiums can be specifically determined. Once the underwriting is done, the actuaries perform the role of understanding the various kinds of financial risks associated with the policy, and use statistical methods to arrive at a suitable premium. At present in our country four insurance companies are managed by Government and twenty one insurance companies are operated by private agencies.

Third Party Administrators:

Third party administrators serve as facilitators in claims processing between the insurers and patients. The primary role of a TPA in India is to enable cashless hospitalisation for the patient. The services rendered by TPA shall include services in connection with health insurance business. However, this shall not include the business of insurance company or the soliciting, directly or through an insurance intermediary including an insurance agent. TPA s may recommend through its association with hospitals to IRDA regarding standard and quality of treatment, period of treatment, and rates. TPAs get a fixed commission of 5.5% for handling claims. Some of the claims in India are still handled by the insurers themselves. Some of the TPA s include MediAssist, Raksha, Medicare, Paramount health services, etc.

Intermediaries:

Intermediaries can be brokers or agents. While agents are individuals who work on a commission basis for a single insurance company, insurance brokers may form a group and sell products belonging to different companies. The insurance brokers and agents are like salesmen for the insurance company, and are required to pass the licentiate exam by the Insurance Regulatory and Development Authority. More than the knowledge of medical terminology, they need to know about the terms and conditions governing any insurancepolicies. Some of the intermediaries include Prudent Insurance Brokers, Optima Insurance Brokers, Vantage Insurance Brokers, universal insurance brokers, etc.

Insurance Regulatory and Development Authority (IRDA):

Is a body that regulate the insurance business in India. The objective of IRDA is to promote and ensure orderly growth of the insurance and reinsurance businesses across the country which is specified under Section 14 of IRDA Act, 1999. It is also the responsibility of the body to look into the training issues and concerns of the intermediaries and agents of a given insurance company. The IRDA introduced regulations for licensing of Third Party Administrators (TPA) during 2002 in order to popularize health insurance[3].

Average: The arithmetic mean is a mathematical representation of the typical value of a series of numbers, computed as the sum of all the numbers in the series divided by the count of all numbers in the series.

Compound Annual Growth Rate

(CAGR): is the mean annual growth rate of an investment over a specified period of time longer than one year.

Table-1

Trend in Health Insurance *(Rs.crore)*

Years	Public Sector Insurance and RSBY	Private Sector Insurance	Stand Alone Health Insurance companies
2011-12	8015	3445	1609
2012-13	9580	4205	1668
2013-14	10841	4482	2172
2014-15	12882	4386	2828
2015-16	15591	4911	3946
Total	**56909**	**21429**	**12223**
AVG	**11381.8**	**4285.8**	**2444.6**
CAGR	**0.142**	**-0.068**	**-0.1642**

Source: IRDA Annual Report

ANOVA Results of Health Insurance					
Source of Variation	***SS***	***df***	***MS***	***F***	***P-value***
Rows	25654657	4	6413664	3.634493	0.056834
Columns	2.23E+08	2	1.11E+08		
Total	2.48E+08	6			

It is evident from table-1 that the (average) mean value of trend in public, private and standalone insurance companies average 1138.8, 4285.2 and 2444.6 respectively. Over a period of study the (CAGR) Compound Annual Growth Rate is 0.142 of public sector insurance, -0.068 of private sector insurer and -0.16424 of standalone health insurance companies.

It can be concluded that the rate is positive growth rate public sector than is negative growth rate private and standalone insurance.

The ANNOVA test results between Public Sector Insurance and RSBY, Private Sector Insurance, Stand Alone Health Insurance companies. The calculated p-value is **(0.056834 greater than 0.05)**. Hence, the null hypothesis is no accepted and it is concluded that there is significant relationship between health insurance companies.

Table-2

Number of Persons Covered Under Health Insurance *(Rs.in lakh)*

Years	Government Sponsored Schemes Including RSBY	Group (Other Than Government Business)	Individual Business
2011-12	1612	300	206
2012-13	1494	343	236
2013-14	1553	337	272
2014-15	2143	483	254
2015-16	2733	570	287
Total	**9535**	**2033**	**1255**
AVG	**1907**	**406.6**	**251**
CAGR	**0.1113**	**-0.9232**	**-0.7345**

Source: IRDA Annual Report

ANOVA Results on Classification on Health Insurance					
Source of Variation	***SS***	***df***	***MS***	***F***	***P-value***
Rows	584710.4	4	146177.6	1.972185	0.191907
Columns	8362912.533	2	4181456		
Total	18488202.67	6			

It is evident from table-2 that the (Average)Mean value of trend in public, private and standalone insurance companies were 1907, 406.6 and 251 respectively. Over a period of study the Compound Annual Growth Rate (CAGR) is 0.1113 of public sector insurance, -0.9232 private sector insurance and -0.7345 of standalone health insurance companies.

It can be concluded that the result is a positive growth rate public sector insurer than is negative growth rate private and standalone insurer.

The ANOVA test results between government sponsored scheme including, RSBY, Group (other than govt. business) Individual business. The calculated p-value is (**0.191 greater than the 0.05**) Hence, null hypothesis is accepted and it is concluded that there is no significant relationship between classification of health insurance business.

Table-3

Classification of Health Insurance Business *(Rs.crore)*

Years	Government Sponsored Schemes Including RSBY	Group (Other Than Government Business)	Individual Business
2011-12	2225	5948	4896
2012-13	2348	7186	5919
2013-14	2082	8058	7355
2014-15	2474	8899	8772
2015-16	2425	11621	10353
Total	**11554**	**41712**	**37295**
AVG	**2310.8**	**8342.4**	**7459**
CAGR	**0.0173**	**0.1433**	**-0.9499**

Source: IRDA Annual Report

ANOVA Results of Number of Persons Covered Under Health Insurance					
Source of Variation	*SS*	*df*	*MS*	*F*	*P-value*
Rows	25514092	4	6378523	4.307053	0.037732
Columns	1.06E+08	2	53053798		
Total	18488202.67	6			

It evident from table-3 that (Average) Mean value of trend in public health insurance, private health insurance and standalone insurer companies were 2310.8, 8342.4, and 7459 respectively. Overa period of study.TheCompound Annual Growth Rate (CAGR) is 0.0173 of public health insurer, 0.1433 private health insurer and -0.9499standalone health insurance companies

It can be conclude that the rate is positive growth rate public, private sector and negative growth rate is standalone insurance companies.

The ANOVA test results betweengovernment sponsored scheme including, RSBY, Group (other than govt. business) Individual business. The calculated p-value is **(0.03 less than 0.05).** Hence the null hypothesis is rejected and it is concluded that there is significant relationship between numbers of persons covered under health insurance.

CONCLUSION:

Finally it can be concluded that the government sponsored schemes were witnessed positive growth rate, but on the other hand the government and individual business health insurer have negative growth rate. It is better to understand that the policy holders are giving more priority to the government health insurance policies.Hence, it is suggested that the private and individual business insurers to must change the health insurance products to attract the prospective customers in the future.

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AN EMPIRICAL STUDY ON THE BEHAVIOUR OF LIFEINSURANCE POLICYHOLDERS

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ABSTRACT

The dynamics of insurance business has changed the economy in good measure. A key driver for the growth of the insurance industry is the behaviourof insurance policyholders. Existing literature does not indicate significant research on the behaviour of life insurance policyholders. Hence, the rationale behind the paper is to measure their behaviour. The objective of this present paper is to identify the problems faced by the life insurance policyholders in Hyderabad. The study is based on primary data obtained from structured questionnaire. For the analysis of data, Percentile, Mean, Chi-square and ANOVA are applied with the help of SPSS 20.0. The studyfound that delay in policy settlement, excessive documentation, hidden charges, non-cooperation ofagents for claim settlement,non-responsiveness on the part of the company were the major problems faced by the policyholders. This paper provides suggestions to the regulatory authorities and government to take some steps to control problems faced by policyholders and should try to increase their wealth, which helps in the development of the economy of the country as well as the financial market.

Keywords: life insurance,financialmarket,percentile, mean, chi-square,ANOVA

1. INTRODUCTION

Life is full of peril and uncertainties.Since we are the social human being we have certain responsibilities too. Our India consumers have big influence of emotions and rationality on their buying decisions. They believe in future rather than the present and desire to have a better and secured future, in this direction life insurance services have its own value in terms of minimizing risk and uncertainties. Insurance is not an investment, it's a protection plan. These are the problems with insurance as insurance returns are less than inflation. This means the money you invest in insurance will be actually reducing its value. More operating charges andcommission, low liquidity & no flexibility while investing. Its complex to understand, cannot withdraw the money in middle without loss, which factors may be positive or negative impact by customer behavior. Indian economy is developing and having huge middle class societal status and salaried persons. Their money value for current needs and future desires here the pendulum moves to another side which generate the reasons behind holding a policy. The dynamics of insurance business has changed the economy in good measure. A key driver for the growth of the insurance industry is the behaviour of insurance policy holders.Here the attempt has been made in this research paper to study the behavior of consumers towards life insurance services.

2. REVIEW OF LITERATURE

Mote SiddeshSudhir*et al*. (2017)have made a study to assess the extent of marketing knowledge of respondents and to identify the problems faced by the policyholder under Crop Insurance Scheme in Pune district of Maharashtra. The study revealed that only 13% famers were benefitted by the schemeand rest 87% were not benefited. They suggested that the farmers are to be promoted more about the crop insurance scheme so that it would facilitate in increasing their income.

D Mukhopadhyay*et al* (2016) examined the impact of e-insurance services on customer purchasing behaviour for non-life insurance products in Delhi/NCR. The findings highlights that it has a great influence on consumer purchasing behaviour and argued that the outcome of the study will certainly useful for the marketing to define marketing strategy accordingly. The study reveals that the cost of the product offered by e-insurance, security of transaction using e-insurance & review of product from other customer available with e-insurance play significant role in influencing the purchasing decision of non life insurance.

Dr. Syed ShahidMahzhar*et al* (2015)have made an empirical study on impact of demographic variables on purchasing of e-insurance products in urban areas of India. The outcome of the study was that factors like saving, investment and children education influence the most on demand of insurance by people of urban population

DhimenJani&Dr.Rajeev Jain (2014) have made a study comparing the difference in buying behaviour pattern among the population of urban and rural region in the state of Gujarat. The outcome of the study showed a significant relation between the demographic factors and investment made by rural and urban people whereas there was no impact on the premium payment which was preferred was monthly by both of them. Also, they both invested with an intention to have a retirement planning and financial stability.

Suneja Ajay andvSharmaKirti (2012) have made a study to understand the prepurchasebehaviour of an insurance consumer. The study has come up with factors such as marketing communication, company representative and referrals, which also include various variables as sub-factors. They revealed that insurance companies should focus on these factors for making the information search a more effective and easy exercise for customers.

Dr. Praveen Sahu, GauravJaiswal& Vijay Kumar Pandey(2009) in their study indicate the importance of Life Insurance Corporation (LIC) as it was the only company which dealt in Life Insurance and after opening of this sector to other private companies, all the world leaders of life insurance have started their operation in India. With their world market experience and network, these companies have offered many good schemes to lure all type of Indian consumers but unfortunately failed to get the major share of market. Still the LIC is the biggest player in the life insurance market with approx 65% market share. The study revealed that the major factors playing the role in developing consumer's perception towards Life Insurance Policies are Consumer Loyalty, Service Quality, Ease of Procedures, Satisfaction Level, Company Image, and Company-Client Relationship

Durvasula*etal*(2004) examined that satisfaction was positively associated with customers' re-purchase intentions but its relationship with customers' willingness to recommend to others was relatively weak. This finding has important marketing implications as word-of-mouth has previously been found to have significant influence on customers' purchase decisions.

MukeshSrinivasa& Sanjay Medhar (2015)have investigated the different situational variables affecting the satisfaction level of the customers in the life insurance industry. It reveals the role of these variables for the creation of positive and negative satisfaction index in the whole life insurance industry. So, trying to find the situations (post and pre consumption) through which the satisfaction level is affected. The study found that, in post purchasing situation, factors effecting customer satisfactions were Tax advantage/saving/ risk cover, relationship of insurance agent as relative/friend/colleague etc. and post purchasing situational as non-disclosure of facts, insurer had regretted to settle the claim on the ground of misrepresentation and at the time of renewal of premium deposits.

Kirthiagarwal (2015) investigated in depth details of the causes of dissatisfaction among customer, various measures taken to resolve the issues and data related to complaints in the life insurance

industry. The study reveals that the Insurer needs to create awareness among customers and provide need-based selling while policyholders need to be more cautions while buying life insurance products.

3. RESEARCH GAP AND NEED FOR THE STUDY

Most of the previous studies revealed the fact that behaviour of policyholders depending on the demographic factors, pre purchasing and post purchasing factors. Some lead-lag relationships are commonly observed in most of the cases. The dearth of conclusive statement on behaviour of life insurance policyholders creates scope for further examination of the issue in detail in the life insurance industry. Though life insurance industry in emerging economies like India has been growing, not much research has been done on testing the behaviourof life insurance policyholders. Therefore, it has become necessary, from time to time, to conduct empirical studies to measure the behaviour of life insurance policyholders.

4. OBJECTIVE OF THE STUDY

(a) To study the behaviour of life insurance policyholders among purpose of buying life insurance, insecurity, advertisement and post purchasing behaviour.

(b) To study the impact of the behaviour of life insurance policyholders on purpose of buying life insurance, insecurity, advertisement and post purchasing behaviour.

Hypothesis:

Ho_1: Thebehaviour of life insurance policyholders and purpose for purchasing life insurance, insecurity, advertisement and post purchasing behaviour are independent

Ho_2: There is no influence onthebehaviour of life insurance policyholders on purpose of buying life insurance, security, advertisement, post purchase behaviour.

5. RESEARCH METHODOLOGY

Type of research: This study is aanalytical in nature

Type of data: Primary data & secondary data have been used for the study.

Sources of data:A well-structured Questionnaire is used to collect primary data. Secondary source of data was from Journals, Magazines, Thesis, and Reports etc.

Sampling Technique: Convenience samplingtechnique is used for present study.

Areas of the research: The researcher conducted the study in Hyderabad.

Sample size: Sample size is 120 respondents

Techniques for analysis: Percentile, Mean, Chi-Square and ANOVA Test have been used for analysis. Quantitative data are analysed using 5 point Likert scale.

Software Packages used for the data analysis: In analysing and presenting data SPSS was used. SPSS comprises remarkable capabilities and flexibilities in analysing huge data within a short time.

6. DATA ANALYSIS AND RESULTS

Reliability statistics:

Table 6.1: Reliability test

Cronbachs Alpha	N of items
.812	24

(Source: Authors Compilation)

Table 6.1 above shows the reliability of the instrument for which total 24 items were considered for the study and the consistency among these items is calculated by cronbachs alpha, which is 0.812. The minimum cronbachs alpha value 0.7 is required to make logical consistency among the item for the study. The present study has more than the required value. Therefore, the results of the study are valid.

Demographic characteristics:

Table 6.2: **Age of respondents**

Age	Frequency	Percent	Valid Percent	Cumulative Percent
20-30	44	36.7	36.7	36.7
31-40	30	25.0	25.0	61.7
41-50	26	21.7	21.7	83.3
Above 50	20	16.7	16.7	100.0
Total	120	100.0	100.0	

(***Source: Authors Compilation)***

In the above Table, respondents are distributed into four age groups of 20-30 years, 31-40 years, 41-50 years, Above 50 years. They are having 36.7%, 25.0%, 21.7%, and 16.7% respectively. Most of them are in the age group of 20-30 years.

Table 6.3: Gender of respondents

Grender	Frequency	percent	Valid percent	Cumulative Percent
Male	69	57.5	57.5	57.5
Female	51	42.5	42.5	100
Total	120	100	100	

(***Source: Authors Compilation)***

In the above Table, The gender of the population comprises of two categories of male & female. 57.5% data comprise of male respondents and 42.5% data comprise of female and it is rated on nominal scale. The descriptive statistics consists tells us the normality and mean & standard deviation of the data. The mean 1.43 tells us about the male respondents dominated data and standard deviation is 0.496, which suggest us the bell shaped curve.

Table 6.4: **Marital status of respondents**

Marital status	Frequency	percent	Valid percent	Cumulative Percent
Married	64	53.3	53.3	53.3
Unmarried	56	46.7	46.7	100
Total	120	100.0	100.0	

(***Source: Authors Compilation)***

In the above table, Respondents are distributed into two categories of married & unmarried. 53.3% data comprise of married respondents and 46.5% data comprise of unmarried. We find the descriptive of statistics of data the most of the respondents are married that means the persons who are married having more consciousness towards life insurance policy.

Table 6.5:Educational qualification of respondents

Educational and qualification	Frequency	percent	Valid percent	Cumulative Percent
Under graduate and below	57	47.5	47.5	47.5
Post graduate and above	63	52.5	52.5	100.0
Total	120	100.0	100.0	

(Source: Authors Compilation)

In the above Table, The education level of the respondents suggests that maximum respondentsarefrom the category of postgraduate and above degree. As the results show as the percentage of 47.5% and 52.5% respectively.

Table 6.6:Occupation of respondents

Occupation	Frequency	Percent	Valid percent	Cumulative percent
Employee	60	50	50	50
Self employed	60	50	50	100
Total	120	100		

(Source: Authors Compilation)

In the above Table, The occupation of the population comprises of two categories of employee & self-employed. 50% data comprise of employee respondents and 50% data comprise of self-employed.

Table 6.7: Family annual income of respondents

Family annual income(Rs)	Frequency	Percent	Valid Percent	Cumulative Percent
250000-300000	27	22.5	22.5	22.5
300001-350000	31	25.8	25.8	48.3
350001-400000	26	21.7	21.7	70.0
Above 400001	36	30.0	30.0	100.0
Total	120	100.0	100.0	

(Source: Authors Compilation)

In the above Table, respondents are distributed into four family annual income groups of 250000-300000, 300001-350000, 350001-400000, Above 400001 years. They are having 22.5%, 25.8%, 21.7%, and 30.0% respectively. Most of them are in the group of above 400001.

Chi-square Test

In order to understand the relationship between the age group and purpose of buying life, insecurity, advertisement and post purchasing behaviour, chi-square is conducted the following hypothesis

Ho:Age and purpose for purchasing life insurance, insecurity, advertisement and post purchasing behaviour are independent

Table 6.8:AGE * 4 DIMENSIONS

Dimensions	value	Df	Pearson-chi-square	Null hypotheses
Purpose of buying life insurance	60.733	27	.000	Rejected
Insecurity	36.704	30	.186	Accepted
Advertisement	66.894	27	.000	Rejected
Post purchasing behaviour	82.816	42	.000	Rejected

(***Source: Authors Compilation)***

Since p-value of chi-square is less than 0.05 level of significance, therefore is a significant associate between age group and purposeof buying life insurance, source of information, and post purchasing behaviour except insecurity.

Ho:gender and purpose for purchasing life insurance, insecurity, advertisement and post purchasing behaviour are independent

Table 6.9: GENDER * 4 DIMENSIONS

Dimensions	value	Df	Pearson-chi-square	Null hypotheses
Purpose of buying life insurance	21.116	9	.012	Rejected
Insecurity	16.214	10	.094	Accepted
Advertisement	18.449	9	.030	Rejected
Post purchasing behaviour	34.108	14	.002	Rejected

(***Source: Authors Compilation)***

Since p-value of chi-square is less than 0.05 level of significance, therefore is a significant associate between age group and purpose of buying life insurance, source of information, and post purchasing behaviour except insecurity

Ho: marital status and purpose for purchasing life insurance, insecurity, source of information and post purchasing behaviour are independent

Table 6.10: MARITAL STATUS * 4 DIMENSIONS

Dimensions	value	Df	Pearson-chi-square	Null hypotheses
Purpose of buying life insurance	12.823	9	.171	Accepted
Insecurity	8.063	10	.623	Accepted
Impact of Advertisement	14.162	9	.117	Accepted
Post purchasing behaviour	20.242	14	.123	Accepted

(***Source: Authors Compilation)***

Since p-value of chi-square is more than 0.05, therefore there is no significant associate between marital status and Reasons of buying life insurance, security, source of information, post purchasing behaviour.

ANOVA TEST

In order to understand the influence of age group on four dimensions, the analysis of variance is conducted the details are as follows.

ANOVA for age group and 4 dimensions

Ho:There is no influence of age group on purpose of buying life insurance, insecurity, source of information, post purchase behaviour of life insurance policyholders.

Table 6.11:Result of ANOVA for age group and 4 dimensions

Dimension	Sum of squares	Df	Mean square	F-statistic	Sig
Purpose of buying life insurance	65.409	3	21.803	4.231	.007
	597.791	116	5.153		
Insecurity	11.929	3	18.976	3.606	.001
	610.438	166	5.262		
Advertisement	147.681	3	49.227	15.216	.000
	375.311	166	3.235		
Post purchase behaviour	50.289	3	18.763	0.172	.000
	1195.836	166	10.309		

(***Source: Authors Compilation)***

Since the P-value is less than 0.05 level of significance, so the null hypothesis cannot be accepted. Therefore, there is significant influence of age group of the investors on the above four dimensions

ANOVA for gender and 4 dimensions

In order to understand the influence of gender on four dimensions, the analysis of variance is conducted the details are as fallows**.**

Ho: There is no influence of gender on purpose of buying life insurance, insecurity, advertisement and post purchase behaviour of life insurance policyholders

Table 6.12:Result of ANOVA for gender and 4 dimensions

Dimension	Sum of squares	Df	Mean square	F-statistic	sig
Purpose of buying life insurance	4.668	1	4.668	.543	.036
	658.532	118	7.581		
Insecurity	10.987	1	10.987	1.777	.014
	611.379	118	5.181		
advertisement	8.114	1	8.114	1.859	.175
	514.878	118	4.363		
Post purchase behaviour	2.115	1	1.115	.105	.005
	1244.010	188	10.542		

(***Source: Authors Compilation)***

The result of the ANOVA test is shown in**Table 6.12**.The P-vale is less than 0.05 level of significance in three dimensionsviz purpose of buying the life insurance policy, insecurity felt by the respondents & post purchasing behavior of the investor except advertisement. Hence the null hypothesis cannot be accepted except in the case of sources of information which implies there is a significant influence of male and female customers.

ANOVA for Marital status and 4 dimensions

In order to understand the influence of marital status on four dimensions, the analysis of variance is conducted the details are as fallows.

Ho: There is no influence of marital status on purpose of buying life insurance, insecurity, advertisement and post purchase behaviour of life insurance policyholders.

Table 6.13:ResultofANOVA for Marital status and 4 dimensions

Dimension	Sum of squares	Df	Mean square	F-statistic	sig
Purpose of buying life insurance	2.593	1	2.593	.244	.003
	660.607	188	10.598		
Insecurity	1.152	1	1.152	.124	.021
	621.214	188	9.265		
advertisement	1.900	1	1.900	.123	.000
	521.092	188	15.416		
Post purchase behaviour	50.926	1	50.926	5.028	.027
	1195.199	188	10.129		

(***Source: Authors Compilation)***

Since the P-value is less than 0.05 level of significance, so the null hypothesis cannot be accepted. Therefore, there is significant influence of marital status on the above four dimensions

7. FINDINGS & CONCLUSIONS

Purpose of buying life insurance is an important factor and it is fulfilled by the purchased product then it will raise the level of satisfaction in the customer. This situation does have a positive impact on the customer behaviour.

The case of relatives/ friend/neighbour/colleague does have any impact the level of the customer'ssatisfactioninlife insurance industry. So marketershouldmake their agents/broker/other channel partners as much as they can so as to establish some relations with their customers. These can enhance the level of customer's satisfaction in a positive way.

Advertisements are not having any impact on the satisfaction level of the life insurance customers. It to the minimum level so as to enhance the satisfaction level

The impact of the hidden charges on maturity does hamper the satisfaction level of the customers. They get a reduced sum assured at the time of maturity. So marketer should think and try to reduce and pull it to the minimum level so as to enhance the satisfaction level.

Claim settlement process& excessive documentation is also an important point where customers feel dissatisfaction if it is too lengthy and rigid. So marketers are advised to shorten and associate meaningful claim settlement process for the organization so as to improve the level of customer satisfaction.

The agents help in settlement process improves the level of customer satisfaction. So marketers are advised to train and educate their agents/ brokers and other channel partners to help their customers in claim settlement process as so enhance loyalty and level of customer satisfaction.

If insurers reject the claim onthe paper on some lame excuses, faultypaper works etc. Then it will create a great deal of dissatisfaction in the mind of the customer. So proper investigation and a valid reason is needed for rejection of claim. So insurers should make their investigation so transparent and clean that this type of false claims cannot be raised and right claims could not be rejected.

Study found that delay in policy settlement, excessive documentation, hidden charges, non-cooperation of agents for claim settlement, non-responsiveness on the part of the company were the major problems faced by the policy holders. This paper provides suggestions to the regulatory authorities and government to take some steps to control problems faced by policyholders and should try to increase their wealth, which helps in the development of the economy of the country as well as the financial market.

8. LIMITATION OF STUDY AND SCOPE OF FURTHER RESEARCH

The existing literature provides the direction for further research. In the same manner, the limitation of the current research paves way for further research. There are certain limitations of the current study: the area of research is limited only to Hyderabad. The research can be further extended by taking more areas. Another limitation is that the research has been conducted only for the behaviour of life insurance policyholders. Future researchers can include more health, vehicle, property insurance and professional liability, general liability, workers compensation insurance.

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Insurance and behavioural economics: improving decisions in the most misunderstood industry by professor howard C kunreuther, professor mark.V. pauly, Dr Stacey mcmorrow

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EVALUATION OF PERFORMANCE OF AAROGYASRI SCHEME

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ABSTRACT

Community based health insurance (CBHI) is more suited than alternate arrangements to providing health insurance to the low-income people living in developing countries. The universal health insurance scheme, launched recently by the Prime Minister of India, is only one of the forms that CBHI can take. While analyzing the proposed scheme, it examines alternate forms of CBHI schemes prevalent in the country. The development of private health insurance market in the country will not leave the poor unaffected. Health insurance as a tool to finance healthcare has very recently gained popularity in India.Government has been putting serious efforts to introduce health insurance for the poor in recent years in order to improve access of poor to quality medical care and for providing financial protection against high medical expenses. There have been several attempts to introduce similar schemes in other states but Telangana has been one of the only states to successfully roll out the scheme. The Insurance scheme covered 198.25 lack families out of total across 229.11 Lack families (87% families covered) residing in 27138 villages 1128 mandals of all districts of the State in five Phases. The scheme started with 330 procedures covered and has been gradually extended to 938 procedures. The majority of beneficiaries utilizing the scheme are illiterate and have a rural address. Since inception of the scheme (01.04.2007) till 20th January 2016- 35713 Medical camps were held by the network hospitals in rural areas. Total Surgeries/Therapies done by under this scheme is 1753466, Government is 440655 and Private is 1312811.

Key words: *Aarogyasri Health insurance scheme, Health Insurance, Community Health insurance, Healthcare,Healthcare Expenditure.*

Introduction:

Even after more than 70 years of independence, inequalities in access to health care is widely prevalent in Indian communities. Health is an important constituent of human resource development. Health is an important constituent of human resource development. Good health is real wealth of society. It not only increases human efficiency but also decreases private and public expenditure on sickness and diseases. Health has been declared as a fundamental human right. Healthcare services help to reduce infant mortality rate, check crude death rate, keep diseases under control and raise life expectancy. World development report 1993 stated, "Improved health contributes to economic growth in four ways: It reduces production losses caused by worker illness, it permits the use of natural resources that had been totally or nearly increasable because of disease, it increases the enrolment of children in schools and makes them better able to learn, and it frees for alternative uses resources that would otherwise have to be spent on treating illness. The economic gains are relatively greater for poor people, who are typically most handicapped by ill health and who stand to gain the most from the development of underutilized resources.

Various studies examine effect of Out-Of-Pocket (OOP) health expenditure on poverty head count and whether such expenses push households deeper into poverty. Adversities related to out-of-pocket spending are apparent in the form of intensified poverty and ill fare in the country. For instance, in 1995-96 an estimated 2.2% of the Indian population fell into poverty because of out-of-pocket spending (Peters et al 2002) and it increased to around 3.2% in 1999-2000 (Garg and Karan 2009). A significant proportion of population may have had to sell their assets (productive) for inpatient care (Peters et al. 2002; Dilip and Duggal 2002). A significant proportion of population may have had to forgo treatment all together due to scarcity financial resources (NSSO, 60th Round, 2004).

Health insurance can provide financial protection to households in the event of health shock and can reduce catastrophic out-of-pocket expenditure on health care (Joglekar, 2009). So that it can protect families from impoverishment and empower the patient to seek health care as a right (Gilson, 1998).

In developing and low income countries Health care finance is still predominantly based on out-of-pocket (OOP) payments, and the lack of prepayment mechanisms like insurance. In the absence of insurance, an illness not only reduces welfare directly, it also increases the risk of impoverishment due to high treatment expenditures (Wagstaff, A and E. van Doorslaer, 2003).

Review of Literature:

AshishBansal, ShewtankGoel, Abhishek Singh, AnuragAmbroz Singh, Anil Kumar Goel, Sulabha M. Naik, Virender K. Chhoker, SheleshGoel (2015)[1] suggested to educate the people in order to make rural communities aware of the need of health insurance to meet the ever rising medical expenses in view of unpredictable illness and injuries.

Bhaskar,Purohit, B. (2014)[2] stated that there is a great scope for CBHI in India to effectively expand the coverage to the uninsured, especially the ones who are poor and the one in the informal sector. Success of such schemes can be achieved with collaborative efforts from both government and non-government organizations.Ceri Averill(2013)[3] opined that Universal health coverage (UHC) has the potential to transform the lives of millions of people by bringing life-saving health care to those who need it most. UHC means that all people get the treatment they need without fear of falling into poverty. These schemes prioritize advantaged groups in the formal sector and drive up inequality. Donors and governments should abandon unworkable insurance schemes and focus on financing that works to deliver universal and equitable health care for all.Victoria Fan (2013)[4] tells the story of how RSBY came into being under the leadership of Anil Swarup whom she describes as an "unassuming officer of the IndianAdministrative Service" and outlines the program's early successes and opportunities for future progress.Victoria Fan, Anup Karan(2012)[5] in conclusion it can be said that the sub-group analysis that undertook suggests that there are smaller (and in some cases insignificant) program effects on SC/ST households (that tend to be better targeted by BPL cards) relative to non-SC/ST households. Given this within-health fungibility, the cost-benefits of Aarogyasri need to be compared to alternatives in public health.Dr. RumkiBasu (2012)[6] in most Asian countries health care is financed by out-of-pocket payments by individuals. RSBY is considered one of the most successful government funded social protection schemes in India in a public-private partnership mode. It may be considered a precursor to other social protection schemes in the country in future.Mr. Shijith V.P.& Dr. T.V. Sekher (2011)[7] This study examines health insurance scenario of India by analyzing the trends and patterns and household characteristics of health insurance policy holders. Only 5 percent of the households in India were covered under any kind of health insurance. Within the insurance schemes, the state owned health schemes are the most subscribed (39.2), followed by the Employee State Insurance Scheme (17 percent). Among the households belonging to the lowest economic categories, less than 3 percent were covered by any health scheme or health insurance.

Statement of the Problem:

Rural population of State, majority of whom are farmers, are not having access to advanced medical treatment and are silent sufferers of ill health. This is more true in case of diseases related to heart, kidney, brain, cancer and injuries due to domestic accidents and burns. While the government is in the process of adequately strengthening the health institutions for basic health care, but lack of specialist doctors and equipments for treatment of serious diseases has created a wide gap between the disease load and the capacity of the government hospitals to serve the poor. Though, facilities are available in empanelled hospital under Aarogyasri scheme, either they claim exorbitant bills in the name of tests and the empanelled hospitals are very few and mostly located in urbanareas. Some time, these facilities corporate sector are catering mainly to the affordable sections of society as they too claim as the BPL families resulting poor families living in villages. Abstain from availing the eligible benefits under this scheme. Due to this hassles poor patients are constrained to go to private hospitals for treatment and in the process they incur huge debts, further it is leading to sale of properties and assets or are sometimes, left eventually to die. In this scenario. This present study mainly focuses on what extend this Aarogyasri scheme is protecting the BPL families from chronic diseases, assumes importance.

Objectives of the Study:

1. To discuss the coverage and features of major health insurance schemes in India.
2. To examine the role of Telangana state health insurance scheme (Rajeev Aarogya Sri) in Telangana
3. To Over view of Rajiv Aarogyasri Community Health insurance scheme in Telangana State.

Hypotheses:

H1: There is no significant difference between inter district variations in implementation of Rajiv Aarogyasri Scheme in Telangana State.

H2: Corporate hospitals do not play significant role in properly implementing Rajiv Aarogyasri scheme in Telangana State.

H3: There is no impact of Aarogyasri scheme on BPL diseased families in selected districts.

Methodology:

The data collected from secondary sources such as scheme website, available assessment reports, and the data provided by the Aarogyasri health care trust, Scheme website and published articles.

Data Analysis:

Data collected will be analyzed by using the statistical tools viz., multiple correlation analysis, Regression analysis, Chi-square test and ANOVA.

Health Insurance Coverage in India

The current trends in the health insurance coverage indicate a quantum leap, especially since the last three years, mainly because of the implementation of the health insurance schemes such as Rashtriya Swasthya Bima Yojana (2008), Rajiv Arogyasri scheme (2007), Kalingar (2009) and Vajapayee Arogyasri scheme (2009). In India, in the year 2009-10 all forms of insurance both Government and non-government together covered approximately 302 million individuals or 25 percent of Indias population in 2010 (Table 1). And of this nearly 82 percent are covered by government schemes.

Table 1: Scheme-wise Health Insurance Coverage

			Total covered population in 2009-10 (in millions)				
S.NO	Scheme	Covering Group	Unit of Enrolment	No. of Families	No. of beneficiaries	Percentage of Total (GSS	Percentage of Total
1	CGHS (1954)	Central Govt. Employees	Family	0.87	3.0	1.21	0.99
2	ESIS (1952)	All the Employees	Family	14.3	55.4	22.4	18.34
3	Rashtriya Swasthya Bima Yojana(2008)	BPL families	Family	22.7	79.45[1]	32.1	26.3
4	Rajiv Aarogyasri scheme.AP(2007)	BPL families	Family	22.4	70	28.34	23.17
5	Kalaignar(TN) (2009)	BPL families	Family	13.6	35	14.17	11.58
6	Vajapayee Arogyasri(2009)	BPL families	Family	0.95	1.4	0.56	0.46
7	Yeshasvini Yeshasvini	APL & BPL	Individual	N/A	3.0	1.21	0.99
	Total Government Sponsored Schemes (GSS)				247	100	81.78
8	Private Health insurance	Voluntary	Individual	N/A	55		18.21
	Grand Total				302		100

* Estimate; N/A Not Applicable; [1]No. of Beneficiaries = No. of families (card holders)

Source: A Critical assessment of the Existing Health Insurance models in India. Report submitted by Public Health Foundation of India

It may be observed that a substantial portion is covered (32 %) through Rashtriya Swasthya Bima Yojana (RSBY), followed by the state of Andhra Pradesh with has covered 28.34% of the total beneficiaries through Rajiv Aarogyasri scheme. And Tamil Nadu (Kalaignar) health insurance covers 14.17% of population. These are two states where state sponsored health insurance schemes are strongest in their outreach. Private health insurance schemes are covering 18.21 % population.

Key Design Features of Government Sponsored Health Insurance Schemes

A useful framework to discuss the characteristics of insurance schemes is through the lens of three key functions namely revenue collection, risk pooling and purchasing. The source of funds, mechanisms used to collect funds and the agency that pools funds together are collectively referred to as the Revenue collection function. While, pooling of fundsrefers to the accumulation and management of funds to ensure that financial risk of having to pay for health care is borne by all and not by individuals who fall ill. The third function is Purchasing Care which refers to paying for health care. In health insurance the insurer or the organizer of the scheme purchases services on behalf of a population. It broadly involves contracting with providers of care, designing an appropriatebenefit package and making choices around paying for them (McIntyre, 2007).Provision of care is generally separated from purchasing in health insurance and is an integral part of it.

Rajiv Aarogyasri Health Insurance Scheme of Telangana

Financing health care of persons living below poverty line, especially for the treatment of serious ailments such as cancer, kidney failure, heart diseases, is one of the key determinants that affect the poverty levels in Andhra Pradesh. Indebtedness due to hospital expenditures is one of the main

reasons for people falling into poverty in the state. Available network of government hospitals do not have the requisite equipment or the facility or the specialist pool of doctors to meet the state wide requirement for the treatment of such diseases. Large proportions of people, especially below poverty line borrow money or sell assets to pay for hospitalization. Presently many people suffering from such diseases are approaching the Government to provide financial assistance to meet hospitalization expenses for surgical procedures. Hence, there is a felt need in the state to provide medical assistance to families living below poverty line for the treatment of serious ailments such as cancer, kidney failure, heart and neurosurgical diseases etc., requiring hospitalization and surgery/ therapy. During the period from 14.05.2004 to 26.06.2007, financial assistance to a tune of Rs. 168.52 crores has been provided from Chief Minister's Relief Fund in 55361 cases to meet hospitalization expenses for such people. From the experience gained, it is felt that the assistance could be institutionalized so that its benefit can be accessed by poor people across the State easily and in a trouble free manner. Therefore, Government of Andhra Pradesh has launched Rajiv Aarogyasri Health Insurance Scheme on 01.04.2007 to improve access of poor to quality medical care and for providing financial protection against high medical expenses.

Objective of the Scheme

According to PK Agarwal, Principle Secretary at the Department of Health, Medical and Family Welfare, Andhra Pradesh the objective of the Rajiv Aarogyasri Health Insurance scheme is "social protection, addressing healthcare problems that cause indebtedness and often bring people into devastating financial and physical distress." To improve access of BPL families to quality medical care for treatment of identified diseases involving hospitalization, surgeries and therapies, through an identified network of health care providers.

Eligibility

All below poverty line residents of the state of Andhra Pradesh are technically entitled to Aarogyasri benefits. The scheme has been implemented in all districts in the state. The state already had a mechanism for defining, identifying, and enrolling below poverty line families. Each eligible family is issued a "White Card" (a ration card) to identify them as below poverty line. Aarogyasri uses the "White Card" as a targeting mechanism for its scheme. Such of the beneficiaries who are covered for the "listed therapies" by other insurance schemes such as CGHS, ESIS, Railways, RTC etc., will not be eligible for any benefit under this scheme.

Funding

This is a state government scheme. Under this, hospital bills of the insured persons are paid by the insurance company. The premium for insurance company is paid by the government. People do not have to pay anything under this scheme. The state wanted to ensure that the benefits of the scheme reached the poorest, who might otherwise be deterred from enrolling even if the premium to be paid out of pocket was nominal.

For rollout of Aarogyasri, the State government engaged in an open, competitive bidding process to select a single insurer to implement the program. The insurer with the lowest premium bid (for the specified benefits package) won the contract to be the insurer (Star Health and Allied Insurance Company) for Aarogyasri. For the first phase of Aarogyasri, the premium was set at Rs.210 (US$4.50) per household annually. The coverage amount for the services to the beneficiaries is upto Rs.1.50 lakh per family per annum. The premium is the same across all districts in the state and the amount reimbursed per procedure to any network hospital is also the same.

Institutional structure

Rajiv Aarogyasri Trust under the Government of Andhra Pradesh has an overall responsibility of implementing the scheme in the state.

Aarogyasri Healthcare Trust: The Trust is responsible for oversight of the entire insurance program as well assome important administrative functions such as setting benefits and pricing, managing contracts with insurer (s) and network providers, approving claims, and monitoring.

Insurer: The insurer is selected based on a competitive bidding process to bear risk and manage all back endinsurance administration, including claims processing, reimbursements to providers, and oversight of hospitals. The Insurer is also responsible for holding health camps in villages to screen, diagnose, treat, and make beneficiaries aware of any health problems they might have; health camps are also used to enroll eligible beneficiaries.

Network hospitals: Network hospitals provide care to Aarogyasri beneficiaries.

Network Hospital Empanelment status as on 31st March of the year.

Financial Year	GovernmentNWH	CorporateNWH	Total NWH
2007-08	13	71	84
2008-09	82	207	289
2009-10	2	17	19
2010-11	0	18	18
2011-12	1	43	44
2012-13	22	25	47
2013-14	01	53	54
2014-15	22	24	46
2015-16	81	207	288

Aarogya Mithras: Aarogya Mithras are patient advocates and assist Aarogyasri beneficiaries to navigatethrough the system and ensure beneficiaries receive quality care. Aarogya Mithras are also responsible for community outreach.

STAR Health Insurance Company is responsible for enrolment, empanelment of hospitals, processing claims and monitoring of the scheme. STAR is also responsible for recruitment of Arogyamithra s, field level first contact person for the beneficiaries responsible for facilitating access to health care services. STAR is also responsible for managing call centres, and for facilitating access to health care services by beneficiaries. Aarogyasri Trust also empanels hospitals, mainly public health care hospital and few private health care hospitals. They are also responsible for ensuring facilitation of health care access of beneficiaries whose primary contact points are primary health care centres or community health care centres.

Scheme Coverage:

Population Cover: Population Cover during the 2015-16 year, Rajiv Aarogyasri Health Insurance scheme was extended to the entire state in 5 Phases.

Table 2: Phase wise districts

Phase 1	Mahboobnagar	Srikakulam	Anantapur		
Phase 2	Rangareddy	Nalgonda	Chittoor	West Godavari	East Godavari
Phase 3	Medak	Karimnagar	Prakasam	Kadapa	Nellore
Phase 4	Adilabad	Kurnool	Hyderabad	Visakhapatnam	Vijayanagaram
Phase 5	Nizamabad	Warangal	Khammam	Guntur	Krishna

Source: Annual report of Aarogyasri Health Insurance scheme 2015-16

Table 3: Phase wise Coverage under Insurance

Phase	Period	Total Families (In lacs)	BPL Families (In lacs)	No. of Procedures	Premium (Rs) Per Family
Phase 1	5-4-11 to 4-4-12	31.12	26.67	938	489/-
Phase 2	5-12-10 to4-12-11	56.09	49.49	938	531.99/-
Phase 3	15-4-11 to 14-4-12	44.30	38.44	938	489/-
Phase 4	17-7-11 to 16-7-12	44.56	38.19	192	279/-
Phase 5	17-7-11 to 16-7-12	53.04	45.46	192	279/-
		229.11	**198.25**		

Source: Annual report of Aarogyasri Health Insurance scheme 2015-16

The Insurance scheme covered 198.25 lack families out of total across229.11 Lack families (87% families covered) residing in 27138 villages 1128 mandals of all districts of the State in five Phases. A poor family having a white ration card becomes eligible for the scheme. The beneficiary is identified and authenticated through the online database of the Civil Supplies department of Government of Andhra Pradesh. There is no limit on the size of the family. Andhra Pradesh has the advantage of photo ration cards issued to all eligible BPL families by Civil Supplies Department. Taking advantage of this unique fool proof facility, BPL ration cards issued by Civil Supplies Department with family details and photograph were taken as the eligibility card for the scheme. The authentication under the scheme is done through a white ration card.

Table 4: Phase wise cards and population

PHASE	1	2	3	4	5	Total
Cards(in Lakhs)	26.68	57.33	38.45	38.19	45.46	206.11
Population (in lakhs)	93.35	200.66	132.91	133.67	159.12	719.71

Source: Annual report of Aarogyasri Health Insurance scheme 2015-16

This shows that 86% of the families of the State are BPL. This figure is at large variance with that given by Government of India which is in the range of 40%. It is believed that Aarogyasri Scheme has fuelled the demand for possessing a BPL card. This cause along with the Government of Telangana BPL line fixation at Rs.60000 in rural areas and Rs.75000 in urban areas could explain the reason for a high number of BPL families in the state.

Benefit Coverage:

The scheme covers 932 therapies in 29 specialties such as cancer, cardiology, poly trauma etc. There are 380 network hospitals serving the patients. The benefit coverage under the scheme increased from 166 procedures to 884 procedures.

Trust Mode:

Particulars	F.Y-2009-10	F.Y-2010-11	F.Y 2011-12	F.Y 2012-13	F.Y 2013-14	F.Y 2014-15	F.Y 2015-16
Cost (claims paid & Admin)	263.42	271.55	321.66	1088.25	1314.95	1312.40	1312.45
Benefit(claims paid)	258.72	267.17	270.62	1015.99	1242.83	1242.81	1245.89
Cost Benefit Ratio (%)	98.22%	98.39%	84.13%	93.35%	94.52%	95.53%	95.50%

Performance of the Scheme:

M.Rao.et.al(2011), the Rajiv Aarogyasri Community Health Insurance Scheme (RACHIS) impact of this scheme was evaluated by a rapid assessment, commissioned by the government of Andhra Pradesh. The aim of the assessment was to explore the contribution of the scheme to the reduction of catastrophic health expenditure among the poor and to recommend ways by which delivery of the scheme could be improved. This novel scheme was beginning to reach the BPL households in the state and providing access to free secondary and tertiary healthcare to seriously ill poor people. An integrated model encompassing primary, secondary and tertiary care would be of greater benefit to families below the poverty line and more cost-effective for the government. There is considerable potential for the government to build on this successful start and to strengthen equity of access and the quality of care provided by the scheme.

Table- 5 Vital statistics of Aarogyasri Health Insurance Scheme as on 20th January, 2016

Vital statistics		Since April 1st 2007
Health Camps		35713
Preauthorizations	Government	501799
	Private	1411335
	Total	1766119
[redacted] Out Patients	Government	527390
	Private	3644189
	Total	4232829
In Patients	Government	534017
	Private	1425622
	Total	1959655

Patients	Screened	6575227
	Registered	6539949
Surgeries/Therapies	Government	440655
	Private	1312811
	Total	1753466
Amount Preauthorized	Government	Rs.1071 Cr
	Private	Rs.3652 Cr
	Total	Rs.4723 Cr

Source: www.aarogyasri.org.

Table 5 shows about Vital statistics of Aarogyasri Health Insurance Scheme as on 20 th January, 2016. Since inception of the scheme (01.04.2007) till 18th January 2013- 35713 Medical camps were held by the network hospitals in rural areas. Total Surgeries/Therapies done by under this scheme is 1753466, Government is 440655 and Private is 1312811. Total Patients Screened under the scheme is 6575227 and Patients Registered under the scheme is 6539949. Total Out Patients 4232829, Government 527390, and Private 3644189 and In Patients Total 1959655, Government 534017, and Private 1425622.

Total Number of therapies preauthourized under Aarogyasri scheme is 1766119, Government 501799 and Private 1411335. Total Amount Preauthorized under this scheme is Rs.4723 Cr, Government Rs.1071 Cr and Private Rs.3652 Cr.

Table 6: District – wise Total Number of therapies preauthourized under Aarogyasri

Sl. No	District Name	No. of therapies preauthourized	Percentage
1	Hyderabad	506896	28.70
2	Adilabad	2156	0.12
3	Anantpur	17875	1.01
4	Chittoor	77302	4.37
5	East Godavari	134251	7.60
6	Guntur	145365	8.23
7	YSR Kadapa	10616	0.60
8	Khammam	16838	0.95
9	Kurnool	66359	3.75
10	Krishna	152545	8.63
11	Karimnagar	61104	3.45
12	Mahboobnagar	11362	0.64
13	Medak	2357	0.13
14	Nalgonda	7824	0.44

15	Nellore	97306	5.50
16	Nizamabad	14029	0.79
17	Prakasham	15372	0.87
18	Ranga Reddy	113296	6.41
19	Srikakulam	13929	0.78
20	Visakhapatnam	151796	8.59
21	Vizianagaram	20643	1.16
22	Warangal	75066	4.25
23	West Godavari	51832	2.93
	Total	1766119	99.9

Source: www.aarogyasri.org

Table 6 shows about District wise Total Number of therapies preauthorized under Aarogyasri scheme. It has been found that the total number of therapies preauthorized that have been taken under this scheme is 1766119. Highest number of therapies preauthorized in Hyderabad district 28.70 percent (506896), Krishna district 8.63 percent (152545) and Visakhapatnam district 8.59 percent (151796). Lowest number of therapies preauthorized in Adilabad district 0.12 percent (2156) and Medak district 0.13 percent (2357).

Conclusion:

The state of Telangana in India established the Rajiv Aarogyasri Community Health Insurance Scheme (RACHIS) in 2007 with the aim of breaking this cycle by improving the access of below the poverty line (BPL) families to secondary and tertiary healthcare. It covered a wide range of surgical and medical treatments for serious illnesses requiring specialist healthcare resources not always available at district-level government hospitals. The Insurance scheme covered 198.25 lack families out of total across229.11 Lack families (87% families covered) residing in 27138 villages 1128 mandals of all districts of the State in five Phases. The scheme started with 330 procedures covered and has been gradually extended to 938 procedures. The majority of beneficiaries utilizing the scheme are illiterate and have a rural address. Since inception of the scheme (01.04.2007) till 20th January 2013- 35713 Medical camps were held by the network hospitals in rural areas. Total Surgeries/Therapies done by under this scheme is 1753466, Government is 440655 and Private is 1312811. Total Patients Screened under the scheme is 6575227 and Patients Registered under the scheme is6539949. Total Number of therapies preauthorized under Aarogyasri scheme is 1766119, Government 501799 and Private 1411335. Total Amount Preauthorized under this scheme is Rs.4723 Cr, Government Rs.1071 Cr and Private Rs.3652 Cr.The Aarogyasri Health Insurance Scheme is giving more protection to the poor people. And the can access Government hospital or Private hospital which they required for treatment. Most of the people were giving priority to the private/ corporate hospitals in urban areas of the Telangana. N. Purendra Prasad and P. Raghavendra (2012), the scheme is only the construction of a new system that supplants the severely underfunded state healthcare system. It is also a classic example of promoting the interests of the corporate health industry through tertiary hospitals in the public and private sectors.

Remarks of the Scheme

The priorities of this scheme have been criticized in India and internationally. The main criticism has been about the benefit package that focuses on alleviating the financial distress associated with catastrophic illness and ignores health problems faced by the majority of the poor such as fever

and gastrointestinal disorders. The two main reasons for the chosen focus of Aarogyasri are: (1) the purpose of addressing indebtedness due to health care costs; and (2) the challenges with monitoring treatment of ailments without hospitalization.

Shukla, et al., (2011) they pointed out that, corporate hospitals handle the biggest share of the cases and there is no provision for outpatient treatment of everyday illnesses that affect the working capacity of the patient. The focus on tertiary healthcare and exclusion of all other forms of medical assistance leads to an inefficient medical care model with a low level of real impact on meeting the needs of the healthcare and the health of the population. Mitchell et al., (2011) in their study provide evidence that poor patients continue to spend significantly on conditions that are not covered by the Rajiv Aarogyasri Sri (RAS) at both government and private facilities. Their findings show that RAS alone is not likely to reduce the financial burden of illness on the BPL population. They suggested that strong referral system and fundamental changes to the health system are needed to meet goals of financial risk protection.

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A STUDY ON CUSTOMER PERCEPTION AND SATISFACTION TOWARDS MOBILE INSURANCE PRODUCTS IN INDIA

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ABSTRACT

Over the past few years the smart phone industry has undergone huge changes. Smart phone is become a necessity, luxury item and status elevator in entire personal and professional life. Customers are now spending more than ever on smart phones, the cast it can easily go up to lakh just like any other article of value. Smart phone is at a potential risk of being stolen besides the theft smart phones are prone to hardware or software damages or failures which may occur due to an accident, drop, water spillage, screen crack , or variety of other reasons. Considering all it is only wise for one to get their smart phone to be insured to protect any internal and external damages caused damages. So the researcher conducted research on the customer satisfaction and on 4 P's influenced to obtain the insurance to protect the mobile phones.

Keywords: *Mobile Phones, Mobile phoneinsurance, customer Satisfaction,*

1.Introduction:

Customers are now spending more than ever on smartphones, the cost of which can easily go up to a lakh. Just like any other article of value, a smartphone too, is at a potential risk of being stolen. Beside theft, being an electronic gadget, smartphones are very prone to hardware or software damage or failure which may occur due to an accident, drop, water spillage, screen crack, or a variety of other reasons. Considering all that, it is only wise for one to get their smartphone insured, to help protect in case of any internal or external damage which may be caused to the device.

The best solution is to pick mobile phone insurance. Past few years have seen lot of companies offering smartphone insurance for your device. Mobile phone insurance will be able to cover technical faults and accidental breakages and thefts of the devices. Each insurance has their own terms and conditions and also have the conditions which are excluded from coverage, so it is better to have a look at the terms and conditions offered.

The concept of mobile insurance is rather recent and not many smartphone owners are aware of it, or willing to purchase it. Theft of smartphones has become a very common occurrence, making it all the more important for owners to insure their devices. For higher end smartphones, this protection is even more important as they are very lucrative targets for theft. In this article, you can get to know about the various benefits which mobile insurance offers, what do mobile insurance policies provide coverage for (in general), what are some of the exclusions of mobile insurance policies, some of the companies in India which offer mobile insurance to customers and how the claim process works in case of mobile insurance.

The smartphone market in India is growing vastly with lots of new OEMs entering the highly competitive market. With so many devices available in each segment, mobile phone market

is expanding rapidly and people are willing to invest even in high end devices. But there are high chances that you end up losing your high end smartphone in public transport or gets stolen or lost. There can be even chance of accidental drop or even water splash. So how to protect your device in such situations?

Mobile insurance and warranty are completely different, as warranty covers manufacturing defects only, but insurance covers physical damages as well.

1.1 What Warranty Covers

The warranty is valid only when the warranty card is properly completed, and upon presentation of the proof of purchase consisting of original invoice or sales slip, indicating the date of purchase, dealer's name, model and serial no.of the product.

If your mobile software, or any of the apps on device, does not perform properly. Under warranty policy, you can get the software updated or re-installed on your phone from authorized service centre.

Warranty cover will be void, if a repair has been attempted by any unauthorized service centre.

Due to any manufacturer fault, if phone stops working, that is also covered under warranty. But, on few conditions that the reason of damage should not be physical, or liquid damage. Also, the faulty parts of the device are replaced or repaired.

Warranty also covers battery, charger, and other accessories for 6 months only.

1.2 Mobile Insurance Covers:

Mobile insurance policies provide protection against a variety of perils and damages, internal or external. Given that smartphones are electronic devices, they could be prone to software failure which can often render the device useless. Besides internal damage, external damage can also occur due to various reasons. Listed below are some of risks and damages which are commonly covered under mobile insurance policies.

1. **Physical Damage**:- Covers accidental physical damage to insured equipment, like cracked screen, shattered screen, Damage due to fire.
2. **Liquid Damage**:- If a person spills a drink on the phone, by mistake, or accidentally drops his/her phone in water, resulting in stoppage of the device, that is also covered under policy.
3. **Technical Support**:- Provide 24*7 assistance to users about technical queries of their device, like how to use hotspot, tethering and so on. Hardware Failure like malfunctioning touchscreen, faulty earphone jack or charging port problem.
4. **Anti-virus**:- *Protection for your mobile phone* against virus attacks.
5. **Anti-theft**:- Anti-theft is a feature that helps you to localize your device in case of loss or theft, Loss of device from a securely locked vehicle or building.
6. **Contact & SMS Backup**:- Enable you to take the scheduled back-up of your contacts to your e-mail.

1.3 List of companies providing Mobile Insurance:

1. **Quick Heal Gadget Insurance –** Quick Heal is a name synonymous with reliable anti-virus products. They have recently started offering insurance for Android based mobile devices and provides cover for variety of damages / losses like theft, damage caused due to liquid spillage, physical damage or damage caused by fire. Plans offered by QuickHeal start from Rs 599 onwards and go up to Rs 2,499. The cost of the insurance plan will depend on the cost of the device. TO give you better value for money, you will also get QuickHeal's mobile security suite, along with your mobile insurance.
2. **New India Assurance -** New India Assurance offers competent mobile insurance covers for mobile phones against a variety of damages like malicious damage (caused by riot, strike, etc.), damage by fire, accidental damage, or damage caused under fortuitous circumstances.

3. **AppsDaily –** Another popular mobile insurance provider is AppsDaily. The company provides a wide range of coverage for a wide variety of smartphones. Cover is provided against liquid damage, physical damage, loss due to theft or burglary. The mobile insurance schemes start from Rs 799 (for phones priced at or under Rs 10,000) and up to Rs 3,999 (for phones costing up to Rs 90,000). The notable features of this insurance provider is that it supports cashless claims, along with providing prompt service, which can be invaluable.

4. **MobileAssist –** MobileAssist is another mobile insurance provider which helps protect your device and the data stored on it against a spectrum of damages or loss. There are different plans which you can choose from based on the amount of the insurance. Each plan carries differing features and has been designed to fit differing requirements. The USP of this company is that it provides doorstep pick-up and drop of your device, in case of a major repair or damage. Also, you will be provided with a temporary phone in case your phone is lost or has been damaged.

5. **SyncNScan –** SyncNScan offers multiple insurance plans with additional features like damage / theft insurance, spam guard and cloud backup. Cover is provided for a wide variety damages like accidental damage, damage due to water spillage, burglary, theft due to house break-in, riot, strike, if phone is stolen from a locked vehicle or building, internal or external damage (to components of the device), wilful / intentional damage caused by third party, damage due to external impact.

6. **Onsite Secure –** Onsite Secure is another gadget insurance provider which provides insurance not only for smartphones but also for digital cameras, laptops and tablets. The company offers multiple insurance plans depending on the value of the device. Insurance provides cover against commonly occurring faults like malfunctioning touch screen, faulty charging port, hardware failure, etc. One of the notable feature of this insurance company is that it provides onsite service, which means that your damaged device will be picked from your doorstep, repaired at the authorized repair center and returned to you.

7. **GadgetCops –** One of the first mobile insurance providers in India is GadgetCops. The company provides all-round insurance plans for a variety of electronic devices, with a special focus on smartphones. The various plans offered by the company cover theft and accidental damage, along with providing a host of other value added services. Plans offered by GadgetCops will protect your smartphone for a duration of 2 years, while also providing for repair and replacement of a variety of electrical or mechanical faults. They also provide cashless service as a part of which the costs of repair done at the repair center will be borne by the company and not the insured.

8. **Times Global Insurance –** One of the popular mobile insurance providers is Times Global Insurance. The company offers trusted mobile insurance plans which start from as low as Rs 125 per month (for phones costing between Rs 3,000-15,000) and Rs 310 per month (for phones valued between the range of Rs 30,000 to Rs 60,000). The USP of their insurance plans is that it provides 100% cashless insurance cover against damages caused due to accidents, water spillage or cracked screens. With dedicated plans for iPhones and some other smartphones, customers can get up to 90% reimbursement for a stolen or lost smartphone.

9. **Syska Gadget Secure:** Syska Gadget Secure gets you a complete insurance cover for your phone against accidental damages, water/fluid damage, theft, burglary and fire damage. In case your handset gets theft or if gets stolen, the insurance cover will provide compensation equivalent to the cost of replacement of the instrument by a new instrument of similar specification and similar capacity.There are

different plans available and you can choose it based on the features each plan offers. The basic plan is Rs 599 a year and it goes up to Rs 1999 per year.

10. **Warranty Bazaar :** Warranty Bazaar provides extended warranty and accidental damage protection plans for mobile phones and tablets. If your phone or tablet is not older than 90 days then you can purchase Warranty Bazaar extended warranty for phones. Accidental Damage Protection is designed to protect the owner from the cost of repairs which is not covered by the manufacturer. 12 Months Accidental Damage Protection for phone and tablets protects your device with all damages, spills, drops and more for 12 months.

1.4 The 4 P's

Product: Product is defined as a physical product or service to the consumer for which he is willing to pay. It includes half of the material goods, such as furniture, clothing and grocery items and intangible products, such as services,

Price: Price is one of the most important marketing mix items and many scientists consider the price as one of the most important elements of the market, which increases not only profits, but also market share. However, the price is not only one of the key factors in a competitive situation, which directly affects the company's sales and profitability indicators, but also one of the most flexible marketing mix elements, which can quickly adapt to environmental changes. Therefore, it is the price is perceived as the only element of the marketing mix, generating revenue and the most important customer satisfaction and loyalty factor.

Place: Another very important element of marketing is a place that is also called the distribution, which is defined as the process and methods by which products or services reach customers

Promotion: The last 4P marketing complex element of the promotion, which helps to increase consumer awareness in terms of their products, leads to higher sales and helps to build brand loyalty. Thus, the promotion of the marketing mix is a tool that helps disseminate information, encourage the purchase and affects the purchase decision process.

2. Research Methodology:

The study is based on primary data. The data collected by using structured questionnaire of 4P's. Secondary data collected form websites. The collection of primary data 100 respondents selected form Hyderabad city. The collected data was analyzed by using MS Excel and SPSS

3. Data Analysis and Interpretation:

Demographic Profile of Respondents (Gender, Age, Educational Qualification, Occupation)

Table-1

	Gender	No. of Respondents	% of Respondents
Gender	Male	67	67.00%
	Female	33	33.00%
Age	Less than 18	15	15.00%
	19-25	16	16.00%
	25-35	44	44.00%
	35-40	12	12.00%
	Above 40	13	13.00%
Occupation	Student	35	35.00%
	Business	10	10.00%
	Govt. Employee	26	26.00%
	Professional	25	25.00%
	others	4	4.00%
Educational Qualification	Below SSC	15	15.00%
	Inter	38	38.00%
	Degree	35	35.00%
	PG	12	12.00%
	Others	0	0.00%

Interpretation: The above table revels that the out of 100 respondents 67% were male and 33% were female. Out of 100 respondents less than 18 age group respondents are 15%, 19-25 age group respondents were 16%, 25-35 age group respondents were 44%, 35-40 age group respondents were 12% and above 40 age group 13%. Out of 100 respondents occupation students respondents were 35%, Business respondents were 10%, Govt. employee respondents were 26%, professional respondents were 25% and others were 4%. out of 100 respondents educational qualification SSC were 15% and flows Inter respondents were 38%, Degree respondents were 35%, and PG respondents were 12%.

Table-2

		No. of Respondents	% of Respondents
Are your aware of Mobile Phone Insurance	Yes	100	100.00%
	No	0	0.00%
	Total	100	100.00%
Are you insured your mobile	Yes	100	100.00%
	No	0	0.00%
	Total	100	100.00%
type of insurance provider insured your mobile	New India Assurance	55	55.00%
	Warranty Bazzar	45	45.00%
	Total	100	100.00%
You are aware of insurance provider by	Mobile Retail Shops	75	75.00%
	Advertisements TV	2	2.00%
	Advertisement in Mobile Phone	5	5.00%
	Friends	18	18.00%
	Total	100	100.00%
Is the insurance provider location is	near to my place	34	34.00%
	far away from my place	55	55.00%
	somewhat ok	11	11.00%
	Total	100	100.00%
Is the price is reliable to purchased insurance product	Yes	64	64.00%
	No	36	36.00%
	Total	100	100.00%
What type of policy you are purchased	Physical Damage	10	10.00%
	Liquid Damage	0	0.00%
	Technical Support	0	0.00%
	Anti Theft	15	15.00%
	Contact & SMS	0	0.00%
	All	75	75.00%
	Total	100	100.00%
Satisfaction level of policy you are purchased	Highly Satisfied	48	48.00%
	Satisfied	35	35.00%
	Neutral	15	15.00%
	Dissatisfied	2	2.00%
	Highly Dissatisfied	0	0.00%
	Total	100	100.00%

The above table 2 reveals that the aware of mobile phone insurance and insured mobile respondents were 100%. Type of insurance providers new India assurance were 55% and warranty bazzar were 45%, aware of insurance providers form respondents mobile retail shops were 75%, advertisements in TV were 2%, advertisements in mobile phones were 5%, and form friends were 18%. The insurance providers location near to my place respondents were 34%, far away form my place respondents 55%, and somewhat ok respondents were 11%. The insurance price is reliable purchased insurance product Yes were 64% and No were 36%. The type of insurance policy purchased physical damage respondents were 10%, antitheft respondents were 15%, and all type respondents were 75%. The satisfaction level of policy purchased highly satisfied respondents were 48%, satisfied respondents were 35%, neutral respondents were 15% and dissatisfied respondents were 2%.

Hypothesis Test:

Ho1: there is no association between Gender and Satisfaction Level of Mobile insurance products

Ho2: Ho: there is no association between Age and Satisfaction Level of Mobile insurance products

Ho3: Ho: there is no association between Educational Qualification and Satisfaction Level of Mobile insurance products

Ho4: Ho: there is no association between Occupation and Satisfaction Level of Mobile insurance products

Table-3

ANOVA Test						
Source of Variation(**Gender**)	SS	df	MS	F	P-value	F crit
Between Groups	1285.714	1	1285.714	2.751957	0.158032	6.607891
Within Groups	2336	5	467.2			
Total	**3621.714**	**6**				
Source of Variation(**Age**)	SS	df	MS	F	P-value	F crit
Between Groups	0	1	0	0	1	5.317655
Within Groups	2488	8	311			
Total	**2488**	**9**				
Source of Variation(**Education Level**)	SS	df	MS	F	P-value	F crit
Between Groups	0	1	0	0	1	5.317655
Within Groups	2796	8	349.5			
Total	**2796**	**9**				
Source of Variation(**Occupation**)	SS	df	MS	F	P-value	F crit
Between Groups	0	1	0	0	1	5.317655
Within Groups	2400	8	300			
Total	**2400**	**9**				

The above table reveals that the association between gender and satisfaction level of mobile insurance F- value was 2.751957, F-critical value is 6.607891, and p-value 0.158032 is less than0.05 significance level. Hence there is a significant deference between gender and satisfaction level. The association between age and satisfaction level of mobile insurance F- value was 0, F-critical value is 5.317655, and p-value 1 is greaterthan 0.05 significance level. Hence there is no significant deference between age and satisfaction level. The association between Education Level and satisfaction level of mobile insurance F- value was 0, F-critical value is 5.317655, and p-value 1 is greater than 0.05 significance level. Hence there is no significant deference between age and satisfaction level. The association between

Occupation and satisfaction level of mobile insurance F- value was 0, F-critical value is 5.317655, and p-value 1 is greater than 0.05 significance level. Hence there is no significant deference between age and satisfaction level.

4. Conclusion:

Majority of the respondents were Male (67%.), the highest respondents are form 25-35 age group were 44%,the highest respondents form occupation students were 35%. educational qualifications respondents inter mediate highest were 38%.The awareness of mobile phone insurance and insured mobile respondents were 100%., Type of insurance providers new India assurance were 55% , aware of insurance providers were mobile retail shops were 75%,. The insurance provider's location far away from my place respondents 55%, The insurance price is reliable purchased insurance product Yes were 64% and No were 36%. The respondents type of insurance policy purchased alltype were 75%. And the satisfaction level of policy purchased highly satisfied respondents were 48%, satisfied respondents were 35%. The association between gender and satisfaction level of mobile insurance there is a significant deference, age and satisfaction level of mobile insurance there is no significant, Education Level and satisfaction level of mobile insurance there is no significant deference, Occupation and satisfaction level of mobile insurance there is no significant. Hence it conclude that the mobile insurance companies should take care on promoting insurance products more on TV and mobiles and they have to provide insurance provision by using the mobile phones by giving an advertisement.

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HEALTH INSURANCE SCHEMES OPERATIONAL POLICIES ISSUES AND DETERMING PHENOMENON VARIABLES-A STUDY IN TIRUCHIRAPPALLI DISTRICT, TAMIL NADU

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ABSTRACT

Health insurance is very well established in many countries, but in India it still remains an untapped market. Less than 15% of India's 1.1 billion people are covered through health insurance. And mostly it covers only government employees. At any given point of time 40 to 50 million people are on medication for major sickness and share of public financing in total health care is just about 1% of GDP. Over 80% of health financing is private financing, much of which is out-of-pocket payments and not by any pre-payment schemes. Given the health financing and demand scenario, health insurance has a wider scope in present day situation in India and this study attempts to probe into the public- private role in health insurance market in India with particular reference to Tiruchirappalli District, Tamil Nadu. The present study aims to find out the health insurance schemes in Tiruchirappalli district, Tamil Nadu. As this study is an empirical one, the field survey method and personal interview techniques were used for the collection of the required data from the respondents. The researcher met all the visitors on the work spot and collected the necessary data through interview and schedules. The total estimated sample size is 100 were taken for the study. The statistical tools such as ANOVA and Cross tabulation analysis have been applied for this study. The findings and observations are the result and outcome of the interpretations made during the study of analysis.

Keywords: *Health Insurance, GDP, Medicare, Demographic variables.*

INTRODUCTION

The concept of health insurance was proposed in the year 1694 by Huge, the Elder Chambelen from Peter Chambelen Family (Anitha 2005). In 19th century "Accident Assurance" began to be available which operated much like modern disability insurance to cover the cost of emergency care arising out of different injuries occurring as a result of unexpected catastrophes. This payment model continued until the start of 20th century. During the middle to late 20th century traditional disability insurance evolved in to modern health insurance programme.

Health insurance has become a necessity today because it plays a major role in the financing of health care. This is because one never knows when illness may strike; sometimes hospitalization and med claim expenses can be unaffordable. At such time, health insurance can prove to be a source of financial support. Moreover, health care is unusual in nature because health care is irregular and unpredictable, sometimes, care can be lengthy and expensive. Insurance, at such times, aims to protect the individual and family against uncertain events.

Health care costs are rising rapidly today, the best health care involves high technologies that latest advancements in medical field facilitate. Added to this is the expertise of professionals, and utilities. A citizen has to pay huge fees to avail such health care. Low and middle income people who are not prepared to pay for their emergency health care expenses, during un unforeseen accident or major illness, find health insurance a viable alternative.

Health insurance helps in ensuring that no one is deprived of the minimum health care. Its primary aim is to protect a patient and his family from financial disaster and simplifying the mode of payments. For example, instead of making separate payments, say for the doctors, surgeon, pathologist, and nurse. The insured will pay premium to the insurer who in turn will take care of all sickness and helps reduce anxieties of different nature - economic, medical and moral. Health insurance companies thus provide financial assistance to the insured incase of disability or loss of health, so that he/she can take curative measures and also maintain their dependents during the period of sickness/disability with the benefits the insurer provides.

Health insurance is classified into three categories.

1. Medical Expense Insurance: The expenses of the insured, such as hospital, physician and other health care expenses are covered by this arrangement.

2. Disability Income Insurance: Disability income policies replace lost income when the insured is disabled as a result of sickness or injury payment is made because physical or mental incapacity prevents the insured from working.

3. Long Term Care Insurance: Long term insurance policies promise to pay expenses if the incapacity prohibits the insured's activities of daily life.

LITERATURE – AN OVERVIEW

The responsibility of social scientist is to derive new outcome from the nature, concept and developed outcomes. Hence, every research work is in position to undergo to find out the research gap and hence following reviews are collected. **Misra (2013),** in his paper on Changing Indian Health System: Current issues, Future Directions estimated that Rs.40 OPERATIONAL VARIABLES, 000 million is required for covering hospitalization cost per annum of the BPL population. He opined that if instead of directly bearing the cost, government provides them health insurance, then the demand on government funds may come down significantly as insurance helps for mobilization of resources from the people themselves. The author remarked that the health insurance for the poor can take different forms. It could be community based or non-community based (like Jan Arogya policy of the government). Jan Arogya policy offered by the non-life public insurers started in 2013 targeting the low- income population. At the nominal premium of 70, an adult individual up to 45 years can get the benefit of up to '. 5,000 incase of hospitalization. The premium is '. 90 for an individual above 45 years and '. 50 for a dependent. An adult member can insure maximum of two dependents.

Moneer Alam (2013), in this article on Insuring to Ensure Better Health Care: How Promising is the New Paradigm remarked that health insurance could provide better and timely health care with some sense of equity and efficiency. Exclusion of certain diseases from the benefit package is very important and need to be carefully designed with attempts to see if they are revocable with time. When insurance driven demand is more and more for Medicare, the existing services might fall short and as a result bigger and metro-based hospitals might enjoy scarcity pricing. It is advocated that a social insurance mechanism should be established with an attempt to finance the premiums through a mix of sources, including some of tax/ cess on polluting and health hazardous manufacturing units, public transfers, user changes, etc,.

Ajay Mahal (2013), in his study on Health Policy Challenges for India: Private Health Insurance and Lessons from International Experience found that first entry of private insurance sector may not necessarily have large cost increasing effects in the health sector especially if appropriate regulatory structure were in place and enforce. He expressed that worrying fact of course was the generally poor state of the regulatory structure pertaining to the health sector in India. He opined that the entry of private health insurance would significantly worsen the quality, although there is no reason to believe that it would lead to improve care. In another paper titled Assessing Private Health Insurance in India: Potential Impacts and Regulatory Issues stated that private health

insurance companies in India is likely to have an impact on the costs of health care, equity in the financing of care quality and cost-effectiveness of such care and expressed that an informed consumer and well- defined and implemented insurance regulation regime will ameliorate some of the bad outcomes. They opined that regulation relating to benefit packages, restrictions on risk selection and consumer protection would be clearly useful; also required are improved enforcement of regulatory regimes, creating large insurance buyer groups, and better coordination between groups, and better coordination between IRDA and other regulatory bodies. They suggested for new legislation in improving standards in health care provision.

Chollet, and Lewis (2014), in their article Private Insurance: Principles and Practice explained that, in principle, both public and private insurance companies can participate in the insurance market. In reality, participation of private insurance companies seems unlikely, especially when there are other more lucrative areas still to be tapped. Prior to liberalization, when insurance was a public monopoly, launch of such a scheme would have made perfect sense. Indeed, two health insurance products- Mediclaim and Jon Arogya- were launched at that time, and it is known to al about the dismal recode of these products. Now with competition at the market place, public insurers will be disadvantaged. Even though the subsidy is being paid by the government to cover for any possible short fall it is unlikely to attract even the public insurance companies.

Rangachary (2014), in his paper discussed health insurance business remaining underdeveloped in India. Impediments to the establishment and development of private health insurance stem directly or indirectly from government policies regarding insurance, and health care sector (GoI 2014). The most important impediments arise from the supply side i.e. from the side of health care providers. Lack of standards for diseases and treatment procedures (and where these standards and procedures exists, their adoption is lacking), absence of rating and credentialing of the providers.

Mahal (2014), in his article Private Entry into Health Insurance in India pointed out that current Mediclaim policy distorts the balance between price adequacy and coverage, restricts the ability of competitors to come up with more balanced products. Once the entry barriers are removed, additional regulations need to be put in place for the smooth functioning of health insurance business. Typically insurers tend to develop a number of underwriting and pricing practices to avoid accepting high risk people. This kind of market segmentation is economically efficient but may be considered socially unacceptable. After regulators ensure that equal access is available to the payers of health care, that companies cannot exclude high risk individuals or costly preexisting conditions. More over, health insurance contracts are typically more complex than other insurance contracts.

In the paper titled, Health Insurance in India: Opportunities, Challenges and Concerns **Dilip Mavalankar (2014),** opined that over the last 50 years India had achieved a lot in terms of health improvement. But still India is way behind many fast developing countries such as china, Vietnam and Sri Lanka in health indicators. In case of government funded health care system, the quality and access of services had always remained major concern. A very rapidly growing private health insurance market has developed in India. Thus private sector bridges most of the gaps between that government offers and what people need.

Anitha (2015), in her paper on Emerging Health Insurance in India: An Overview, narrated that privatization of health insurance will divert scarce resources away from the pool, escalate health costs, allow cream skimming and adverse selection. According to this view, private health insurance largely neglects the social aspect of health protection.

Bloom (2015), in his article on Public and Private Roles in providing and Financing Reproductive Health Care pointed out that most countries are under going an epidemiological transition from low-cost, easy to treat, communicable diseases to high cost chronic diseases such as hypertension,

cancer and coronary artery blockages Coupled with rising income the increased prevalence of non-communicable diseases that are expensive to treat leads many individuals to seek health insurance. However, private insurance markets are often not viable because of the problem of adverse selection.

Jost (2015), in his study about Private or Public Approaches to Insuring the Uninsured Lessons from International Experience with Private Insurance, stressed that insurance markets, particularly those that are voluntary, are subject to a variety of market failures, which are compounded in the case of insurance for health services. Governments in developed countries with well – established private health insurance markets routinely intervene in the market to protect consumers and promote pubic health objectives of equity, affordability and access to health services. Through policies, incentives and regulations they essentially, conscript private insurance to serve the public goal of equitable access.

Research Gap

Literature review is the basic perspective of any study in social science and it paves way for to find out and health insurance schemes in Tiruchirappalli district. However, majority of literature has ignored the health insurance and thus this study realises to new path for these parameters in application and utility expectancy of health insurance at Tiruchirappalli district. And hence necessary data are collected over to assess the performance of its function over to health insurance related variables.

OBJECTIVE OF THE STUDY

The objective of the study is:

1. To analyses significant of health insurance schemes in Tiruchirappalli district, Tamilnadu.

METHODOLOGY DESIGN

Basically, the study is an empirical in nature, the field survey method and personal interview techniques were used for the collection of the required data from the respondents. There was a need to sample the population because not all the population elements use health insurance. The study therefore used random sampling method was adopted used in this study. Total sample size was 100.

DISCUSSION AND RESULTS

This paper furnishes the analyses and interpretation of the collected data for **"Health Insurance Schemes in Tiruchirappalli District, Tamil Nadu".** Various statistical procedures such as ANOVA and Cross tabulation analysis were applied.

Table - 1

Variables Influencing the Satisfaction Level of the Health Insurance Policy Holders

Variables	Highly dissatisfied	Dissatisfied	Satisfied	Highly Satisfied	Neither satisfied nor dissatisfied
Time taken in claim settlement	27.33	54.33	14.00	4.33	
Claiming procedures	19.33	54.00	21.67	5.00	-
Premium paid by respondents	20.67	60.67	15.33	3.33	-
Information provided by agents	14.33	50.00	19.33	13.00	3.33
Compensation made by insurance company	11.33	54.00	24.00	7.67	3.00
Treatment given by cashless hospital	17.67	44.33	29.33	5.33	3.33
Disease coverage	19.00	54.33	18.67	4.33	3.67

Source: Computed from field study. Data in percentage value.

Influence of the selected variables on the satisfactory level of the Health Insurance policy holders is stated in Table 1. 27.33 of the respondents are highly dissatisfied, 54.33 are dissatisfied, 14.00 are satisfied and 4.33 are highly satisfied regarding the time taken in claim settlement. With the claiming procedures, 19.33 are highly dissatisfied, 54.00 percent are dissatisfied, 21.67 are satisfied, and 5.00 are highly satisfied respectively. 20.67 of the respondents are highly dissatisfied, 60.67 are dissatisfied, 15.33 are satisfied and 3.33 is highly satisfied regarding the premium paid by the respondents. Relating to information's provided by the agents, 14.33 percent are highly dissatisfied, 50 percent are dissatisfied, 19.33 are satisfied, 13 are highly satisfied 3.33 did not give any opinion. 11.33 are highly dissatisfied, 54 are dissatisfied, 24 are satisfied, 7.67 are highly satisfied and 3 percent did not give their opinion relating to the compensation made by the insurance companies. Out of total respondents, 17.67 are highly dissatisfied, 44.33 are satisfied, 5.33 are highly satisfied, and 3.33 percent did not give their opinion with regard to the treatment given by cashless hospital. In disease coverage by the health policy, 19 are highly dissatisfied, 54.33 are dissatisfied 18.67 are satisfied, 4.33 are highly satisfied and 3.67 did not give their opinion about disease coverage respectively.

Table-2
Satisfaction Level of Consumers on Variables Relating to Health Insurance Policy and Gender

Variables		Sum of Squares	Mean Square	F	Sig.
Time taken in claim settlement	Between groups	0.228	0.228	0.092	0.762 (NS)
	Within groups	737.409	2.475		
	Total	737.637			
Claiming procedures	Between groups	0.439	0.439	0.259	0.611 (NS)
	Within groups	504.907	1.694		
	Total	505.347			
Premium paid by respondents	Between groups	24.242	6.424	5.642	0.005 (S)
	Within groups	708.186	2.376		
	Total	708.920			
Information provided by agents	Between groups	1.845	1.845	0.814	0.368 (NS)
	Within groups	675.702	2.267		
	Total	677.547			
Compensation made by insurance company	Between groups	26.241	8.241	6.241	0.003 (S)
	Within groups	723.637	1.633		
	Total	725.187			
Treatment given by cashless hospital	Between groups	22.221	7.421	11.642	0.015 (S)
	Within groups	486.641	1.633		
	Total	486.970			
Disease Coverage	Between groups	3.859	3.859	1.940	0.165 (NS)
	Within groups	592.737	1.989		
	Total	596.597			

Source: Computed from field data.

Gender and Satisfactory Level

Gender has a significant influence on premium paid by the respondents, compensation made by the insurance companies, treatment given by cashless hospitals respectively. Time taken in claim settlement, claiming procedures, information's provided by the agents and disease coverage have not been influenced by gender, since the P value of all these variables are more than 0.05.

Table-3
Satisfaction Level of Consumers on Variables Relating to Health Insurance Policy and Age

Variables		Sum of Squares	Mean Square	F	Sig
Time taken in claim settlement	Between groups	36.191	12.064	5.091	0.002 (S)
	Within groups	701.446	2.370		
	Total	737.637			
Claiming procedures	Between groups	13.242	5.241	4.241	0.014 (S)
	Within groups	492.138	1.663		
	Total	505.347			
Premium paid by respondents	Between groups	2.384	0.795	0.333	0.802 (NS)
	Within groups	706.536	2.387		
	Total	708.920			
Information provided by agents	Between groups	5.526	1.842	0.811	0.488 (NS)
	Within groups	672.020	2.270		
	Total	677.547			
Compensation made by insurance company	Between groups	19.421	8.424	5.462	0.003 (S)
	Within groups	717.307	2.423		
	Total	725.187			
Treatment given by cashless hospital	Between groups	2.543	0.848	0.518	0.670 (NS)
	Within groups	484.427	1.637		
	Total	486.970			
Disease coverage	Between groups	7.200	2.400	1.205	0.308 (NS)
	Within groups	589.397	1.991		
	Total	596.597			

Source: Computed from field data.

Age and Satisfactory Level

Age and satisfactory level is analyses by one-way ANOVA. The result shows that age has an influence on the time taken in claim settlement, claiming procedures, compensation made by the insurance companies respectively. Other variables namely premium paid by the respondents, information's provided by agents, treatment given by cashless hospitals, disease coverage are not influenced by age, since the P value of these variables are more than 0.05.

Table-4
Satisfaction Level of Consumers on Variables Relating to Health Insurance Policy and Marital Status

Variables		Sum of Squares	Mean Square	F	Sig
Time taken in claim settlement	Between groups	1.800	1.800	0.729	0.394 (NS)
	Within groups	735.836	2.469		
	Total	737.637			
Claiming procedures	Between groups	0.189	0.189	0.111	0.739 (NS)
	Within groups	505.158	1.695		
	Total	505.347			
Premium paid by respondents	Between groups	14.143	14.143	6.066	0.014 (S)
	Within groups	694.777	2.331		
	Total	708.920			
Information provided by agents	Between groups	0.952	0.958	0.042	0.838 (NS)
	Within groups	677.451	2.273		
	Total	677.547			
Compensation made by insurance company	Between groups	16.241	8.221	6.462	0.007 (S)
	Within groups	719.547	2.415		
	Total	725.187			
Treatment given by cashless hospital	Between groups	1.041	1.041	0.639	0.425 (NS)
	Within groups	485.929	1.631		
	Total	486.970			
Disease coverage	Between groups	17.642	6.224	5.512	0.008 (S)
	Within groups	594.479	1.995		
	Total	596.597			

Source: Computed from field data.

Marital Status and Satisfactory Level

Marital status of the policy holders has significant influence on premium paid by respondents, compensation made by insurance companies and disease coverage, since the P values of these variables are 0.014, 0.007 and 0.008 respectively. Other variables namely time taken in claim settlement, claiming procedures, information's provided by agents, treatment given by cashless hospital are not influenced by the marital status sine the P value of these variables more than 0.05.

Table-5
Satisfaction Level of Consumers on Variables Relating to Health Insurance Policy and Literacy Level

Variables		Sum of Squares	Mean Square	F	Sig
Time taken in claim settlement	Between groups	44.725	14.908	6.369	0.001 (S)
	Within groups	692.911	2.341		
	Total	737.637			
Claiming procedures	Between groups	6.094	2.031	1.204	0.308 (NS)
	Within groups	499.252	1.687		
	Total	505.347			
Premium paid by respondents	Between groups	28.424	10.241	5.462	0.002 (S)
	Within groups	707.185	2.389		
	Total	708.920			
Information provided by agents	Between groups	12.232	4.077	1.814	0.145 (NS)
	Within groups	665.315	2.248		
	Total	677.547			
Compensation made by insurance company	Between groups	20.421	6.882	3.421	0.005 (S)
	Within groups	705.104	2.382		
	Total	725.187			
Treatment given by cashless hospital	Between groups	7.939	2.646	1.635	0.181 (NS)
	Within groups	479.031	1.618		
	Total	486.970			
Disease coverage	Between groups	6.762	2.254	1.131	0.337 (NS)
	Within groups	589.835	1.993		
	Total	596.597			

Source: Computed from field data.

Literacy and Satisfactory Levels

Literacy levels of the sample policy holders are classified as school graduate, post graduate levels and diploma holders. The literacy levels have an influence on the time taken in claim settlement, premium paid by the respondents, compensation made by the insurance companies respectively. Other variables namely claiming procedures, information's provided by the agents, treatment given by cashless hospitals, disease coverage are not influenced by the literacy levels since the P value of these variables are more than 0.05.

MANAGERIAL IMPLICATIONS

1. Health insurance providers may focus on different age groups other than 41-51 year age group since 93 percent of the claimants belong to the age group of 41-51.

2. Sufficient training should be given to the agents since 27.78 of the respondents expressed that dealing with agents was their problem.
3. Health insurance service providers may reduce the time to settle the claims. In the study, it is found out that 54 of the sample respondents were dissatisfied about claiming procedures. So insurance companies must take appropriate steps to avoid more formalities when making the claims
4. Majority respondents are dissatisfied about the information's provided by the agents. So the agents must reveal all the relevant information's to the insured. Thus by solving the asymmetric information problem, the market for health insurance in study area can be extended.
5. Majority respondents are dissatisfied about the diseases covered by the health service providers. So the health insurance service providers must take steps to reconsider the policies relating to disease coverage.
6. The public sector, to increase their profit margins, must diversify their health insurance products as done by the private sector.
7. Use of various media by the public sector is necessary to increase its market share.

CONCLUSION

To conclude the outcomes of the present research regarding the growth of health insurance schemes and also the functioning of health insurance companies in Tiruchirappalli District. The study has chosen 100 health insurance policy holders as sample respondents randomly selected to assess their different views about various public and private health insurance products. In the competitive scope, there are multi forms of health schemes offered by various insurance corporations and in this perspective it is understand that the progress and success lies only on their products features and characteristics in qualitatitive and quantitative issues.

SCOPE OF THE FURTHER STUDY

The scope of the study is examining the health insurance schemes and conceives to Tiruchirappali district. Health insurance schemes is the vast, wide and recently emerged, more importantly in the present study the most common areas like factors influencing the various health insurance schemes have been considered in the pertinent issues of different towns of the state in India.

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A CRITICAL ANALYSIS OF PRADHAN MANTRI JAN-DHAN YOJANA (PMJDY) AND HEALTH INSURANCE- A WIN-WIN COMBINATION FOR BANKS TO OFFER HEALTH INSURANCE TO PMJDY ACCOUNT HOLDERS

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ABSTRACT

The Government has a vision of providing the most necessary financial inclusion to the rural populace through the PMJDY, this article examines the necessity of health insurance cover considering the socio-economic factors for extending the health insurance to the PMJDY Account holders whilst understanding the spiraling costs in healthcareand the inability of the Government in providing affordable care to all its citizens due to various reasons which is outside the scope of this article.This article explores the opportunity for banks in extending various financial services notably health insurance to the Pradhan Mantri Jan-Dhan Yojana (PMJDY) Account Holders. Finally, this article suggest ways to tap the vast potential for the banks in providing health insurance and reducing the overall burden on the Government in extending financial support by providing healthcare for all.

Keywords: *Pradhan Mantri Jan-Dhan Yojana, PMJDY, Health Insurance, Banking Services*

INTRODUCTION

According to the census 2011, the rural and urban distribution of Indian population stands at 68.84% and 31.16%respectively with many of the rural folks having minimal access to a formal financial system leave aside having an affordable health insurance for financial protection during any critical illness or other health emergencies. Due to the lack of this financial protection many rural households end-up selling up their bread & butter earning agricultural lands and properties leading them to utmost poverty and in some dire situations suicides are becoming the norm.

Financial Inclusion is important aspect to every citizen of India for bringing them into the formal financial system and providing new financial products and services for better management of their financial resources. This was long eluded for the rural families because earlierschemesfocus was more on supply side by providing banking outlets in the villages with a population of over 2000 and the encouragement was missing in enrolling the households into the financial system. Consequently, a large number of bank accounts remained dormant and the desired benefits of financial inclusion could not be achieved. Due to this fact, the core aspect of socio-economic activity of convergence of financial and allied services to the rural populace was long overdue. Convergence for a comprehensive financial inclusion like opening of bank accounts, availing of micro credit, health & life insurance and pension will form an important aspect towards providing the required financial support to rural populace. The introduction of PMJDY is the stepping stone aimed towards, the convergence of financial inclusion for every citizen of India. This convergence opens a plethora of opportunities which can be explored

by the banking sector to introduce new products and services to the rural populace and one such offering is Health Insurance.

Technological Challenges

In the past technology and digital access also eluded the vast majority of Indian populace in embracing the financial products for a better financial inclusion. The lack of affordable technology and adoption of the latest best-in-breed practices also had an impeding effect on the banking sector in reaching out to every corner of the Indian villages.

Due to advancement in the telecommunications, mobile phones, access to internet over mobile and other devices along with the exponential and substantial affordability of technological advances has helped in reaching to vast majority of the people.These technological advances and the adoption of CBS (Core Banking System) by banks like electronic payment, NEFT, RTGS, mobile banking, banking through internet etc., have enabled the most necessary access of financial products and services to the vast rural populace.

Identity Crisis

The vast populace especially in rural India had always faced the identity crisis due to lack of standardized identification documents. The only most sought after identification was the Colored Ration Cards which were being issued by the local state governments based on the socio-economic status.Everytime, whenever a new government is elected they always tinkered with these papers making the rural folks more vulnerable in losing the basic identity status. These papers never addressed the true necessity of proper identification of the rural household for better access to financial products and services;at the same time due to lack of authenticity of these papers and changing Government rules & regulations on these papers, banks were also reluctant in accepting these papers as true identification documents.

Aadhar – Simple, Authenticated and Biometric identity

The introduction of Aadhaar has created the most needed unique identification of every citizen of India. With the arrival of Aadhaar andAadhaar enabled products like e-KYC has opened a new world of easy access to the large populace especially for opening of bank accounts, Aadhaar Enabled Payment System (AEPS), Micro-ATMs, biometric authentication of customer from UIDAI (Unique Identification Authority of India) data base.On 11thMarch 2016, the Aadhaar (Targeted Delivery of Financial and other Subsidies, benefits and services) Act, 2016, was passed in the LokSabha, and on 26thMarch, 2016 was notified in the Gazette of India giving complete legal status for Aadhaar. Apart from these the launching of mobile banking by NPCI (National Payments Corporation of India) has given a strong impetus in changing the entire landscape of Financial Inclusion to every citizen of India. With the support from the Government in making available and access to these financial products will usher in a large way to ensure coverage of hitherto excluded section of Indian populace.

ACCOUNTS STATUS IN JAN-DHAN YOJANA

According to PMJDY website, as on 27-Jul-2016, there are 22.65 crore accounts with 13.93 crore (61.5%) accounts in rural and 8.72 crore (38.5%) accounts in urban habitat. Of the 22.65 crore accounts, 17.83 crore(78.7%) accounts are in public sector banks, 3.98 crore(17.6%) accounts in regional banks and 0.84 crore(0.04%) accounts in private banks. Of the total 22.65 crore accounts 11.01 crore(48.6%) accounts have been Aadhaar seeded and the seeding of the other accounts are in the process. The total balance in these accounts stands at 40,750.82 crores with public sector banks having a lion share of 32,190.45 crores (78.9%) and regional banks having 7060.98 crores (17.3 %) and private banks at 1499.39 crores (3.7%).

According to the PMJDY, there are about 24.18% accounts with zero balance. The public sector banks had 24.38%,regional banks had 20.59% and

36.96 % private banks with zero balances. The zero account balance trend according to the website, has started receding from 44.9% on 26-Aug-2015 to 25.29% on 29-Jun-2016 which clearly indicates that the people have started utilizing the banking services underthese accounts.

POPULATION & HEALTHCARE EXPENDITURE IN INDIA

Indian population accordingly to Census 2011 stood at 1.21 billion and in 2015 according to work-bank it stood at 1.31 billion. Accordingly to the world-bank report published in 2014 indicated that the Indian Government spent around 1.4% of its GDP towards public healthcare whereas United States spends around 8.3%, United Kingdom at 7.6% and Netherlands at 9.5% of their respective GDP which is clearly evident from the Table-1.

Table-1

Country	Populationin Million in 2015	GDP in Trillion USD in 2015	Public Healthcare Expenditure as % of GDP in 2014	Per Capita Healthcare Expenditure (USD)	Out-Of-Pocket (OOP) healthcare expenses by WHO in 2014
India	1,311.05	2.074	1.4	75	62%
UK	65.14	2.849	7.6	3,935	10%
USA	321.42	17.95	8.3	9,403	10%
Netherlands	16.94	0.753	9.5	5,694	6%

India expenditure towards public healthcare is clearly at dismally low levels which forces the citizen of India in managing their health through their pocket or other means like mortgaging or selling their properties.This certainly pushes the large folk of rural population into poverty.Given the larger social constraints on Government of India in managing the primary needs of food & living and other social securities, it is evident that an increased healthcare expenditure in the coming years is not on the horizon.

HEALTH INSURANCE BY GOVERNMENT

Government of India has been offering many National Level Health Insurance schemes and notable ones are Employment State Insurance Scheme (ESIS), Central Government Health Scheme (CGHS) and Rashtriya Swasthya Bima Yojana (RSBY).

ESIS covers the organized and employed structure applicable only to factories and other establishments employing over 10 or more persons providing full medical care for self and dependents, from day one of insurable employment, the insured persons are also entitled cash benefits in time of sickness, temporary or permanent disablement. This scheme has been extended to cover shops, hotels, restaurants, cinemas including preview theatres and other establishments employing 20 or more persons.

The CGHS provides comprehensive healthcare facilities for the Central Government employees and pensioners and their dependents residing in CGHS covered cities.The scheme is again offered to the employees who are working with the central government and its allied institutions.

Government of India, introduced RSBY in 2008, a Health Insurance Scheme for the below poverty line (BPL) families and has expanded to cover other defined categories of unorganized workers. This schemehas a mission to cover 70 million households by the end of 2017.This scheme is currently managed by Ministry of Health & Family Welfare and the scheme is implemented through a decentralized structure at the State level. The premium cost for enrolled beneficiaries under the scheme is shared by Central and State Governments. The beneficiaries under RSBY are entitled to hospitalization coverage up to INR 30,000/- per annum on family floater basis, for

the diseases that require hospitalization. RSBY provide the cover mostly for the common ailments and are limited to primary and secondary healthcare requirements which are treated at the local or community hospitals.

Certainly given the quantum of cover provided by the RSBY would not address the need for tertiary and super-specialty healthcare for critical and life threatening illness which is often delivered by the private sector than the public sector. Considering the spiraling healthcare costs every year, the coverage under RSBY is dismally low. Hence, it is important for every individual householdin having an alternate source of healthcare coverage without throwing them into acute poverty due to unforeseen hospitalization.

HEALTH INSURANCE BY BANKS – BENEFITS & CHALLENGES

Healthcare costs are escalating at a rapid pace every year hence, it is important for every household to have a health insurance policy. With the formation of Insurance Regulatory and Development Authority (IRDA) in standardizing the health plans a plethora of options are available in the market offered by both public and private players. Banks are also expanding in offering other range of services apart from its core banking to its authenticated account holders.One such offering by many banks is Health Insurance. Banks usually offer the health insurance either through tie-up with public and/or private insurance providers or with its other subsidiaries. Banks are also making the process simpler to attract their account holders in availing the new range of services. The only pre-condition set by many banks is that the householder must be an authenticated account holder in the bank which is achieved now through Aadhaar. The most important aspect is that the nationalized banks offer the health insurance at very low premium rates to cover the entire household, as compared to private players. The Table-2 indicates some of the banks which are offering the health insurance either through their subsidiaries or other private and public health insurance providers.

Table-2

Bank Name	Name of Scheme	Insurer	Eligibility
Andhra Bank	AB Arogyadaan Scheme	United India Insurance Co Ltd	Account holders only
Bank of India	BOI National Swasthya Bima policy	National Insurance Co Ltd	Account holders only
Bank of Maharashtra	Mahabank Swasthya Yojana	United India Insurance Co Ltd	Account holders only
Canara Bank	Easy Health Insurance Plan	Apollo Munich Health Insurance Co Ltd	Account holders only
Corporation Bank	Corp Mediclaim	New India Assurance Company Ltd.	Account holders only
Indian Bank	IB Arogyaraksha	United India Insurance Co Ltd	Account holders only
Indian Overseas Bank	IOB Health Care Plus	Universal Sompo General Insurance Company Ltd	Saving bank, Cumulative deposit Account holders, including NRIs
Oriental Bank of Commerce	Oriental Bank Mediclaim	Oriental Insurance Company Ltd	Account holders only
Punjab National Bank	Royal Mediclaim	Oriental Insurance Company Ltd	Account holders only
State Bank of India	Group Health Insurance	SBI General Insurance	Saving bank holders and Individual Current account holders

Benefits to Parties in Offering Health Insurance to PMJDY account holders

Thereare many benefits for every party involved in offering various financial products not just the health insurance. This will also helpthe banks and insurance companies in building a strong relationship for the betterment of the banking customers through other offerings.

Benefit to Customers

1. They can have direct access to a wide range of financial products offered by banks and through its associates and partners
2. Access to better risk coverage within their own bank
3. They can seek appropriate financial advice for better financial planning and making best use of their financial resources
4. Ease of renewals of insurance policies through their own bank branches

Benefit to Banks

1. Banks can increase their relationship and association with the consumers thereby increasing the trust and confidence of the consumer
2. Bank can generate additional revenue and other non-interest income through sale of financial products
3. Bank can attract new customers enabling better penetration of new financial products and services to the existing customer base
4. Lower cost of sale of other financial products and services by the bank

Benefit to Insurance Companies and Associate Companies of Banks

1. Insurance companies and associate companies of banks can have greater geographical reach through the existing banks network at relatively lower cost
2. Win the trust and gainconfidencefrom the banking consumers
3. Large potential for cross-selling, up-selling including a greater depth and width of various insurance products to consumers
4. Lower cost of sale of various insurance products to the consumer as the bank acts as the primary interface

Challenges in Health Insurance from Banks

The health insurance offered by banks has its own challenges and notable ones are:

1. Policies from a nationalized banks are known to have poor service quality, since selling allied products like insurance especially health insurance is not their core business
2. Most insurance products are sold through external insurer or through its associates and banks have least interest in doing a cross-sell as it adds a minuscule amount to its bottom line
3. Lack of portability of retail health insurance policieswithin the bank if they are tied up with multiple insurance providers
4. Long delays in settlement of claims and lower claim settlement ratio

RECOMMENDATIONS SUGGESTED FOR BANKS

In order to make the health insurance offerings from banks to be more attractive and compelling, the following are some of the suggestions & recommendations that banks should consider before moving forward:

1. Provide EMI (Equated Monthly Installment) for the insurance premium
2. Branch would act as a nodal agency for premium collection and settlement of the claims
3. Club Government sponsored insurance offerings along with the individual healthcare plans into a single larger umbrella for lucrative coverage and better financial support

4. Partner with Government in claiming the insurance premium electronically of all the eligible consumers in the government sponsored health insurance schemes

5. Partner with local primary health centers and community health centers in percolating better healthcare management through changes to lifestyle and food habits

CONCLUSION

Healthcare coverage and assurance of support during the need of the hour boosts economic growth, reduces poverty and lowers mortality rates. The success lies in an effort to cover the rural population with a simple scheme of health insurance that keep them protected against unforeseen healthcare incidents requiring hospitalization.This assurance will also enable in strengthening the required healthcare infrastructure like building new specialized hospitals, nursing homes, diagnostic centers which is lacking to a very large extent in the rural domain.

With the introduction of Aadhaar the much needed identification is being addressed and PMJDY provides convergence of financial inclusion to the rural populace. Banks have certainly a huge opportunity in offering other financial products especially health insurance to its PMJDY account holders and providing the much needed healthcare assurance support when in need. The banks can work with the government for incentivizing and subsidizing the offer through appropriate tax rebates and reducing the overall burden on the government in supporting healthcare for all.

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CUSTOMER INTELLIGENCE STRATEGY IN INDIA: WITH SPECIAL REFERENCE TO INSURANCE SECTOR

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ABSTRACT:

In the recovering, low-growth economy, insurers are beginning to explore ways to leverage data, technol-ogy and tools to achieve profitable growth. According to recent research, insurers are seeking new ways to retain existing customers and attract new ones. Yet, many insur-ers report that that their current efforts to gather customer insights and execute marketing campaigns are not as effec-tive as they could be and that many challenges stand in the way of improving their results.

This paper summarizes the research results, highlighting the business drivers, the challenges, and the priority areas for insurers' marketing activities, multi-channel strategies, social media and internal use.

Introduction:

The insurance sector in India has completed all the facets of competition, from being an open competitive market to being nationalized and then getting back to the form of a liberalized market once again. The history of the insurance sector in India reveals that it has witnessed complete dynamism for the past two centuries approximately.

With the establishment of the Oriental Life Insurance Company in Kolkata, the business of Indian life insurance started in the year 1818. IRDA has till now provided registration to 12 private life insurance companies and 9 general insurance companies. If the existing public sector insurance companies are considered then there are presently 13 insurance companies in the life side and 13 companies functioning in general insurance business. General Insurance Corporation has been sanctioned as the "Indian reinsurer" for underwriting only reinsurance business.

Customer Intelligence Strategy Goals:

Insurance organizations are looking to accomplish a wide variety of objectives with their customer intelligence (CI) strategies. Not surprisingly, majority of respondents reported that they seek to better manage cus-tomer data. Insurers are also looking to improve overall business and/or technology skills and capabilities, predict customer behaviors and trendsdesign and execute market-ing campaigns and develop and optimize segment strategies.

While low percentage of insurers responding to the survey said that forecasting customer attrition is a key objective of their customer intelligence strategy, many listed improving retention rates when asked to identify their key business drivers.

Spread Sheets	Paper Based Reporting	Dash Boards & Score Boards	Ad-hoc Queries	Analysis	Advanced Statistical Analysis	Predictive Models	Predictive Analytic	Analytic Collaboration
Historical		**Current**			**Future**			

Intelligence & Analytics in Insurance

Research Survey:

I have asked Employees of various Insurance Companies for better understanding the challenges, business drivers and priorities involved in gaining customer insights and to provide a glimpse into the marketing activities, multichannel strategies and social media use that help insur-ers gain valuable customer information.

The survey covers 5 questions, and conducted among 200 Employees of various Insurance Companies. The result of survey is as follows:

1) Business driver of your organization's customer insights, customer optimization and or marketing activities

Increase customer acquisition, new business sales	31%
Increase market share	19%
Improve retention rates	16%
Enhance wallet share/cross-sell & up-sell	14%
Improve customer data - single view of the customer	7%
Improved customer service	7%
Improved agent/broker services	3%
Agent/Broker Productivity	3%

As insurers emerge from the recession and soft market, customer analytics is a key technology that enables these organizations to gain insight into their customer base to successfully grow their business.In fact, survey respondents indicated that their overall business focus is currently on increased customer acquisitions, new business and increasing or hold-ing onto market share. 31% seek to grow by increasing new business, and 19% are focusing on improving market share. Additional key business drivers cited include improving retention rates (16%) and enhanc-ing wallet share (14%).

(2) Obstacles for leveraging customer information

No single view of customer	27%
Budgetary constraints	22%
Poor data quality and/or incomplete data	17%
Regulatory compliance	12%
Security and privacy of customer information	5%
Poor or inaccessible data	5%
Inadequate technology	5%
Employee skill sets	2%
Lack of a business case	2%
Lack of executive sponsorship	2%
Other	1%

Respondents indicated that the lack of a single customer view is a major obstacle in helping their organization leverage cus-tomer information. Poor data quality, incomplete data, and budgetary constraints are also daunting obstacles to carriers.For most insurers, it's not so much a technology issue as it is a budget issue, for smaller companies, the budget constraint is also compounded with a lack of employee technical skill sets. Budget constraints as a top obstacle clearly illustrate a gap in insurers understanding the full potential of harvesting data with

technologies and analytic tools to provide better customer insight; past experience shows that if the business sees value, it will find the budget.

A well-orchestrated customer interac-tion requires coordination and synchronization across multiple channels. What tools and tech-nologies does your organization currently use to facilitate effective interactions and channel coordination to support its customer strategies.

(3) Coordination and synchronization across multiple channels

Business intelligence tools	19%
CRM	17%
Spreadsheets	13%
Email/mobile marketing	12%
Web analytics	12%
Predictive analytics tools	7%
Campaign management	7%
Real-time decision making	7%
Contact optimization	2%
Event triggers	2%
Others	2%

Insurers are currently using a wide array of tools and tech-nologies to facilitate effective interactions and channel coor-dination, as well as in their marketing strategies. However, survey respondents indicate that a majority of insurers of all types and sizes still haven't invested in technologies that can deliver high return on investment, such as predictive model-ing and Web analytics. Many carriers are still using older and ineffective methods of facilitating effective interactions and channel coordination and in their marketing strategies. For instance, spreadsheets are the most widely used tool for these purposes among those working in the business side of insurance firms. The key message is that today's insurance business is still very dependent on spreadsheets, CRM still has a place, email, mobile and Web-based marketing tools are emerg-ing, and business intelligence tools are gaining traction.

(4) Rating your organization's current customer marketing strategy.

Very Effective	12%
Some What Effective	47%
Neither effective nor ineffective	6%
Somewhat ineffective	16%
Very ineffective	19%

Only about 12% of insurers feel their organization's current customer marketing strategy is very effective, and a full 47% believe their strategy is only somewhat effective. The remaining 41%of respondents reported that their customer marketing strategy is neither effective nor ineffective, somewhat ineffective, or very ineffec-tive.

Clearly, there's room for improvement. Even in recov-ering economy, insurers can improve marketing strategy effectiveness with tools and technologies that can help them improve data quality and get a comprehensive understand-ing of their customers – and how to meet their needs now and in the future. To maximize the returns from their marketing strate-gies, insurers need to

optimize each customer contact with a carefully planned campaign that elicits information derived from analytics.

Which technology capabilities for develop-ing deeper insight into your customers and prospects is your organization most likely to invest in within the next 12 to 24 months

(5)Technology capabilities for developing deeper insight.

Data warehouse and/or data master	21%
Business intelligence tools	16%
CRM	14%
Customer analytics tools	11%
Proprietary/in-house built solutions	9%
Online customer and Web insight	7%
Social media analytics	7%
Predictive analytics tools	5%
Software packages/solutions	5%
Marketing tools or marketing campaign management solutions	4%
Data quality cleansing tools	1%

21% respondents plan to invest in data warehouse and/or data master management technolo-gies, 16% plan to spend on business intelligence tools and just 14%said they planned to invest in CRM. Only 11% will invest in customer analytics tools, 9% will spend on proprietary/in-house built solutions. Despite social media's ability to provide valuable customer insights, build brand recognition and increase customer loyalty and act as a vehicle to market new offerings, very few (7%) insurers will invest into that.

Conclusion:

Although insurers are clearly mindful of their customer intelligence strategy, they continue to be hampered by a lack of a single customer view and poor data quality. Many insurers are still highly reliant on spreadsheets and haven't explored effective technologies like predictive analytics tools and Web analytics.

Insurers must continue to explore the capabilities of the business intelligence tools that enable them to manage and predict customer insights, trends and behaviors. Then, insurers will get beyond the traditional static reports and spreadsheets, and have a clear lens into what the future can hold.

Given the ongoing economic challenges and increasing competition, the time has never been more critical for insur-ers to deepen customer insights and understand current and future customer attitudes and behavior. Insurers looking to grow in the current economy need to make smart decisions. Technology can enable insurers to gain reliable customer information and predict future trends, leading to a competi-tive edge and steady growth.

Today's technology is mature, robust and proven, It's a matter of insurance compa-nies making technology a priority, really understanding the power of its capabilities, and leveraging it to the fullest.

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EVOLUTION OF HEALTH INSURANCE IN INDIA – AN OVERVIEW

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ABSTRACT

Health Insurance is more complex than other segments of insurance business because of serious conflicts arising out of adverse selection, moral hazard, unavailability of data and information gap problems. Health sector policy formulation, assessment and implementation are an extremely complex task, especially, in changing epidemiological, institutional, technological and political scenario. Proper understanding of Indian Health situation and application of principles of insurance, keeping in view the social realities and national objectives, are important. This paper attempts to discuss the following areas: Review of health insurance scenario in India, Various Health Insurance products available in India, Comparison of health insurance offered by a Life and General Insurer

Health Insurance for senior citizens, Need for Long term care plans, Models of Long term care in other countries Health Ratios, Implications of privatization on health insurance Role of IRDA

Introduction

The concept of Health Insurance was proposed in the year 1694 by Hugh the elder Chamberlen from Peter Chamberlen family. In 19th Century "Accident Assurance" began to be available which operated much like modern disability insurance. This payment model continued until the start of 20th century. During the middle to late 20th century traditional disability insurance evolved in to modern health insurance programs. Today, most comprehensive health insurance programs cover the cost of routine, preventive and emergency health care procedures and also most prescription drugs. But this is not always the case. Healthcare in India is in a state of enormous transition: increased income and health consciousness among the majority of the classes, price liberalization, reduction in bureaucracy, and the introduction of private healthcare financing drive the change.

Over the last 50 years, India has achieved a lot in terms of health insurance. Before independence, the health structure was in dismal condition i.e. high morbidity and high mortality and prevalence of infectious diseases. Since independence, emphasis has been put on primary health care and we made considerable progress in improving the health status of the country. But still, India is way behind many fast developing countries such as China, Vietnam and Sri Lanka in health indicators. Health insurance, which remains highly underdeveloped and less significant segment of the product portfolios, is now emerging as a tool to manage financial needs of people to seek health services. The new economic policy and liberalization process followed by Government of India since 1991 paved the way for privatization of insurance sector in the country. The Insurance Regulatory and Development Authority (IRDA) bill, passed in Indian parliament, is the important beginning of changes having significant implications for the health sector.

HEALTH INSURANCE SCENARIO IN INDIA

Health is a human right. It's accessibility and affordability has to be ensured. The escalating cost of medical treatment is beyond the reach of common man. While well to do segment of the population both in Rural and Urban areas have

accessibility and affordability towards medical care, the same cannot be said about the people who belong to the poor segment of the society. Health care has always been a problem area for India, a nation with a large population and larger percentage of this population living in urban slums and in rural area, below the poverty line. The government and people have started exploring various health financing options to manage problem arising out of increasing cost of care and changing epidemiological pattern of diseases. The control of government expenditure to manage fiscal deficits in early 1990s has let to severe resource constraints in the health sector. Under this situation, one of the ways for the government to reduce under funding and augment the resources in the health sector was to encourage the development of health insurance. In the light of escalating health care costs, coupled with demand for health care services, lack of easy access of people from low income group to quality health care, health insurance is emerging as an alternative mechanism for financing health care.

Indian health financing scene raises number of challenges, which are:

- Increase in health care costs
- High financial burden on poor eroding their incomes
- Need for long term and nursing care for senior citizens because of increasing nuclear family system
- Increasing burden of new diseases and health risks
- Due to underfunding of government health care, preventive and primary care and public health functions have been neglected

In the above scenario, exploring health financing options became critical. Naturally, health insurance has emerged as one of the financing options to overcome some of the problems of our system. In simple terms, health insurance can be defined as a contract where an individual or group purchases in advance health coverage by paying a fee called "premium". Health insurance refers to a wide variety of policies. These range from policies that cover the cost of doctors and hospitals to those that meet a specific need, such as paying for long term care. Even disability insurance, which replaces lost income if you cannot work because of illness or accident, is considered health insurance, even though it is not specifically for medical expenses.

Health insurance is very well established in many countries, but in India it still remains an untapped market. Less than 15% of India's 1.1 billion people are covered through health insurance. And most of it covers only government employees. At any given point of time, 40 to 50 million people are on medication for major sickness and share of public financing in total health care is just about 1% of GDP. Over 80% of health financing is private financing, much of which is out of pocket payments and not by any pre-payment schemes. Given the health financing and demand scenario, health insurance has a wider scope in present day situation in India. However, it requires careful and significant efforts to tap Indian health insurance market with proper understanding and training.

VARIOUS HEALTH INSURANCE PRODUCTS AVAILABLE IN INDIA

The existing health insurance schemes available in India can be broadly categorized as:

1. Voluntary health insurance schemes or private-for-profit schemes
2. Mandatory health insurance schemes or government run schemes (namely ESIS, CGHS)
3. Insurance offered by NGOs/Community based health insurance
4. Employer based schemes

1. Voluntary health insurance schemes or private-for-profit schemes:

In private insurance, buyers are willing to pay premium to an insurance company that pools similar risks and insures them for health related expenses. The main distinction is that the premiums are set at a level, which are based on assessment of risk status of the consumer (or of

the group of employees) and the level of benefits provided, rather than as a proportion of consumer's income. In the public sector, the General Insurance Corporation (GIC) and its four subsidiary companies (National Insurance Corporation, New India Assurance Company, Oriental Insurance Company and United Insurance Company) provide voluntary insurance schemes.

The most popular health insurance cover offered by GIC is Mediclaim policy

- **Mediclaim policy**: - It was introduced in 1986. It reimburses the hospitalization expenses owing to illness or injury suffered by the insured, whether the hospitalization is domiciliary or otherwise. It does not cover outpatient treatments. Government has exempted the premium paid by individuals from their taxable income. Because of high premiums it has remained limited to middle class, urban tax payer segment of population.
- Some of the various other voluntary health insurance schemes available in the market are :-Asha deep plan II , Jeevan Asha plan II, Jan Arogya policy, Raja Rajeswari policy, Overseas Mediclaim policy, Cancer Insurance policy, Bhavishya Arogya policy, Dreaded disease policy, Health Guard, Critical illness policy, Group Health insurance policy, Shakti Shield etc. At present Health insurance is provided mainly in the form of riders. There are very few pure health insurance policies under voluntary health insurance schemes.

2. Mandatory health insurance schemes or government run schemes (namely ESIS, CGHS)

- **Employer State Insurance Scheme (ESI)**:- Enacted in 1948, the employers' state insurance (ESI) Act was the first major legislation on social security in India. The scheme applies to power using factories employing 10 persons or more and non-power & other specified establishments employing 20 persons or more. It covers employees and the dependents against loss of wages due to sickness, maternity, disability and death due to employment injury. It also covers funeral expenses and rehabilitation allowance. Medical care comprises outpatient care, hospitalization, medicines and specialist care. These services are provided through network of ESIS facilities, public care centers, non-governmental organizations (NGOs) and empanelled private practitioners. The ESIS is financed by three way contributions from employers, employees and the state government.
- **Central Government Health Insurance Scheme (CGHS)**:- Established in 1954, the CGHS covers employees and retirees of the central government and certain autonomous and semi autonomous and semi-government organizations. It also covers Members of Parliament, Governors, accredited journalists and members of general public in some specified areas. Benefits under the scheme include medical care, home visits/care, free medicines and diagnostic services. These services are provided through public facilities with some specialized treatment (with reimbursement ceilings) being permissible at private facilities. Most of the expenditure is met by the central government as only 12% is the share of contribution. The CGHS has been criticized from the point of view of quality and accessibility. Subscribers have complained of high out of pocket expenses due to slow reimbursement and incomplete coverage for private health care (as only 80% of the cost is reimbursed if referral is made to private facility, when such facilities are not available with the CGHS).
- **Universal Health Insurance Scheme (UHIS)**:- For providing financial risk protection to the poor, the government announced UHIS in 2003. Under this scheme, for a premium of Rs. 165 per year per person, Rs.248 for a family of five and Rs.330 for a family of seven , health care for sum assured of Rs. 30000/- was provided. This scheme has been made eligible for below poverty line families only. To make the scheme more

saleable, the insurance companies provided for a floater clause that made any member of family eligible as against mediclaim policy which is for an individual member. In spite of all these, the scheme was not successful.

3. Insurance offered by NGOs/Community based health insurance

Community based schemes are typically targeted at poorer population living in communities. Such schemes are generally run by charitable trusts or non-governmental organizations (NGOs). In these schemes the members prepay a set amount each year for specified services. The premia are usually flat rate (not income related) and therefore not progressive. The benefits offered are mainly in terms of preventive care, though ambulatory and inpatient care is also covered. Such schemes tend to be financed through patient collection, government grants and donations. Increasingly in India, CBHI schemes are negotiating with for profit insurers for the purchase of custom designed group insurance policies.

4. Employer based schemes

Employers in both public and private sector offers employer based insurance schemes through their own employer. These facilities are by way of lump sum payments, reimbursement of employees' health expenditure for out patient care and hospitalization, fixed medical allowance or covering them under the group health insurance schemes. The Railways, Defense and Security forces, Plantation sector and Mining sector run their own health services for employees and their families.

GENERAL INSURANCE VS. LIFE INSURANCE

Several life insurance companies have of late plunged into the health segment, which till recently was dominated by general insurance companies. Among others, ICICI Prudential has launched Hospital Care and Crisis Cover and Bajaj Allianz, the Care First plan. Life Insurance Corporation, too, plans to roll out products soon. But, are these products any different from those offered by the general insurance companies, popular as mediclaim policies?

A comparison between Health Insurance offered by a Life and General Insurer

Nature of the contract	Life Insurer	General Insurer
Period of Coverage	Contracts are usually made for a long period.	Contracts are usually, though not invariably, made for a short period of one year or less and at the end of that period are Renewable by mutual consent of the insurer and the insured.
Obligation of the insured	Once the contract has been made, the insured is generally under no obligation to report any changes of circumstances affecting the risk insured unless a change in the actual nature of the contract is requested by the insured.	At each renewal there is an onus on the insured to observe utmost good faith in informing the insurer of any changes in circumstances which may affect assessment of the cost of the risk borne by the insurer.
Premiums	The premiums for a life assurance contract remain fixed over the term of the contract	The premiums may vary at each renewal to reflect changes in individual circumstances

Benefit Payout	Pays a lump sum, irrespective of whether the policyholder has incurred those expenses on his hospital stay	Pays claims according to the hospital expenses that a person incurs, depending, of course, on the amount of cover that a policyholder has taken.
Valuation of Liabilities	A deterministic approach (the life & morbidity table) may be adequate for the valuation of life assurance liabilities	A stochastic approach (with statistical models more complicated than the life and morbidity table) has to be considered for general Insurance
Taxation	Portion of premium paid in respect of health insurance covering the assessee as well as any member of the family is deducted from taxable income under section 80D	Premium paid in respect of health insurance policies is deducted from taxable income under section 80D

HEALTH INSURANCE FOR SENIOR CITIZENS

Ageing health policy questions are now frequently raised in India. India has not yet found a clear, fair and adequate system for financing the growing demand for long-term care as the population ages. The migration of population for jobs and livelihood from rural areas to urban areas and between cities has led to the breaking down of the age old traditional "joint" or "extended" family system in India. This system provides a good supporting structure for the care of older persons by keeping families together, pooling financial resources and making family members available in case of need. This weakening in the traditional support systems for older people is expected to lead to a rapid increase in the demand for formal care provided by institutions such as nursing and residential homes and also services provided in the community. At present, there are no social schemes or federal or central government mechanisms for funding of health care for the aging population. The reliance is currently on private sector, voluntary organizations and indigenous programs that deliver 80% of health care (the remainder is in the form of Government hospitals and Municipal corporations). The medical infrastructure to handle substantial number of older adults is lacking. There is no provision for organized long term care for chronically sick, except for the upper middle class and the rich who can afford to provide good care at home with some professional help. Hence, there is a need for innovative, cost effective health insurance products for senior citizens which cater effectively to their needs.

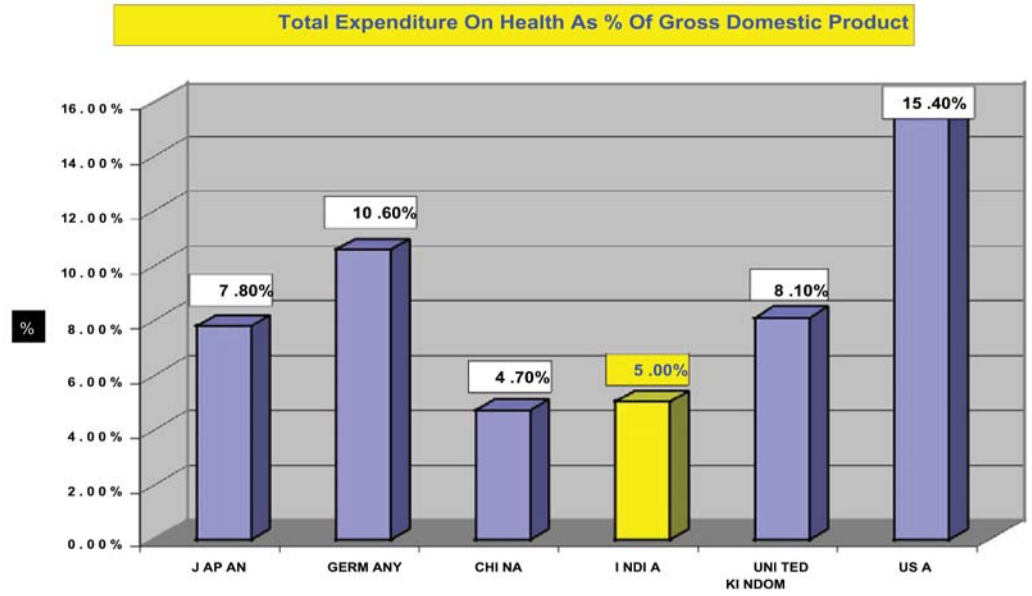
LONG TERM CARE

This paper focuses primarily on long-term care as the subject of long-term care (LTC) is receiving increasing attention both in the research community and by Government because of the belief that an ageing population will greatly swell the demand for long term care services and create huge public expense. One of the issues which need to be determined is by how much demand will increase; another is to address the ambiguity over whether long-term care is a response to a medical condition, a social need or both. The corollary is to decide how the burden is to be shared between the individual, the family and the state. Before going on to discussing what different nations are doing, it is essential we first appreciate the nature and significance of long-term health care. Long-term care is administered to people who have reached a stage in life in which they are dependent on others for social, personal and medical needs. It is usually associated with the very old, but, in fact, could begin at any age depending on the reasons for their disability – perhaps a road accident, a mental or a congenital condition. An important social objective for long-term care is to ensure that people are given the opportunity to

choose where their care is delivered. Given that older people prefer to remain at home the availability and affordability of help to support this is crucial. Furthermore, there has been broad agreement that the system is unfair since it penalizes savers and fails to offer comprehensive coverage despite the fact that public financing is universal through the tax system.

HEALTH RATIOS
Source: 2007 WHO fact sheet based on 2004 data

Figure 1



- From **figure 1** it can be seen that the expenditure on health as a % of GDP is only 5% in India which is much lower than that of developed countries but is comparable with China.
- Considering that India is one of the rapidly growing economies, the share of Health in GDP is quite low. This may be attributed to lack of awareness in general population of health schemes and not understanding the significance of health protection.
- Industry sources estimate that health care spending in India will increase by around 12% annually over today's value of US$23 billion (roughly 5.2% of GDP).

Figure 2

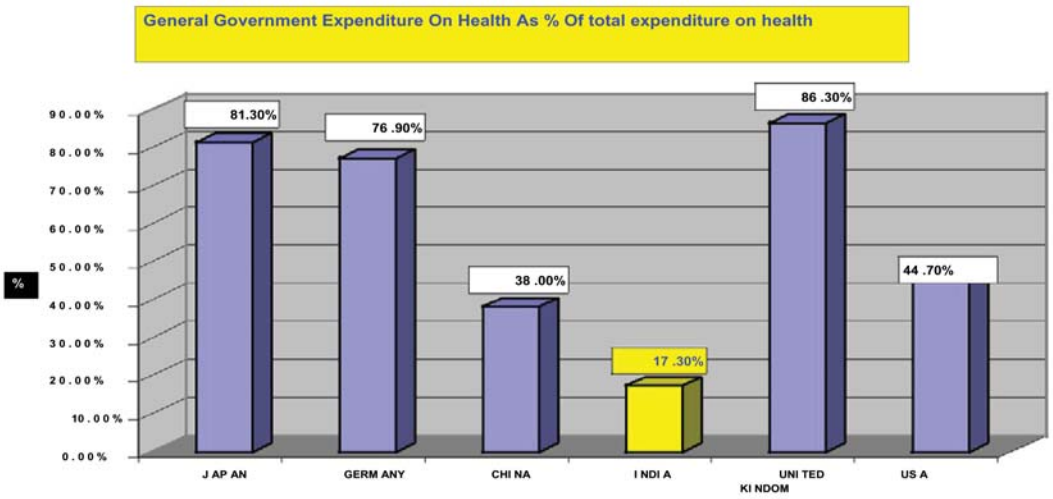
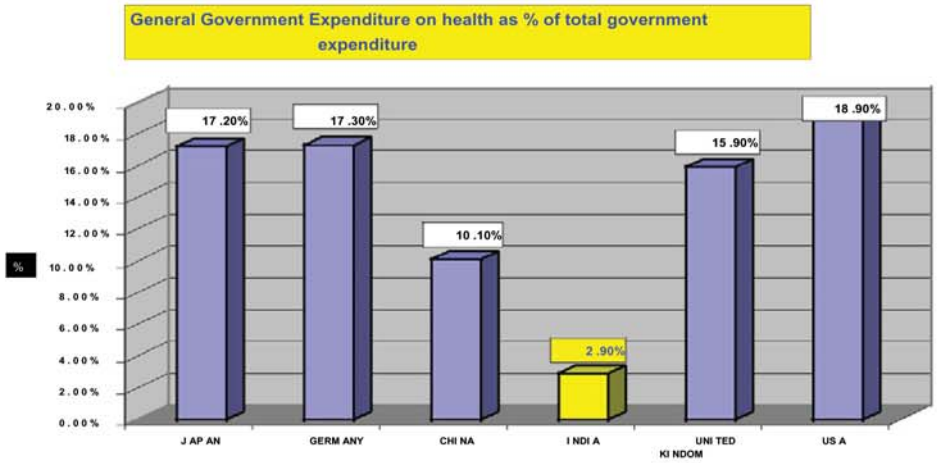
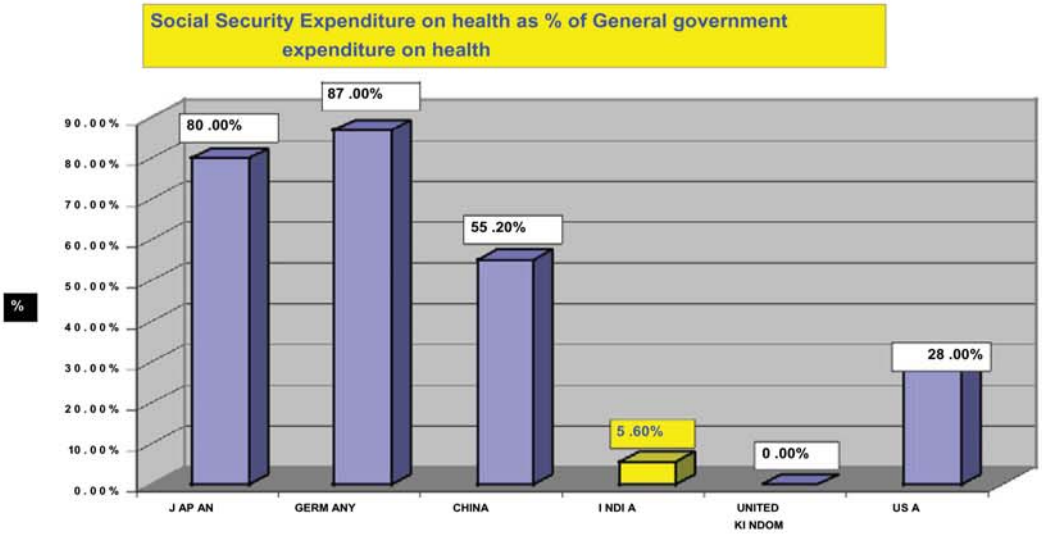


Figure 3



- From figures 2 & 3 it can be seen that general government expenditure on health as % of total expenditure on health and as a % of total government expenditure is much lower than even China.
- This shows that in India, Private health Expenditure dominates Government expenditure.
- The government funds allocated to health care sector have always been low in relation to the population of the country.
- We see that Government of India has earmarked a meager 3% of total expenses on Health
- This may be understandable considering that we have very less social-security schemes in place.
- This is another sad observation considering that India's is second most populated country in the world with the maximum of people below the poverty line.
- More focus on infrastructure development during the recent times may be the reason.
- Alternatively, indirect support coming from private schemes can be a reason too.
- A more active penetration into the rural areas can improve the percentage over time

Figure 4



- Social security expenditure is also much lower compared to other countries except UK
- This Chart can be interpreted in conjunction with Figure 2 above.
- This may be due the bottlenecks we discussed above on Government Schemes.

IMPLICATIONS OF PRIVATIZATION ON HEALTH INSURANCE

The privatization of insurance sector and constitution of **IRDA** envisage improving the performance of state insurance sector in the country by increasing benefits from competition in terms of lowered costs and increased level of consumer satisfaction. However, the implications of the entry of private insurance companies in health sector are not very clear. There are several contentious issues pertaining to development in this sector and these need critical examination. Role of private insurance varies depending on the economic, social and institutional settings in a country or a region.

Critics of private insurance argue that privatization will divert scarce resources away form the pool, escalate health costs, allow cream skimming and adverse selection. According to this view, private health insurance largely neglects the social aspect of health protection. In the contrast, supporters of private health insurance claim that private insurance can bridge financing gaps by offering consumers value for money and help them avoid waiting lines, low quality care and under the table payments-problems often observed when households can use public health facilities for free or participate in mandatory social insurance schemes. Both the arguments are correct in the sense, private health insurance can be valuable tool to compliment or supplement existing health financing options only if they are carefully managed and adapted to local needs and preferences.

India, with relatively developed economy and a strong middle class population, offers most promising environment for private health insurance development. Currently, private health insurance plays only a marginal role in health care systems but it is gradually gaining importance. Private health insurance is certainly not the only alternative or the ultimate solution to address alarming health care challenges in India. However, it is an option that warrants- and already receives- growing consideration by policy makers in the country. Thus the question is not if this tool will be used in the future but whether it will be applied to the best of its potential to serve the needs of the country's health care system.

The IRDA will have a significant role in regulating the health insurance sector and safe guarding the interests of the policy holders by minimizing the unintended consequences.

Conclusion:

Health insurance is like a knife. In the surgeon's hand it can save the patient, while in the hands of the quack, it can kill. Health insurance is going to develop rapidly in future. The main challenge is to see that it benefits the poor and the weak in terms of better coverage and health services at lower costs without negative aspects of cost increase and overuse of procedures and technology in provision of health care.

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IMPACT OF DIGITALIZATION OF INSURANCE SECTOR (E-INSURANCE) – A STUDY

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ABSTRACT

The insurance sector recognizes this need for digitalization. As the presence of other sectors like retail and travel expands in the digital sphere, stakeholders in the insurance sector realize the benefits of tapping into digital technology. The research study has tried to study the impact of digitalization of Insurance sector (e-Insurance) and as per the study, it is observed that in the 3-5 years, 3 out of every 4 insurance purchase decisions will be influenced by digital channels of sales and marketing

Introduction

The usage of internet by insurers has significantly augmented over the past few years and is expected to grow further. The Insurance industry is playing a vital role in in global economy. It has become a key influencer by employing millions of people and touches many more as policyholders. Globally, insurance sector is emerging new ways to convert their business into digitalization. With recent developments and changes in IT (information technology) - web and mobile enabled applications made it easier and convenient for insurers to operate their business and transactions that would have not been possible two years ago.

Insurers are reaping advantages from IT developments in internal areas such as diverse as claims, underwriting, policy administration, human resources and financial reporting. In near future, internet may have impact on at least two major sections of the insurance industry i.e. on cost efficiencies and broader distribution. These efficiencies will arise as insurers experience a greater obtainability of data from internet and transfer of business processes from traditional (manual) insurance to e-insurance systems.

Digitalization: Through digitalization, a company's digitized resources such as machines equipped with digital sensors, online channels, agile design and development teams equipped with smart phones and tablets and cloud-based software are transformed into new sources of revenue and operational gains.

Objectives of the Study

1. To study the impact of digital insurance on the customers
2. To understand the significance of e-insurance
3. To analyze the demand for digital insurance among the customers

Review of literature

Ranjit Shankar (2016) in his blog in www.finextra.com had an opinion that, main components of a successful digital strategy include enhancing customer experience and focused management of customer relationship. Owing to increasing market competitiveness in the insurance industry, a cost involved in acquiring customer share is rising. Therefore, it becomes imperative for companies to retain customers. This can happen with continuous improvement in delivering a better customer experience that is digitally inclined.

Pahuja and Chitkara (2016), analysed the data related to the study on perception towards E-insurance and awareness, collected through structured questionnaire returned by sample selected through convenience sampling technique. Hypothesis was tested through one way ANOVA. Author concluded that age and gender do not have any relationship with use of E-insurance.

Jagendra Kumar (2016), quoting industry research and analyses of BCG, said that in the 2-3 years, three out of every four insurance purchase decisions will be influenced by digital channels of sales and marketing. That's an astounding number. It simply demonstrates the power of digital media and its growing role in the insurance sector in India.

Supriya G., Sangita P., Madhuri G. (March 2014),"Impacts of ICT Application on the Insurance Sector (E-Insurance)", they have analysed that to step in the world of e-insurance, as the first step, it is necessary to know the positive benefits of ICT application on insurer and its customers and the probable barriers they may face to have complete electronic interaction based on ICTs. Also comparative study of benefits to consumers from commerce (manual insurance) and e-commerce (e-insurance) will help to improve the shortcomings.

Dr.S.Hariharaputhiran (March2012,) "Challenges and Opportunities of E-Commerce" revealed the opportunities and weakness of e-commerce. He has suggested that in order to increase consumer adoption of e-services, the sources of consumer confusion, apprehension and risk need to be identified, understood and alleviated. E-commerce provides tremendous opportunities in different areas but it requires careful application for consumer protection issues. Lastly, the paper was concluded with, while many companies, organizations, and communities in India are beginning to take advantage of the potential of e-commerce, critical challenges remain to be overcome before e-commerce would become an asset for common people.

E-insurance: E-insurance can be defined as the application of Internet and related information technologies (IT) to the production and distribution of insurance services. It can also be defined as the facility of an insurance cover whereby an insurance policy is offered, solicited, negotiated and contracted online.

Insurance Regulatory and Development Authority (IRDA) guidelines for e-insurance policies: The IRDA has specified that the main goal is to initiate the insurance repository to help the policy holders review, modify, or change their plans in a accurate and fast manner. According to the guidelines, the providers of e-insurance policies will require availing the services of authentic repositories and the e-policies will also be regarded as legitimate contracts.

Digitalization of Insurance Sector and its importance

The growth of the insurance sector in India has been phenomenal. It has undergone a massive change over the last few years. It has reached to its all-time high because of internet associations. India is going digital in a massive way. Recently Prime Minister Narendra Modi launched the 'Digital India' campaign. Insurance industry in India will not be an exception.

Research Methodology

Sample size:-A sample of 50 policy holders from Hyderabad city (who have availed their policy either through manual or through online) is taken for the study.

Data collection Methods: - Data was collected from both primary and secondary sources.

Primary data is collected through questionnaire method. The questionnaire was

Secondary data is collected through the following sources:-

1. Use of Internet - Internet was extensively used to seek data from the websites of various Insurance Companies.

2. Published/ Unpublished Data – Journals, books regarding Insurance, e-insurance.

Data Analysis and Interpretation

Demographic Profile of Respondents: The table below shows the demographic profile of respondents with respect to their Gender.

Gender	Frequency	Percentage
Male	28	56%
Female	22	44%

Opinion of the customer's about online help comparison: The results in the table shows that 76% of the respondents agreed that various IRDA websites helps in comparison of policies and 24% of the respondents opined that they never buy policies online because of lack of trust and dependency on agents.

Total Customers	50	100%
Agree	38	76%
Disagree	12	24%

Opinion of customer's on scope of Digital insurance:- From the table below, it is observed that out of the total respondents 46% said that it has a wide scope in future as there is increase in use of technology like computers & mobile phones, 30% said that there is narrow scope because they don't trust the authentication of information provided online and 24% were unable to give any opinion.

Total Customers	50	100%
Wide	23	46%
Narrow	15	30%
Can't say	12	24%

Opinion of customer's on complete digitalization of insurance sector- The results in the table below reveals that 86% of the total respondents said that it will take around 5 years for complete digitalization of insurance sector and 4% said that it will take 6-7 years and 10% of the respondents were unable to give their opinion.

Total Customers	50	100%
2-3 years	27	54%
4-5 years	16	32%
6-7 years	2	4%
Can't say	5	10%

Findings

- It is observed from the study that customers who are tech savy or having knowledge of computers do comparison of various insurance policies online.
- It is also seen that very few websites which are approved by IRDA for doing comparison of policies before buying (like policyX.com) which facilitates and helps to increase customer's satisfaction level and thereby the growth of e-insurance
- It has also seen that 76% of customers prefer comparison of plans online before buying any policy.
- More than 60% were strongly agree with the Prime Minister Narendra Modi's Digital India Campaign
- 86% of the respondent's opined that it will take at least 5 years for complete digitalization of insurance sector.

Conclusion

Digitization is driving greater innovation, helping improve service levels as well as outcomes. Investigating the situation of business in the world conclude that these industries, based on the nature of their activity has undergone significant changes, and at least in every 5 years have experienced new methods of doing activities. The research study has tried to study the impact of digitalization of Insurance sector (e-Insurance) and as per the study, it is observed that in the 3-5 years, 3 out of every 4 insurance purchase decisions will be influenced by digital channels of sales and marketing. With the Government of India itself supporting

digitization, the level of trust will go up and there is no looking behind for industry like insurance.

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NEPALESE INSURANCE MARKET, ROLE OF REGULATOR AND FINANCIAL SOUNDNESS

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ABSTRACT

Insurance sector is an important part of the financial sector. Financial soundness is the life blood of any organization. The growth of any organization can be influenced by financial fragility and instability. As financial intermediaries, insurers tap savings of the public in the form of premium for the covering of risk. In order to sustain the confidence of public, they have to maintain their financial credibility intact. In other words, a strong financial background enables insurance companies to enhance their business. The principal aim of insurance regulation is to make sure that insurance companies keep their promises by properly using their financial indicator. This includes solvency and equity of insurer. The "International Monetary Fund has suggested indicators to diagnose the health of the insurance sector i.e. CARAMEL (Capital adequacy, Assets quality, Reinsurance and Actuarial issues, Management soundness, Earnings or profitability, and liquidity framework) ***In*** *this paper ratio of the secondary data collected from the annual report is the descriptive analysis of the life and non life insurers in Nepalese insurance market. Various ratios of non life insurers Balance Sheet, Revenue accounts and Profit and Loss Accounts from the year 2008/9 to 2013/14 are used. On the basis of seven years data, various ratios are used from consolidated data which are common for life and nonlife insurer.*

Keywords: *Financial Soundness, Regulator, Insurance Market, CARAMEL*

INTRODUCTION

One of the primary functions of insurance company regulation is to monitor the financial soundness and stability of firms in that industry. (Trieschmann, 1974)Regulator needs to use key financial indicators to evaluate the financial performance of the insurers. (Ghimire, 2013) Insurance companies are institutions that mobilize risk from individuals and companies through insurance contract making exposure to risk to the whole economy lower. Financial soundness is a key to their success and stability of this part of financial sector and therefore regulators have developed different kinds of models to evaluate their work. (Samajla)Financial soundness can help to enhance the overall economy because financial markets are crucial to fund production-related activities. (Valev, 2003)

The principal aim of insurance regulation is to make sure that insurance companies keep their promises. This entails two further objectives: solvency and equity. Solvency, in non-technical terms, means that the insurer is in such financial condition that it will be able to meet its obligations. Equity means that the insurer will treat its policyholders fairly, impartially, and reasonably. (Mayerson, 1967)

OBJECTIVE: The objective of this paper is to assess the financial efficiency of Nepalese insurer on the basis of CARAMEL model. For the assessment of financial efficiency of overall Nepalese insurance market, consolidated balance sheet and revenue accounts for seven years (2007/8 to 2013/14) have been taken. The aim of this paper is to identify the overall efficiency of Nepalese insurance market by using CARAMEL model. However, the consolidated data may not

show the individual efficiency of insurer but the trend of capital adequacy, assets quality , reinsurance and actuarial issues management soundness, earning and profitability, and liquidity as a whole, can be analyzed for seven years. So the aim of this paper to study the financial ratios of overall insurance sector of Nepal by CARAMEL Model.

METHODOLOGY: CARAMELS (Capital adequacy, Assets quality, Reinsurance and Actuarial issues, Management soundness, Earnings or profitability and liquidity framework) model of ratio analysis is the base of this study. **In** this paper ratio of the secondary data collected from the annual report and it is descriptive analysis of the life and non life insurers. Various ratios of non life and life insurers Balance Sheet, Revenue accounts and Profit and Loss Accounts from the year 2007/8 to 2013/14 are used. On the basis of seven years data, six ratios (i.e common for both life and non life insurer) are calculated in aggregate basis for both life insurer and nonlife insurer.

Table1: Insurance Financial Soundness Indicators used under CARAMEL Framework

	Category	Indicator	Non-Life	Life
C	Capital Adequacy	Capital /Total Assets	×	×
A	Assets Quality	Equities/Total Assets	×	×
R A	Reinsurance and actuarial issue	Net Premium/Gross Premium	×	×
M	Management Soundness	Operating Expenses/ Gross Premium	×	×
E	Earning and Profitability	Expenses/Net Premium	×	×
L	Liquidity	Liquid Assets/Current Liability	×	×

Source: Selected by author from IMF Papers, Insurance and Issues in Financial Soundness

REVIEW OF LITERATURE

Insurance market activity, both as financial intermediary and as provider of risk transfer and identification, may promote economic growth by allowing different risks to be managed more efficiently. This activity would encourage the accumulation of new capital and mobilize domestic savings into productive investments. In this context, the evidence mentioned above raises questions regarding the impact that the faster growth of insurance activity would have on economic growth. (Arena, 2008)

Insurance has come to play a central role in the functioning of modern economies. Insurance issues, traditionally a stodgy domain, have become subjects for intense public debate and concern everywhere in the recent years. Together with other economic services, insurance is of primary importance both in regard to national economy and international trade. Yet its role in development is more difficult to assess and harder to appreciate than that of other services which involve more tangible products. Insurance is a contingent service, whose purchase is not an end in itself, but rather complementary to or required in connection with the production of goods and other services. (Pant, 2000)

Every country in the world in which an insurance market exists, it is at least to some extent regulated. It will be subject to specific rules and procedures over and above the standard framework of laws concerning contracts, bankruptcy, fraud and corporate governance. (Kessner, 1999)

Supervisors and regulators need to understand the potential implications of the insurance sector for financial and systemic stability as well as the tools available for surveillance of insurer. (Udaibir S.Das, 2003)

The risk profiles of insurers and banks differ. Insurance companies generally are exposed to greater volatility in asset prices and face the potential for rapid deterioration in their capital base. Insurance companies typically have liabilities with longer maturities and assets with greater liquidity than banks have, thus enabling the insurance companies to play a larger role in long-term capital markets. Life insurers often have significantly higher exposure to equities and real estate and lower exposure to direct lending than to banks. In some countries, insurers offer products with guaranteed returns, further exacerbating risks for life insurers. (World Bank/The International Monetary Fund , 2005)

In the matter of solvency there are many thoughts are found. The principal job of the state insurance commissioner is to ensure that all insurers doing business in his state are, and remain, solvent. Or, if a company is in danger of failure, he should see to it that its business is reinsured and the company is closed up while there are still sufficient assets to cover all the company's liabilities. (Mayerson A. L., 1967). The word "solvency" is commonly defined in two ways. First, a condition of "actual solvency" is said to exist when a company's assets exceed its liabilities. Second, a condition of "technical solvency" is said to exist when a company is able to meet its obligations as they fall due. (Belth, 1967)

NEED OF FINANCIAL SOUNDNESS INDICATORS (FSIs)

It is widely accepted that, the measurement of financial soundness is proper indicator of the health of overall body of any organization. Otherwise we might rarely listen about the numbering of richest person, richest country etc. by using their financial indicators.

Capital Adequacy : Capital adequacy is a major component, is to ensure the financial soundness of insurers and the need for it generated by costly information and by agency problems(limited liability diminishes incentive to maintain safety). The check against solvency risk, regulators require that insurers maintain a minimum amount of capital to meet their financial obligations. Capital adequacy requirements, solvency regulation includes additional restriction on investments, reinsurance, reserves, assets-liability matching etc. (Mathur, 2001) Capital is viewed as a cushion that protects the interests of the policyholders and promotes the stability and financial efficiency of the non-life insurers. It also provides an indication that whether the insurers have sufficient capital to cover up the losses arising out of unexpected claims. (Chakraborty, Financial Efficiency of the Public-sector General Insurance Firms in India, 2016)

Assets Quality: The ratio assesses the share of financial investments in the total assets. The financial investments include deposits, provided loans, repurchase agreements, securities, components of insurance and reinsurance contracts, non-current investments in statutory capital of other entities, other investments. It shows the relationship between equities and total assets.

Reinsurance and Actuarial Issues: It includes the issue of risk retention that is shown by the ratio of net profit and gross profit. It reflects the overall underwriting strategy of insurer because it shows what proportion of risk is passed on the reinsurers. In insurance market this ratio indicates the risk bearing capacity of the country.

Management Soundness: Sound management is crucial for financial stability of insurers. However it is very difficult to find any direct quantitative measure of management soundness, we can find it by the ratio of operating expenses and gross premium. It can also find by the ratio of gross premium and number of employees likewise the ratio of total assets and number of employees.

Earning and Profitability: The objective of profitability is to earn a satisfactory income for the company so that the investors and shareholders continue to provide capital. A company's

profitability is also closely linked to its liquidity because earnings ultimately produce cash flow.

Liquidity: Liquidity means the ability to convert any assets to cash within a short time for pay out of short term liabilities. The inability to pay short term liabilities affects its credibility as well as credit rating. It leads to commercial bankruptcy if there is continuous default which eventually leads to sickness and dissolution. Mostly, short term creditors and lenders are interested in knowing the liquidity position of their financial stake. Insurer create liquidity, insurer invest policyholder funds to make long term loans and other investments. Policyholders, however, have immediate access to loss payments and savings while borrowers need not repay their loans immediately. Alternatively, if all individuals undertook equivalent direct lending the proportion of their personal wealth held in long term illiquid assets would be unacceptably high. Insurers and other financial intermediaries thereby reduce the illiquidity inherent in direct lending. (Klein, 2000) So the liquidity condition is also considered to be the most important condition to fulfill the quick requirement of claim and short term liability.

NEPALESE INSURANCE MARKET AND CARAMEL

Beema Samiti (Insurance Board) an autonomous body, established to develop, systemize, regularize and regulate the insurance market of Nepal under Insurance Act, 1992. At present, policy holders' protection has become main focal point. According to Beema Samiti (Insurance Board) at present there are 27 insurance companies and in which one is Reinsurance Company. As per economic survey 2015 the rate of premium contribution to GDP is only 1.71 percent in Nepal as there is the need of financial soundness enhancement of Nepalese insurer by economic protection to people in mass against natural and social risks. Financial soundness can be obtained by the strategic financial planning. Because strategic financial planning financial risk management, investment management, cash management, security and solvency, and financial accounting and reporting are the main issues in insurance sector as financial intermediary. (Pant, 2000) As mentioned in IAIS, ICP 2003 the Conditions for effective insurance supervision which includes institutional and legal framework for financial sector supervision, a well developed and effective financial market infrastructure and efficient financial markets. This can enhance to financial soundness by proper regulatory supervision. Likewise in Nepal Insurance regulatory authority of Nepal should pay proper attention to maintain the financial health of industry at minimum acceptable level. Similarly, insurers also must be aware on their financial health and need to be more efficient and effective their management. (Ghimire, 2013) Although the insurance premium continued to grow in its subsequent years due to the expansion and development of insurance business reaching total earnings of Rs. 36,289.0 million in 2014/15. The investible amount with life and non-life insurers stood at Rs. 43939.8 million for FY 2010/11, Rs. 63145.5 million for FY 2011/12, Rs. 74560.04 million for FY 2012/13 Rs. 91351.6 million for FY 2013/14, Rs. 112099.3 million for FY 2014/15. (Economic Survey) A brief description of financial soundness indicators are taken to analyze the Nepalese insurance market. Those ratios which are common to both insurers i.e. life and non life insurer are used from seven years of consolidated data of balance sheet revenue account and profit and loss account.

Table2: Insurer of Nepalese Market and CARAMEL

S N	1	2	3	4	5	6	7
Year	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Capital Adequacy Ratio	0.17	0.06	0.06	0.04	0.04	0.04	0.05
Assets Quality Ratio	0.88	0.39	0.42	0.36	0.38	0.42	0.48
Reinsurance and Actuarial	0.72	0.76	0.77	0.77	0.78	0.79	0.84
Management Soundness	0.10	0.11	0.10	0.12	0.13	0.09	0.09
Earning and Profitability	2.19	2.17	2.13	2.14	2.13	2.11	2.09
Liquidity	0.41	0.53	0.34	0.24	0.27	0.40	0.34

Source: Author's preparation based on Annual Reports of Insurance Board

Table 2 depicts from the view of overall insurance market the capital adequacy ratio of Nepalese insurer is very low. This means that the combination of capital and total assets are not adequate; there is the lack of capital in insurance market. Likewise Assets quality ratio which shows the relationship between equities and total assets is also decreasing. Reinsurance and actuarial issues shows the retention and underwriting capacity of the Nepalese insurer which is constant for and increasing because the retention ratio has increased in 2013/14. Controversially the management soundness is very low .While the earning and profitability ratio is comparatively high, condition of liquidity is not good enough. This can be observed by the figure 1

Figure 1

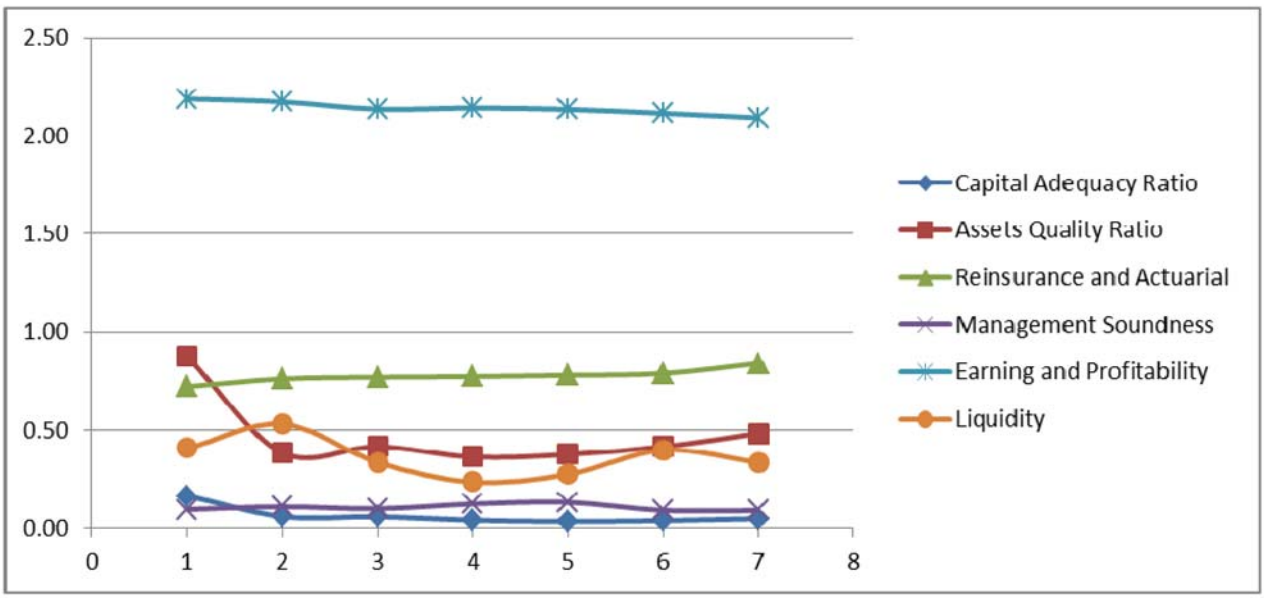


Table 3: Life Insurer of Nepal and CARAMEL

S N	1	2	3	4	5	6	7
Year	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Capital Adequacy Ratio	0.12	0.09	0.09	0.07	0.06	0.06	0.07
Assets quality Ratio	0.99	0.97	0.98	0.94	0.95	0.98	1.00
Reinsurance and Actuarial	0.99	0.97	0.96	0.96	0.96	0.96	1.02
Management Soundness	0.06	0.08	0.09	0.13	0.14	0.08	0.08
Earning and Profitability	0.40	0.48	0.49	0.55	0.54	0.49	0.47
Liquidity Ratio	0.02	0.04	0.03	0.03	0.06	0.10	0.13

Source: *Author's preparation based on Annual Reports of Insurance Board*

As in the respect of life insurer Table 3 depicts that there is also the lack of capital adequacy. Assets quality ratio seems good enough. High degree of retention capacity in life insurer shows the sound capability of underwriting. Earning and profitability ratio is not good enough. Likewise the condition of management soundness and liquidity is very low. This can be observed by the figure 2

Figure: 2 Life Insurers of Nepal and CARAMEL

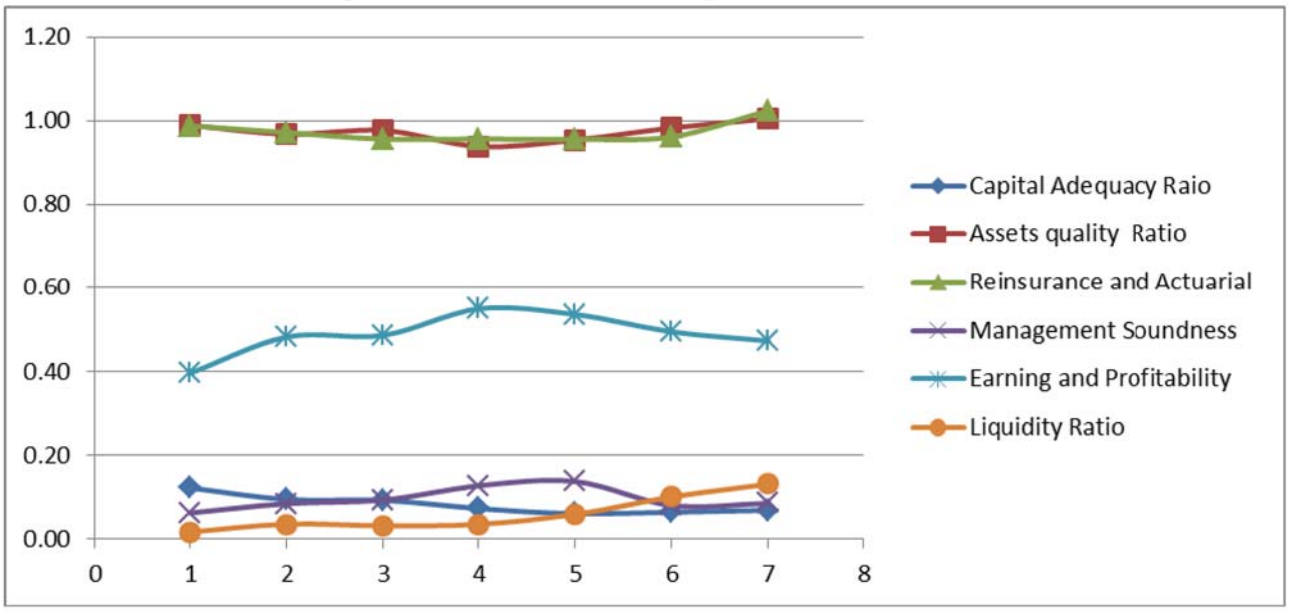


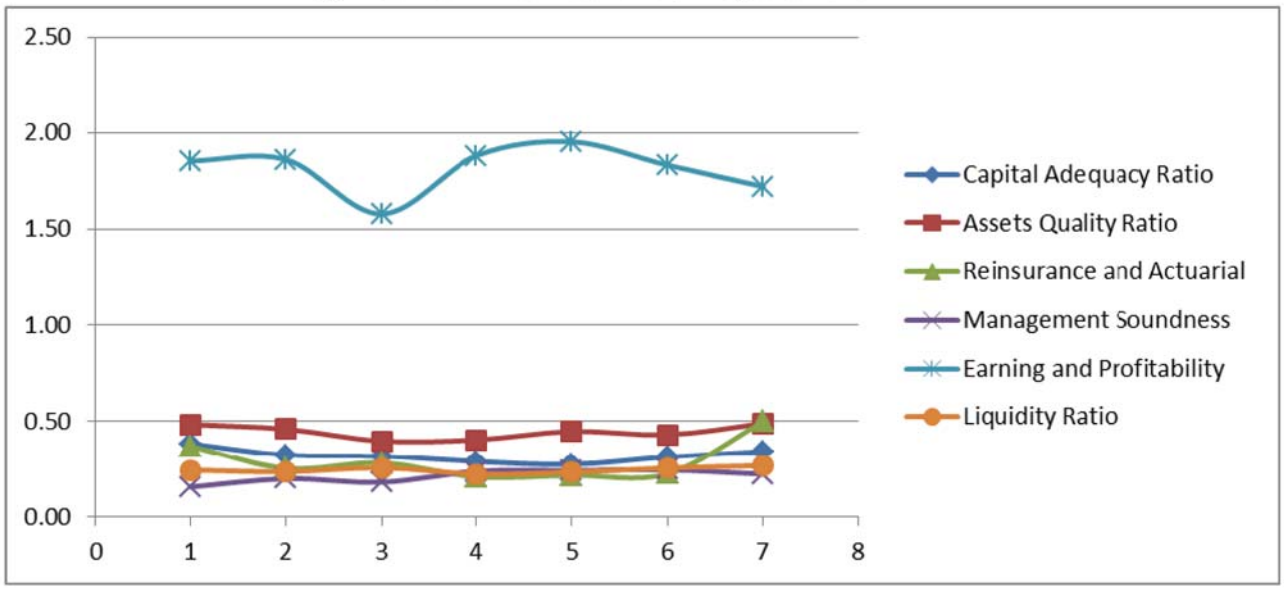
Table 4: Non Life Insurer of Nepal and CARAMEL

SN	1	2	3	4	5	6	7
Year	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Capital Adequacy Ratio	0.38	0.32	0.32	0.29	0.27	0.31	0.34
Assets Quality Ratio	0.48	0.46	0.40	0.41	0.45	0.43	0.49
Reinsurance and Actuarial	0.37	0.25	0.28	0.21	0.22	0.23	0.50
Management Soundness	0.16	0.20	0.18	0.24	0.24	0.25	0.22
Earning and Profitability	1.85	1.86	1.58	1.88	1.95	1.83	1.72
Liquidity Ratio	0.25	0.24	0.26	0.22	0.23	0.26	0.27

Source: *Author's preparation based on Annual Reports of Insurance Board*

As in the respect of non life insurer Table 3 depicts that there is also the lack of capital adequacy. Assets quality ratio seems good enough. Very low degree of retention capacity in non life insurer shows that there is the lack of underwriting capability among the Nepalese non life insurer. Earning and profitability ratio is good enough. Likewise the condition of management soundness and liquidity is very low. This can be observed by the figure 3

Figure 3 Non Life Insurers of Nepal and CARAMEL



Conclusion: Low level capital adequacy ratio of Nepalese insurer shows that the lack of capital in Nepalese insurance market. So the policy of capital increment (i.e 500 million for life and 250 million for non life insurer) for life and non life insurer seems urgent need for Nepalese insurance market. Likewise Assets quality ratio which shows the relationship between equities and total assets is also decreasing. The lack of capital adequacy is the one of main the reason among others. Reinsurance and actuarial issues show the retention and underwriting capacity of the Nepalese insurer .The reason for that has to be analyzed because the Report of Insurance Board (IB) shows that due the lack of capital adequacy and risk retention capacity in Nepalese insurance market there is limited access to reinsurance market. Controversially the management soundness is very low which means there is room for investigation on the underwriting and managerial capacity of insurer. The earning and profitability ratio is comparatively high. Condition of liquidity is not good enough. As in the respect of life insurer there is also the lack of capital adequacy. Assets quality ratio seems good enough. High degree of retention capacity in life insurer shows the sound capability of underwriting. Earning and profitability ratio is not good enough. Likewise the condition of management soundness and liquidity is very low. As in the respect of non life insurer, there is also the lack of capital adequacy. Assets quality ratio seems good enough. Very low degree of retention capacity in non life insurer shows that there is the lack of underwriting capability among the Nepalese non life insurer. Although there is the general thought about the Nepalese insurer that, there is lack of access to reinsurer due to their low capital and risk retention capacity. Earning and profitability ratio is good enough. Likewise the condition of management soundness and liquidity is very low. Finally as we considered that financial soundness is the life blood of any organization, the financial fragility and instability can seriously harm growth of any organization. So, the role of Nepalese insurance market is to make sure that Nepalese insurer keep their promises by proper usage of their financial indicator.

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A STUDY ON CAPITAL ADEQUACY AND ASSET QUALITY OF SELECT INDIAN PRIVATE SECTOR GENERAL INSURANCE COMPANIES

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ABSTRACT

The Liberalization of insurance sector in India and also with the formation of the IRDAI, as the insurance regulator in the year 2000, has brought major changes and challenges in the way the insurance business is carried out in India. The main objective is to bring more competitiveness and boost innovation in the insurance sector and give the benefits to the common man in the form of more insurance penetration. The detariffication of general insurance sector in the year 2007 has thrown stiff competition among the players in the market. To woo more and more customers, private sector general insurance companies started playing smart with innovative products and offering products at cheaper rates compared to their counter parts. At this backdrop, an attempt is being made to know the financial performance of private sector general insurance companies after detariffication. This paper highlights the financial performance evaluation on select financial soundness indicators (Capital Adequacy and Asset Quality) of private sector general insurance companies in India from 2009-10 to 2015-16. Capital Adequacy is vital to know whether insurance company is having enough capital backup to meet future contingencies and face market risks. It is the key indicator to know adequacy in capital with solvency as the focus. The Asset Quality analysis reflects the quantum of existing and potential credit risk associated with the loan and investment portfolios, real estate assets owned and other assets, as well as off-balance sheet transactions.

Key Words: *Asset Quality, Capital Adequacy, Capital Coverage, Detariffication, General Insurance, Net Premium, Liberalization, Solvency, Unquoted Equities.*

1.1 INTRODUCTION:

Detariffication has been the most awaited reform in the general insurance industry ever since the Malhotra Committee recommended gradual removal of tariffs in the non-life insurance sector. The detariffing exercise has two phases. The first phase started on January 1, 2007 when the IRDA allowed companies to charge their own premium for all classes of business that had been under a tariff till then. The exception was Motor Third Party Liability Insurance for commercial vehicles. The second phase was started from 1st January, 2009 as the General Insurance Companies have given more freedom to design their own products. IRDA in its circular issued on November 6, 2008 has given the general insurance companies the freedom to offer certain covers outside the scope of the descriptions in the erstwhile tariffs (GIC Re News, 2008).

The reforms have changed the whole scenario of Indian insurance industry. Its character has changed altogether in the wake of transition from a controlled to a competition-driven market. Several new players have entered into the insurance business. The foreign insurers have entered through the joint venture route. Their entry

into the field has generated a tough competition in the market which resulted into better customer service. The quality and price of insurance products has greatly improved. The range of products and services has increased so as to give a wider choice to the customers. Both the existing as well as new players have got ample opportunities to penetrate into untapped areas, sectors and sub-sectors and unexploited segments of population as presently both insurance density and penetration are at a low level. Thus, the reform process started in India has helped the insurance sector to grow in a quick and orderly manner for the benefit of the common man.

The Financial Soundness Indicators **(CARAMEL-Capital Adequacy, Asset Quality, Reinsurance and Actuarial Issues, Management Soundness, Earnings and Profitability and Liquidity Analysis)** prescribed by the International Monetary Fund (IMF) and World Bank in the Handbook on Financial Sector Assessment[1]. Among these indicators, only Capital adequacy and Asset Quality is treated as more important in knowing the financial performance and stability of the company. So, only two parameters are adopted for the present study.

1.2 REVIEW OF THE LITERATURE:

Chakraborty, Joy (2016) in his research paper titled "Financial Efficiency of the Public Sector General Insurance Firms in India" analyzed the financial efficiency of four public sector general insurance companies using CARAMEL financial soundness indicators. These indicators were given ranking in three steps. Initial ranks, average ranks and final ranks were given to analyze the financial efficiency. The major findings were, the liquidity ratios were encouraging for all the companies and United India Insurance was ahead of other three companies. The market share of the public sector general insurers is declining continuously in the post-reform period.

Seema Sharma and Sujit sikidar (2014), in their research article titled "Performance Measurement of Public Sector Insurance Units after De-Tariffication", analyzed four public sector general insurance companies in India by using performance indicators such as i). Number of New Policies issued ii). Premium Underwritten in India iii). Operating Expenses iv). Investment Income v). Net Incurred Claims vi). Underwriting Losses. The study concluded that all the four public sector general insurance companies have performed well in the Detariffed regime based on above parameters.

Verma, Swathy (2012), in her Ph.D thesis titled "the comparative performance of public and private sector general insurance companies in India", analyzed the performance of four public and eight privates sector companies during post and pre reform period post reform period from 1991-2000 and post reform period from 2001-2010. She also analyzed customer perceptions and satisfaction level towards public and private general insurance companies using SERQUAL parameters. She concluded that there is an upward trend in gross direct premium income of the public sector general insurance companies in post-reform period.

Modi Manisha. S (2011), in her Ph.D thesis titled "A comparative performance study of General Insurance Public Sector Companies of India", analyzed financial efficiency, productivity and performance of all the four public sector companies. Researcher used ratio analysis, trend analysis, chi-square and f-test to test hypotheses. The study also covered factors influencing profitability. The study concluded that management expenses should be kept under more control and efficient investment management should be applied to earn more investment income. Training of the investment managers should be given priority.

Tanveer Ahmad Darzi (2010), in his PhD thesis titled," Financial Performance of Insurance Industry in Post Liberalization era in India", studied financial performance and solvency of non life insurance companies using CARAMEL parameters pre and post liberalization. He compared public and select private insurance companies financial performance from 2004-05 to

2007-08. He concluded that private companies are performing well based on CARAMEL parameters when compared to public sector companies in spite of their late entry. Price deregulation of January 2007, has affected both private and public insurers in terms of soaring profit margins and premium deficiency. Every segment is seen in terms of profitability. The market imperfections have been reduced to a great extent.

N. Srinivasa Rao (2010), in his research paper titled "A study of Government Insurance Schemes" highlighted the new general insurance policies that were introduced by the government owned general insurance companies. This research paper also focused on the role of National Agricultural Insurance Scheme (NAIS) in covering four seasons for the four selected annual year periods with the statistical information. This paper also threw light on the success of the Crop Insurance Schemes that were in place from the 1979 to 2005.

Somil Nagpal (2009), in his article titled "Working in Tandem – Best Practices in Health Insurance" emphasized on the growth registered in Health insurance in more recent times and found that several initiatives taken by the several stakeholders are the reasons for the success in the Health insurance.

S.L. Mohan (2009), in his research paper titled "Adding Value to your Client – Best practices in Non-life Insurance" emphasized that today's corporate world firmly believes that they owe their existence to the consumer; and that 'Consumer is the king'. The paper also highlighted on the healthy competition between the general insurance companies and the pro-active activities of the general insurance companies in achieving a significant growth in the general insurance business.

G.V. Rao (2009), in a research article titled "Long Term Prospects for Health Insurance" emphasized on the long term profitability of Health insurance business. In his research article, he also pointed out the opportunities in the Health insurance sector and the role of Third Party Administrators in the era of post liberalization.

1.3 OBJECTIVES:

1. To assess the financial performance based on capital adequacy of select private sector general insurance companies in India.
2. To assess the financial performance based on asset quality of select private sector general insurance companies in India.

1.4 HYPOTHESIS OF THE STUDY:

The following are the null hypothesis of the study:

1. Ho: There is no significant difference between private sector general insurance companies with regard to the ratio of net premium to capital.
2. Ho: There is no significant difference between private sector general insurance companies with regard to the ratio of capital to total assets.
3. Ho: There is no significant difference between private sector general insurance companies with regard to the ratio of ratio of equities to total assets.
4. Ho: There is no significant difference between private sector general insurance companies with regard to the ratio of Real Estate + Unquoted Equities* + Debtors/ Total Assets.

1.5 RESEARCH METHODOLOGY:

The sample includes eight private sector general insurance companies which started their business from the year 2002-03. The list of private general insurance companies is:

1. ICICI Lombard General Insurance Company Limited
2. Royal Sundaram Alliance Insurance Company Limited
3. Reliance General Insurance Company Limited
4. IFFCO Tokio General Insurance Company Limited

5. TATA AIG General Insurance Company Limited
6. Bajaj Allianz General Insurance Company Limited
7. Cholamandalam General Insurance Company Limited
8. HDFC-ERGO General Insurance Company Limited

1.6 BASIS FOR SELECTION OF SAMPLE / JUSTIFICATION OF THE SAMPLE

The general insurance industry was opened up to private players from the year 2000. Until the year 2003, very few private companies entered the industry. The eight private players that are included in the sample are the companies that figure on the top in terms of average premium over the study period (till 2014). All these companies are also early entrants and have been operating since the year 2002-03. 90% of the private sector's market share will be covered by the sample.

1.7 SOURCES OF DATA:

The secondary sources of data include the IRDA Annual Reports, Annual reports of all the four public sector general insurance companies (from 2003-04 to 2014-15). Annual Reports of the select Private General Insurance Companies (from 2003-04 to 2014-15), the IRDA Journals, Journal of Insurance Institute of India (III), Insurance Chronicle (ICFAI), Journal of the National Insurance Academy (NIA), Journal of the Swiss Re and Munich Re, published and unpublished reports, theses and books on non-life insurance business, specialized insurance journals such as Asia Insurance Post, Bima Quest, Journal of Insurance and Risk Management, Working Papers on general insurance, WHO and NCEAR reports, articles published in other Journals, business magazines and internet sources.

1.8 CAPITAL ADEQUACY ANALYSIS:

Capital adequacy analysis measures the financial soundness of the insurance companies in terms of both assets and liabilities. It is the key indicator to know adequacy in capital with solvency as the focus. There are no internationally accepted standards as such for capital adequacy. Capital is seen as the cushion to protect the insured and promote stability and efficiency of financial system, it also indicates whether the insurance company has enough capital to absorb losses arising from claims. The analysis of capital depends on realistic valuation of both assets and liabilities.

The IRDAI has fixed Rs.100 crore as the minimum capital base for each the general insurance company. It does not issue registration to those companies with less than the limit of Rs.100 Crore (IRDAI Annual Report, 2007-08). The minimum solvency margin is fixed at 1.5 (excess of assets over liabilities) which is monitored on a quarterly basis by the regulator. Capital adequacy analysis is done with the help of two ratios, i.e., ratio of Net Premium to Capital which reflects the risk arising from underwriting business and the ratio of Capital to Total Assets which determines the risk of assets. Capital is defined as total equity capital plus reserves plus long term debt minus miscellaneous expenses.

The growth in the net premium should be supported by balanced capital, to bear the shocks. The risks in the form of huge claims can be handled with balanced and optimal capital requirements. More capital infusion is required to overcome the risk of higher claims. The higher the ratio of net premium to capital the better it is. However there is no benchmark prescribed for the ratio of net premium to capital by the IRDAI. To ensure safety against insolvency, higher capital adequacy ratio is required. The higher ratio is treated as better. Table 1 presents the capital adequacy of private sector general insurance companies.

Table 1: Capital Adequacy of Private Sector General Insurance Companies

(Figures in percent)

COMPANY	*Ratio	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	Mean Ratio
ROYAL SUNDARAM	1	281.67	293.38	304.53	271.15	250.24	238.5	242.67	**268.88**
	2	20.38	18.88	17.55	19.39	20.86	19.46	18.83	**19.34**
BAJAJ ALLIANZ	1	237.51	256.96	257.72	232.96	209.88	172.18	151.40	**216.94**
	2	21.25	18.81	17.85	19.2	21.41	25	26.55	**21.44**
TATA-AIG	1	170.49	178.84	234.33	222.72	230.31	154.75	193.73	**197.88**
	2	27.02	24.08	20.42	20.88	21.44	31.12	24.51	**24.21**
RELIANCE	1	138.94	112.6	73.06	77.83	99.58	110.21	194.62	**115.26**
	2	38.73	45.21	51.8	40.19	35.74	30.74	16.33	**36.96**
IIFCO TOKIO	1	194.43	257.01	249.17	242.53	220.51	207.66	222.82	**227.73**
	2	25.53	20.31	18.75	18.75	21.34	21.89	22.76	**21.33**
ICICI LOMBARD	1	131.06	186.58	191.14	215.71	182.79	150	151.83	**172.73**
	2	25.02	18.6	17.64	15.66	17.58	20.6	20.26	**19.34**
CHOLAMANDALAM	1	164.92	235.01	266.14	38.33	245.97	206.13	195.03	**193.08**
	2	37.31	22.86	21.63	17.76	18.61	19.92	19.59	**22.53**
HDFC-ERGO	1	96.4	102.77	118	154.21	179.6	167.48	159.69	**139.74**
	2	46.24	38.59	32.55	24.68	22.16	22.07	21.87	**29.74**

Source: *Compiled from the Annual Reports of the Private Sector Insurance Companies*

***Note:** Ratio 1- Ratio of Net Premium to Capital 2- Ratio of Capital to Total Assets

1.8.1 RATIO OF NET PREMIUM TO CAPITAL:

Royal Sundaram occupied the first position in terms of highest ratio of net premium to capital, i.e., 268.88 percent followed by IIFCO Tokio 227.73 percent and Bajaj Allianz with the average ratios of 216.94 percent. Reliance General with an average ratio of 115.26 percentage occupied relatively last position among the selected sample of eight private sector general insurance companies. The impact of detariffication in the year 2007-08 and 2008-09 is positive for private sector general insurance companies. The norm of Rs.100 Crore minimum capital required to start a general insurance company is very low in the present scenario. All the private sector companies' capital adequacy ratio increased in the year 2015-16 except for Cholamandalam and HDFC ERGO. Private sector general insurance companies are maintaining more capital than the minimum capital requirement, but this may be enough to face tough times. Table 1.1 presents the summary of one way ANOVA for the ratio of net premium to capital.

· Ho: There is no significant difference between private sector general insurance companies with regard to the ratio of net premium to capital.

Table 1.1 Ratio of Net Premium to Capital of Private Sector General Insurance Companies

SUMMARY OF ONE WAY ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	117842.258	7	16834.608	10.053	.000
Within Groups	80381.376	48	1674.612		
Total	198223.634	55			

Source: SPSS

There is a statistically significant difference between the private sector general insurance companies with regard to the ratio of net premium to capital, as the F=10.053 is found to be significant at 5 percent level of significance and the sig (p=.000) is less than 0.05. Therefore, the null hypothesis is rejected.

1.8.2 RATIO OF CAPITAL TO TOTAL ASSETS:

"The second measure of capital adequacy is the ratio of capital to assets. Generally size of a company is measured by its amount or value of sales or by the value of assets of the company. Funds generated in any company need to be invested in assets which assure revenue generation for the company. In insurance companies apart from capital, funds mainly flow in as collection of premium. These funds are invested in various securities both short term and long term and are also held in the form of land and buildings and real estate assets as a proportion to the capital funds is considered as an important indicator of financial soundness. A lower ratio however is considered good because, a greater assets base is always good for a company and indicates its strength." (Dr. H. Shankar and T. Rani, 2014)

There is no standard fixed by the IRDAI for this purpose. The ratio which determines the risk of assets and capital is defined as total equity capital plus reserves plus long term debt minus miscellaneous expenses to capital.

The ICICI Lombard and Royal Sundaram are performing better in terms of the ratio of capital to total assets with the lowest average ratio of 19.34 percent. Both the companies are having a required adequacy in terms of asset base during the study period. Reliance has relatively lesser performance among private sector general insurers with the mean ratio of 36.96 percent. The table 1.2 shows summary of one way ANOVA for the ratio of capital to total assets.

- **Ho: There is no significant difference between private sector general insurance companies with regard to the ratio of capital to total assets.**

Table 1.2 Ratio of Capital to Total Assets of Private Sector General Insurance Companies

SUMMARY OF ONE WAY ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2046.318	7	292.331	8.660	.000
Within Groups	1620.404	48	33.758		
Total	3666.722	55			

Source: SPSS

There is a statistically significant difference between the private sector general insurance companies with regard to the ratio of capital to total assets, as the F=8.660 is found to be significant at 5 percent level of significance and the sig (p=.000) is less than 0.05. Therefore, the null hypothesis is rejected.

The analysis of ratios of capital adequacy clearly indicates that the private sector general insurance companies are maintaining good capital adequacy

ratio and have infused more and capital during the study period. They could maintain required solvency margin because of more capital infusion. It is further understood that underwriting losses are met through more capital infusion.

IRDAI has mentioned a statutory requirement of having a minimum initial capital of Rs. 100 crore. However, all the private sector general insurance companies are maintaining the capital base of over and above 100 crore. During the study period, they have infused more and more capital. The ratios are showing healthy picture in terms of capital adequacy and solvency position.

1.9 ASSET QUALITY ANALYSIS:

Asset quality is a very important factor in determining the financial health of an insurance company. The quality of real estate investment and credit administration program affects the overall asset quality. As per IRDAI norms, Investments in real estate and housing sector cannot exceed 10 percent of the total asset base of the company. The asset quality analysis reflects the quantum of existing and potential credit risk associated with the loan and investment portfolios, real estate assets owned and other assets, as well as off-balance sheet transactions. The ratio of real estate + Unquoted Equities + Debtors/ Total Assets highlights the exposure of insurers to credit risk because these asset classes have the largest probability of being impaired. Real estate and unquoted equities are illiquid assets. The ratio of equities to total assets reveals the degree of insurer's exposure to the stock market risk and fluctuations of the economy. The indicator will mention the quality of asset base in comparison to equities. In India insurance companies are not allowed to invest in stock markets and even the companies are not listed till the end of the study period, so unquoted equities could not be computed for the calculation of the second ratio.

Table 2: Asset Quality of Private Sector General Insurance Companies

(Figures in percent)

COMPANY	* Ratio	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	Mean Ratio
ROYAL SUNDARAM	1	16.87	15.81	14.02	13.35	12.5	11.22	10.35	**13.96**
	2	21.78	8.57	6.72	7.95	7.82	7.53	6.67	**10.06**
BAJAJ ALLIANZ	1	2.95	2.48	2.05	1.69	1.42	1.24	1.05	**1.972**
	2	19.11	6.15	6.97	5.62	6.26	8.04	9.15	**8.692**
TATA-AIG	1	23.43	21.62	19.86	16.92	14.91	13.5	14.56	**18.37**
	2	25.07	13.46	9.44	10.14	10.53	11.58	10.26	**13.37**
RELIANCE	1	4.43	4.59	3.94	2.82	2.51	2.17	1.95	**3.41**
	2	28.57	9.37	7.1	21.8	18.66	8.19	11.75	**15.62**
IIFCO TOKIO	1	13.29	11.36	9.44	7.54	6.54	5.4	4.87	**8.928**
	2	28.92	13.93	14.37	10.19	11.2	9.76	10.28	**14.73**
ICICI LOMBARD	1	6.04	4.92	4.15	3.68	3.29	3.27	2.85	**4.225**
	2	40.87	33.27	34.58	28.11	26.9	20.63	21.7	**30.73**
CHOLAMAN DALAM	1	35.53	22.86	18.79	11.87	9.56	8.28	6.75	**17.82**
	2	19.71	14.2	11.4	27.14	22.87	8.79	9.58	**17.35**
HDFC-ERGO	1	46.24	31.79	21.97	16.19	13.29	11.89	11.01	**23.56**
	2	20.29	7.77	8.26	8.53	10.65	10.84	10.32	**11.06**

***Source**: Compiled from the Annual Reports of the Private Sector Insurance Companies*

 # Note: 1 - Ratio of Equities to Total Assets and **2** - Ratio of Real Estate + Unquoted Equities* + Debtors/ Total Assets

*Information on Unquoted Equities was not available due to the fact that companies were not listed up to the submission of the study; as a result, the term has been omitted in the calculation of the ratio.

1.9.1 RATIO OF EQUITIES TO TOTAL ASSETS:

It is observed from the above table that, Bajaj Allianz General Insurance Company is ranked first with the lowest mean ratio of 1.972 percent during the study period. HDFC ERGO is ranked eighth (last) with 23.56 percent with regard to the ratio of equities to total assets. Table 2.1 presents the summary of one way ANOVA with regard to the ratio of equities to total assets.

- **Ho: There is no significant difference between private sector general insurance companies with regard to the ratio of ratio of equities to total assets.**

Table 2.1 Ratio of Equities to Total Assets of Private Sector General Insurance Companies

SUMMARY OF ONE WAY ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2695.489	7	385.070	9.545	.000
Within Groups	1936.442	48	40.343		
Total	4631.931	55			

Source: SPSS

There is a statistically significant difference between the private sector general insurance companies with regard to the ratio of equities to total assets, as the F=9.545 is found to be significant at 5 percent level of significance and the sig (p=.000) is less than 0.05. Therefore, the null hypothesis is rejected.

1.9.2 RATIO OF REAL ESTATE + UNQUOTED EQUITIES* + DEBTORS/ TOTAL ASSETS:

The quality of assets is affected by the quality of the real estate investment and the credit administration program. The investments in real estate and housing sectors amount to 10 percent of the total investments. The asset quality indicates the present and future credit risk associated with the loan and investment portfolios, real estate assets and other assets as well as off-balance sheet transactions. The two ratios used to check the asset quality are the ratio of Equities to Total Assets and the ratio of Real Estate + Unquoted Equities*+ Debtors/ Total Assets. Table 2 depicts the asset quality of the private sector general insurance companies.

it is observed that Bajaj Allianz General Insurance Company are ranked first among the eight private general insurers during the study period and ICICI Lombard is ranked eighth (last) during the period in terms of the ratio of real estate+ unquoted equities+ debtors to total assets.

Unquoted equities could not be figured out due to non listing of companies during the study period. The ratio has increased gradually which reveals that there is a mandatory investment in the real estate by the private sector general insurance companies. The higher ratio is better for the companies. It is visible from the balance sheet of the companies that investments have grown many times when compared to the earlier years. Investments are subject to regulations as per guidelines of IRDAI i.e. in the central government securities (25%), state government (10%), loans to state government (35%), the investments may be termed as risk free and at the time of unexpected

claims occurrences, the companies may not face solvency problems. Table 2.2 presents the summary of one way ANOVA with reference to the ratio of real estate + unquoted equities + debtors to total assets.

· **Ho: There is no significant difference between private sector general insurance companies with regard to the ratio of Real Estate + Unquoted Equities* + Debtors/ Total Assets.**

Table 2.2 Ratio of Real Estate + Unquoted Equities + Debtors to Total Assets of Private Sector General Insurance Companies

SUMMARY OF ONE WAY ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2072.119	7	296.017	7.475	.000
Within Groups	1900.962	48	39.603		
Total	3973.081	55			

Source: SPSS

There is a statistically significant difference between the private sector general insurance companies with regard to the ratio of real estate + unquoted equities + debtors to total assets, as the F=7.475 is found to be significant at 5 percent level of significance and the sig (p=.000) is less than 0.05. Therefore, the null hypothesis is rejected.

1.10 FINDINGS:

1. There is a significant difference in the private sector general insurance companies with regard to the capital adequacy and asset quality ratios.
2. Royal Sundaram general insurance company is doing better in terms of the ratio of net premium to capital.
3. ICICI Lombard and Royal Sundaram are doing better in terms of ratio of capital to total assets.
4. Bajaj Allianz is relatively ranked first and is doing better in terms of ratio of equities to total assets.
5. In terms of the ratio of real estate + unquoted equities + debtors to total assets too Bajaj Allianz is ranked first and is doing better throughout the study period.
6. Private sector general insurance companies are able to bring in more capital from time to time making a strong capital base. Their net premiums are also on increasing trend year on year.
7. All the private sector companies performed well by increasing their capital base and as well as assets. The companies started depending less on equity as their assets base got strengthened over the years. They could comply with IRDAI regulations to invest in government and semi government sectors, which are helping them not to depend on equity.
8. Underwriting losses are offset by capital in the case of many private sector general insurance companies (under study) which is evident from fresh capital infusion from time to time. This is not a sustainable practice in the long run.
9. The competition to woo customers is driving the companies to reduce the premium rates of the products worsening the situation further. The underwriting losses are increasing due to premium deficiency.
10. IRDAI should relax ownership norms by enhancing more flow of FDI (now 49 %) in to the insurance sector from time to time to bring more and more capital and new technologies and methods.
11. Defining the IPO norms for insurance companies so that they get benefitted with the decision of the government to permit

insurance companies to enter capital markets.

1.11 CONCLUSION:

Private sector general insurance companies have entered the market very late when compared to public sector companies, still they are doing better in terms of capital adequacy and asset quality. All the companies under the study are found to be maintaining good investment policy and they are not investing more in low quality investments like real estate and unquoted equities as the investment policy of the general insurance companies is more regulated and individual decisions taken by the company is limited. As the private players infused more and more capital throughout the study period they are able to having good capital adequacy to meet the solvency position from time to time. Private insurance companies are capturing the market share of the insurance industry very quickly and are playing aggressively to attract more and more customers which is reflected in their premium collected.

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PERFORMANCE EVALUATION OF GIRIJAN CO-OPERATIVE CORPORATION LTD. IN TELANGANA STATE

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ABSTRACT

The Girijan Co-operative Corporation (GCC) is a public Sector undertaking of Govt. of Andhra Pradesh established in the year 1956 with a Single Mission which is the Socio-economic upliftment of Tribals in the State of Andhra Pradesh. GCC was instituted with the sole purpose to protect Tribals from exploitative middlemen, petty traders and establish a mutually beneficial relationship between them and rest of the world. After the bifurcation of united Andhra Pradesh State in 2014, the Corporation also divided and renamed as the Telangana Girijan Cooperative Corporation. The Girijan Cooperative Corporation is functioning with the 3 divisional offices in Bhadrachalam, Utnoor and Eturunagaram in Telangana state. Since establishment of the new state, the government of Telangana has been initiating the Trible development through 18 Girijan Primary Cooperative Marketing Societies in various agency areas of Telangana State. The present study is an evolutionary study which focuses on the functional activities and performance of the Girijan Co-operative Corporation after the establishment of the separate state.

Keywords: *Girijan Co-operative Corporation, functional activities, performance, Telangana State.*

INTRODUCTION

The Girijan Co-operative Corporation (GCC) is a public Sector undertaking of Govt. of Andhra Pradesh established in the year 1956 with a Single Mission which is the Socio-economic upliftment of Tribals in the State of Andhra Pradesh. GCC was instituted with the sole purpose to protect Tribals from exploitative middlemen, petty traders and establish a mutually beneficial relationship between them and rest of the world. After the bifurcation of united Andhra Pradesh State in 2014, the Corporation also divided and renamed as the Telangana Girijan Cooperative Corporation. The Girijan Cooperative Corporation is functioning with the 3 divisional offices in Bhadrachalam, Utnoor and Eturunagaram in Telangana state. Since establishment of the new state, the government of Telangana has been initiating the Trible development through 18 Girijan Primary Cooperative Marketing Societies in various agency areas of Telangana State.

Objectives of Girijan Cooperative Corporation

Through the bye-laws of the Girijan Corporation were pronounced as many as twelve objectives the following main objectives are which deliberately chosen for the explicit purpose of reveling the tribes from the unfair practices adopted by the traders from the plans and to improve their economic lot.

1. Procurement of Non-Timber Forest Produce (NTFP/MFP) collected by the tribals and Agricultural Produce (AP) grown by the tribal farmers duly paying them remunerative prices.
2. Supply of Essential Commodities under the Public Distribution System (PDS) and other Daily Requirements (DRs) at reasonable prices to the tribal consumers through a net work of Daily Requirement (DR) Sales Depots to ensure food security.

3. To provide short-term credit to the tribal farmers for their seasonal agricultural operation (SAO).

4. Supply of Rice, food provisions and cosmetics to TW Institution working under the jurisdiction of ITDA.

5. To undertake activities such as processing and grading for the benefit of the corporation and its affiliated societies and their members.

REVIEW OF THE LITERATURE

Dr.D.Satish Babu (2016): Found that there are wide fluctuations reported in the coverage and activities of the Girijan Cooperative Corporation, particularly in purchase & sales of MFP, loans disbursement and purchase and sales of DRs over the period. Besides this the beneficiaries, non-beneficiaries survey and institutional survey results are envisage that several problems and deficiencies exist in organsational functional activity marketing and infrastructural aspects of reorganization.

Ravi Prakash (2016): Stated that the tribals will get a true and fair price by eliminating the middlemen and petty traders. Introduction of Computerization will make the system transparent and corruption-free and he mention that the Girijan Co-operative Corporation Ltd. is shortly planning to make available their products like Honey, Nannari Sharabth, Triphala churnam, Jasmine Soaps etc., at shopping malls in main cities.

Manish Mishra and Mukta Shrivastava (2015): Concluded that the rates of minor forest produce are highly fluctuating and there were no regulating agency and hence, rate in these markets are govern by big traders. Traders are often accused of exploiting gathers some cooperative societies, including those of the forest department and tribal welfare department do sometimes assist the tribal folk in getting proper price for NTFPs but more organized effort is suggested. There is however, a need to recognize that traders carry out many useful marketing functions and that they are the ones who have to be a most of the risk of difficult markets and costly transport. In general terms these local haat bazaar or local markets are more profitable than markets of big cities particularly in case of chaar gthli, Amla, Mahua flowers Imli fruits etc.

Vikas Kumar (2015): Found that the non timber forest produce were found to be collected and utilized for various purposes such as food, medicines and raw materials for making implements and also a source of income, the alternate source of income to the villagers to improve their socio-economic conditions as well as increasing the income level and employment opportunities by effective collection and selling of Minor Forest Produce.

OBJECTIVES OF THE STUDY

1. To know the functional activities of the Girijan Co-operative Corporation Ltd. in Telangana State.

2. To Evaluate the Performance of the Girijan Co-operative Corporation in Telangana State.

SCOPE OF THE STUDY

The present study is restricted to identify the functional activities and the operational performance of the Girijan Co-operation of Telangana state.

RESEARCH METHODOLOGY

The present study is based on the secondary data and this data has been collected form Girijan Co-operation annual reports, tribal welfare sub-plan report of Telangana, the ministry of tribal affairs - India and tribal cooperative marketing development federation of India (TRIFED). The period of the study is during 2014-2016. The collected data is presented using simple statistical tool such as bar charts.

I. Functional Activities of the Girijan Cooperative Corporation

The Girijan Corporation has taken up several activities and they are classified into the following four broad-categories-buying, selling, agro-credit supply and establishment of forest and agro-based industries.

i) Buying: Perhaps, buying is the most important among the various functions of the corporation. The buying function springs out of the corporation's avowed objective to shield the tribals from the exploitation of local merchants in the purchase of forest and agricultural products. Augmenting tribals, income by supplying their domestic requirements at reasonable prices intern necessitates their acquisition in the whole sale markets. Accordingly, the buying function includes:

- Procurement of minor forest produces from the tribals;
- Procurement of agricultural produce from the tribals and
- Purchase of domestic requirements from the wholesale markets.

ii) Selling: The corporation's selling and buying functions are inter-dependent whatever is purchased by the corporation is intended to be resold either to the ultimate consumers or industrial users or middlemen or to the tribals themselves in case of domestic requirements. Sale of minor forest produce, sale of agricultural produce and distribution of domestic requirements to tribals or other consumers.

iii) Providing Agro-Credit: Tribals are found to be most vulnerable to be exploited by the money lenders. Having realized this, the Girijan Corporation has started extending both short and medium-term agricultural loans to the tribal members.

iv) Setting Up of Forest and Agro-Based Industries: Mere buying and selling of the forest and agricultural products in the form they are acquired may not bring in adequate returns to the corporation. Further, processing of such raw – produce or their conversion into manufactured goods is intended to enhance the corporation's returns. It also creates employment opportunities to the tribals. These considerations prompted the corporation to set up forest and agro – based industries.

II. Performance Evaluation of Girijan Co-operative Corporation

Table 1 shows the business turnover of the Girian Co-operative corporation turnover during 2013 to 2016. As per the results, it is identified that the total turnover is Rs. 11580 laks in 2013-14 and the same is decreased to Rs. 11122 laks during 2014-2015. It is also observed that the total turnover is increased to Rs. 12094 laks in 2015-16 financial year.

Table 1

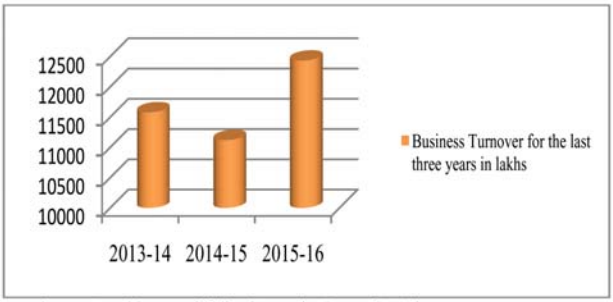
Business Turnover of Girijan Cooperative Corporation

S. No.	Year	Business Turnover (laks.)
1	2013-2014	11580
2	2014-2015	11122
3	2015-2016	12094

Source: Annual Reports of Girijan Cooperative Corporation Ltd

Chart 1 presents the business turnover of the Girihan Co-operative Corporation during 2014-2016. It is observed that the turnover is decreased in 2014-15 where as it is increased in 2015-16. It is concluded that during the two years, the corporation performance is satisfactory due to sufficient rainfall and proper strategy of GCC in Telangana State.

Chart 1



Source: Annual Reports of Girijan Cooperative Corporation Ltd

Table 2 shows the business turnover of the Girian Co-operation turnover during 2014 to 2016. As per the results, it is identified that the corporation has been focusing on Sale of EC & other domestic requirements. It is observed that Rs. 8600.56 laks earned by the corporation during 2014-15 whereas the same is increased to Rs. 9022.56 laks in 2016. It is also observed that the credit recovery is very low because of no credit disbursement during the

period. It is found that the RMD sale is decreased due to existing of processing units in Andhra Pradesh state instated of Telangana state. Regarding to MFP, registered 50% decrease in 2015-2016 due to directly selling of MFP to private traders by the tribals. It is also identified that AP is increased to Rs. 3046.71 over 1337.65 in 2014-15 because additional stalls provided by GCC in agency areas.

Table 2

Performance of Girijan Co-operative Corporation for the last 3 years

Activities	2014-15	2015-16
MFP	696.97	350.53
AP	1337.65	3046.71
Sale of ECs & other DRs	8600.56	9022.56
Credit Disbursement	0	0
Credit Recovery	8	2.69
RMD Sales	478.84	13.18
Grand total	11122	12435.67

Source: Annual Reports of Girijan Cooperative Corporation Ltd

Table 3 shows the quantity and the value of the minor project produces, agriculture produce and medicinal herbs collected from the tribals in various agency areas in Telangana State during 2014-2016. As per the table, it is observed that GCC has been collecting Mohwa flower and seed quantity is higher than other products in Telangana. It is also observed that the GCC is not collected the Medicinal Herbs related products for the last two years.

Table 3

Procurement of Minor forest produce and Agricultural produce for the last 3 years

Rupees in Lakhs

Name of the Commodity	2014-15		2015-16	
	Qty	Value	Qty	Value
Minor Forest Produce				
Gum Karaya	1721.2	308.39	813	111.86
Myrobalans	24.53	0.14	36	0.2
Nuxvomica	2877	67.94	1558	49.98
Tamarind seeded	1528.5	26.64	107	2.85
Tamarind deseeded	574.63	19.95	849	30.87
Tamarind seed	18.98	0.45	0	0
Pungam seed	274.25	2.37	100	1.01
Cleaningnuts	248.76	4.49	25	0.46
Markingnuts	4.11	0.05	13	0.15
Mohwa seed	2795.5	45.06	1819	28.03
Mohwa flower	4230.8	42.3	1647	17.27
Honey	1105	145.73	646	90.42
Sheekakai	0	0	0	0
Soapnuts	193.67	2.08	441	4.88
Hill Brooms (Nos)	37030	17.67	14	0.66

Naramamidi Bark	147.48	5.46	155	5.24
Wax	7	0.79	4	0.45
Maredugeddalu	46.1	4.81	40	5.21
Others		3.44		0.99
Total of MFP	***52827.51***	***697.76***	***8267***	***350.53***
Agricultural produce				
Agricultural produce		1337.65		3046.71
Medicinal Herbs		0		0
Total of AP and MH		1337.65		3046.71
Grand Total	***98929.16***	***2035.41***	***13171***	***3397.24***

Source: Girijan Cooperative Corporation Ltd-annual report

SUMMARY OF THE STUDY

- The Girijan Corporation has taken up several activities and they are classified into four broad-categories-buying, selling, agro-credit supply and establishment of forest and agro-based industries.
- The total turnover is Rs. 11580 laks in 2013-14 and the same is decreased to Rs. 11122 laks during 2014-2015. It is also observed that the total turnover is increased to Rs. 12094 laks in 2015-16 financial year.
- The corporation has been focusing on Sale of EC & other domestic requirements. It is observed that Rs. 8600.56 laks earned by the corporation during 2014-15 whereas the same is increased to Rs. 9022.56 laks in 2016.
- It is identified that AP is increased to Rs. 3046.71 over 1337.65 in 2014-15 because additional stalls provided by GCC in agency areas.
- The GCC has been collecting Mohwa flower and seed quantity is higher than other products in Telangana. It is also observed that the GCC is not collected the Medicinal Herbs related products for the last two years.

SUGGESTIONS AND CONCLUSION

After the above deep discussion, it is concluded that the GCC has been focusing to develop the tribals by providing various marketing opportunities. It is noticed that after the bifurcation of the state, majority of the processing units were gone to Andhra Pradesh state hence, there is a high need to establish more processing units in Telangana state to attempt the objectives of the corporation. It is also suggest that the state government has to provide enough funds to the GCC for the establishment of processing units and to extend the services among the remote areas.

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A STUDY ON THE GROWTH OF INDIAN INSURANCE INDUSTRY

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ABSTRACT

With the insurance sector in full clatter today, it would not be wrong to say that in the present market scenario, there is an insurance available for just about anything and everything. Insurance is no doubt an area of immense importance with regard to the financial and monetary sectors of every individual. The whole idea behind insurance is, it is a security tool which is designed to secure the financial status of an individual and also of his/her dependents, in case he/she undergoes an unforeseen loss related to health, property or liability. Insurance sector in India has been growing continuously after its opening up for private players in 1999

Post liberalization, the insurance industry in India has recorded significant growth. The Indian insurance industry is expected to grow to US$ 280 billion by FY2020, owing to the solid economic growth and higher personal disposable incomes in the country.

There are 24 life insurance and 28 non-life insurance companies in the Indian market who compete on price and services to attract customers. The industry has been spurred by product innovation, vibrant distribution channels, coupled with targeted publicity and promotional campaigns by the insurers.

Government has approved the ordinance to increase Foreign Direct Investment (FDI) limit in Insurance sector from 26 per cent to 49 per cent which would further help attract investments in the sector.

Keywords: *IRDA , FDI ,Insurance Sector , Investments, Risk*

Introduction

The IRDA opened up the Indian insurance market in August 2000 by inviting application for registration proposals. Foreign companies were allowed entry into Indian insurance sector with an upper ceiling on ownership of up to 26% participation. The IRDA has been granted the powers to frame regulations under Section 114A of the Insurance Act, 1938. From 2000 onwards, IRDA has framed various regulations for carrying on insurance business to protection of Indian policyholders' interests including the registration of Life & Non-Life (General) Insurance companies. Just recently, the FDI (Foreign Direct Investment) in Indian Insurance Companies has been increased up to 50%.

The subsidiaries of the General Insurance Corporation (GIC) of India were re-structured as independent companies and simultaneously GIC was converted into a national re-insurer with effect from December, 2000. The Indian Parliament passed a bill de-linking the four subsidiaries from GICin2002.

The insurance sector is a colossal industry and is in an expansion mode growing at an astounding rate of 15-20%. Along with banking services, insurance services constitute 7% to the country's GDP (Gross Domestic Product). A well-developed and constant evolution of insurance sector is a boon for economic development of a nation since it provides long- term funds for infrastructure development of that particular nation and at the

same time strengthens the risk-taking ability by the citizens of the country.

The insurance industry of India consists of 53 insurance companies of which 24 are in life insurance business and 29 are non-life insurers. Among the life insurers, Life Insurance Corporation (LIC) is the sole public sector company. Apart from that, among the non-life insurers there are six public sector insurers. In addition to these, there is sole national re-insurer, namely, General Insurance Corporation of India (GIC Re). Other stakeholders in Indian Insurance market include agents (individual and corporate), brokers, surveyors and third party administrators servicing health insurance claims.

Out of 29 non-life insurance companies, five private sector insurers are registered to underwrite policies exclusively in health, personal accident and travel insurance segments. They are Star Health and Allied Insurance Company Ltd, Apollo Munich Health Insurance Company Ltd, Max Bupa Health Insurance Company Ltd, Religare Health Insurance Company Ltd and Cigna TTK Health Insurance Company Ltd. There are two more specialised insurers belonging to public sector, namely, Export Credit Guarantee Corporation of India for Credit Insurance and Agriculture Insurance Company Ltd for crop insurance.

The Insurance Regulatory and Development Authority (IRDA) recently allowed life insurance companies that have completed 10 years of operations to raise capital through Initial Public Offerings (IPOs). Insurance products are also covered under the Exempt Exempt Exempt (EEE) method of taxation, which translates to an effective tax benefit of approximately 30 per cent on select investments. In 2015, Government introduced Pradhan Mantri Suraksha Bima Yojna (PMSBY) and Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJBY) to bring more people under the insurance cover.

Going forward, increasing life expectancy, favourable savings and greater employment in the private sector is expected to fuel demand for pension plans. Likewise, strong growth in the automotive industry over the next decade would be a key driver for the motor insurance market.

During the first half of FY 2016-17 the Life Insurance industry reported a 20 per cent growth in overall annualised premium equivalent with the help of both private players and Life Insurance Corporation.

OBJECTIVES OF THE STUDY

- To understand the insurance density, and relate it with India density.
- The study of premium analysis for understanding improvement of insurance in India.

Market Size

Government's policy of insuring the uninsured has gradually pushed insurance penetration in the country and proliferation of insurance schemes are expected to catapult this key ratio beyond 4 per cent mark by the end of this year, reveals the ASSOCHAM latest paper.

The number of lives covered under Health Insurance policies during 2015-16 was 36 crore which is approximately 30 per cent of India's total population. The number has seen an increase every subsequent year as 28.80 crore people had the policy in the previous fiscal.

During April 2015 to March 2016 period, the life insurance industry recorded a new premium income of Rs 1.38 trillion (US$ 20.54 billion), indicating a growth rate of 22.5 per cent. The general insurance industry recorded a 12 per cent growth in Gross Direct Premium underwritten in April 2016 at Rs 105.25 billion (US$ 1.55 billion). The life insurance industry reported 9 per cent increase in overall annual premium equivalent in April-November 2016. In the period, overall annual premium equivalent (APE)- a measure to normalize policy premium into the equivalent of regular annual premium- including individual and group business for private players was up 16 per cent to Rs 1,25,563 crore (US$ 18.76 billion) and Life Insurance Corporation up 4 per cent to Rs 1,50,456 crore (US$ 22.48).

India's life insurance sector is the biggest in the world with about 360 million policies which are expected to increase at a Compound Annual Growth Rate (CAGR) of 12-15 per cent over the next five years. The insurance industry plans to hike penetration levels to five per cent by 2020.

The country's insurance market is expected to quadruple in size over the next 10 years from its current size of US$ 60 billion. During this period, the life insurance market is slated to cross US$ 160 billion.

The general insurance business in India is currently at Rs 78,000 crore (US$ 11.44 billion) premium per annum industry and is growing at a healthy rate of 17 per cent.

The Indian insurance market is a huge business opportunity waiting to be harnessed. India currently accounts for less than 1.5 per cent of the world's total insurance premiums and about 2 per cent of the world's life insurance premiums despite being the second most populous nation. The country is the fifteenth largest insurance market in the world in terms of premium volume, and has the potential to grow exponentially in the coming years.

Investments

The following are some of the major investments and developments in the Indian insurance sector.

- New York Life Insurance Company, the largest life insurance company in the US, has invested INR 121 crore (US$ 18.15 million) in Max Ventures and Industries Ltd for a 22.52 per cent stake, which will be used by Max for investing in new focus areas of education and real estate.
- New York Life Investments, the global asset management division of New York Life, along with other investors like Jacob Ballas, will own a significant minority ownership in Centrum Capital by being one of the leading global investors in buying the available 30 per cent stake worth US$ 50 million of Centrum Capital.
- Max Life Insurance Co Ltd and HDFC Life Insurance Co Ltd have signed a merger agreement, which is expected to create India's largest private sector life insurance company once the transaction is completed.
- Aviva Plc, the UK-based Insurance company, has acquired an additional 23 per cent stake in Aviva Life Insurance Company India from the joint venture (JV) partner Dabur Invest Corporation for Rs 940 crore (US$ 141.3 million), thereby increasing their stake to 49 per cent in the company.
- Insurance firm AIA Group Ltd has decided to increase its stake in Tata AIA Life Insurance Co Ltd, a joint venture owned by Tata Sons Ltd and AIA Group from 26 per cent to 49 per cent.
- Canada-based Sun Life Financial Inc plans to increase its stake from 26 per cent to 49 per cent in Birla Sun Life Insurance Co Ltd, a joint venture with Aditya Birla Nuvo Ltd, through buying of shares worth Rs 1,664 crore (US$ 244.14 million).
- Nippon Life Insurance, Japan's second largest life insurance company, has signed definitive agreements to invest Rs 2,265 crore (US$ 332.32 million) in order to increase its stake in Reliance Life Insurance from 26 per cent to 49 per cent.
- Bennett Coleman and Co. Ltd (BCCL), the media conglomerate with multiple publications in several languages across India, is set to buy Religare Enterprises Ltd's entire 44 per cent stake in life insurance joint venture Aegon Religare Life Insurance Co. Ltd. The foreign partner Aegon is set to increase its stake in the joint venture from 26 per cent to 49 per cent, following government's reform measure allowing the increase in stake holding by foreign companies in the insurance sector.

- GIC Re and 11 other non-life insurers have jointly formed the India Nuclear Insurance Pool with a capacity of Rs 1,500 crore (US$ 220.08 million) and will provide the risk transfer mechanism to the operators and suppliers under the CLND Act.
- State Bank of India has announced that BNP Paribas Cardiff is keen to increase its stake in SBI Life Insurance from 26 per cent to 36 per cent. Once the foreign joint venture partner increases its stake to 36 per cent, SBI's stake in SBI Life will get diluted to 64 per cent.

Government Initiatives

The Union Budget of Current Year 2017-2018 has made the following provisions for the Insurance Sector:

- The Budget has made provisions for paying huge subsidies in the premiums of Pradhan Mantri Fasal Bima Yojana (PMFBY) and the number of beneficiaries will increase to 50 per cent in the next two years from the present level of 20 per cent. As part of PMFBY, Rs 9,000 crore (US$ 1.35 billion) has been allocated for crop insurance in 2017-18.
- By providing tax relief to citizens earning up to Rs 5 lakh (US$ 7500), the government will be able to increase the number of taxpayers. Life insurers will be able to sell them insurance products, to further reduce their tax burden in future. As many of these people were understating their incomes, they were not able to get adequate insurance cover.
- Demand for insurance products may rise as people's preference shifts from formal investment products post demonetisation.
- The Budget has attempted to hasten the implementation of the Digital India initiative. As people in rural areas become more tech savvy, they will use digital channels of insurers to buy policies.

The Government of India has taken a number of initiatives to boost the insurance industry. Some of them are as follows:

- The Union Cabinet has approved the public listing of five Government-owned general insurance companies and reducing the Government's stake to 75 per cent from 100 per cent, which is expected to bring higher levels of transparency and accountability, and enable the companies to raise resources from the capital market to meet their fund requirements.
- The Insurance Regulatory and Development Authority of India (IRDAI) plans to issue redesigned initial public offering (IPO) guidelines for insurance companies in India, which are to looking to divest equity through the IPO route.
- IRDAI has allowed insurers to invest up to 10 per cent in additional tier 1 (AT1) bonds, that are issued by banks to augment their tier 1 capital, in order to expand the pool of eligible investors for the banks.
- IRDAI has formed two committees to explore and suggest ways to promote e-commerce in the sector in order to increase insurance penetration and bring financial inclusion.
- IRDAI has formulated a draft regulation, IRDAI (Obligations of Insures to Rural and Social Sectors) Regulations, 2015, in pursuance of the amendments brought about under section 32 B of the Insurance Laws (Amendment) Act, 2015. These regulations impose obligations on insurers towards providing insurance cover to the rural and economically weaker sections of the population.
- The Government of Assam has launched the Atal-Amrit Abhiyan health insurance scheme, which would offer comprehensive coverage for six disease groups to below-poverty line (BPL) and above-poverty line (APL) families, with annual income below Rs 500,000 (US$ 7,500).

- The Uttar Pradesh government has launched a first of its kind banking and insurance services helpline for farmers where individuals can lodge their complaints on a toll free number.
- The select committee of the Rajya Sabha gave its approval to increase stake of foreign investors to 49 per cent equity investment in insurance companies.
- Government of India has launched an insurance pool to the tune of Rs 1,500 crore (US$ 220.08 million) which is mandatory under the Civil Liability for Nuclear Damage Act (CLND) in a bid to offset financial burden of foreign nuclear suppliers.
- Foreign Investment Promotion Board (FIPB) has cleared 15 Foreign Direct Investment (FDI) proposals including large investments in the insurance sector by Nippon Life Insurance, AIA International, Sun Life and Aviva Life leading to a cumulative investment of Rs 7,262 crore (US$ 1.09 billion).
- IRDAI has given initial approval to open branches in India to Switzerland-based Swiss Re, French-based Scor SE, and two Germany-based reinsurers namely, Hannover Re and Munich Re.

ROLE OF INSURANCE IN INDIA'S FUTURE:

- Insurance would assist business to operate with less volatility and risk of failure and provide for greater financial and societal stability from the growth pangs of an estimated growth rate over 8% in GDP.
- Government has arranged for disaster management and for funds. NGO's and public institution assists with fund raising and relief assistance. Beside government provides for social security programs. There is considerable impact upon government in these respects. Insurance substantially steps in to provide these services. The effect would be to reduce the strain on the tax payers and assist in efficient allocation of societal resources.
- Facilitates track, business and commerce by flexible adaptation to changing risk needs particularly of the burgeoning services sector.
- Like any other financial institution insurance companies generate saving from the insurance sector. Within the economy and make available the same in well directed areas of the economy deserving investment, a sector with potential for business as is the case with Indian insurance provides incentive to develop it all the more faster.
- It enable risk to be managed more efficiently through risk pricing and risk transfer and this is an area which provides unlimited opportunities in the Indian context for consulting, broking and education in the post privatization phase with newer employment opportunities.
- The insurance sector on its own accord is interested in loss of minimization. It's expertise in understanding losses assists it to share the experience across the economy thus enabling better loss control and preservation of national assets

CONCLUSION

India's insurable population is anticipated to touch 750 million in 2020, with life expectancy reaching 74 years. Furthermore, life insurance is projected to comprise 35 per cent of total savings by the end of this decade, as against 26 per cent in 2009-10.

The future looks promising for the life insurance industry with several changes in regulatory framework which will lead to further change in the way the industry conducts its business and engages with its customers.

Demographic factors such as increasing middle class and young insurable population and growing

awareness of the need for protection and retirement planning will support the growth of Indian insurance sector.

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AN OPPORTUNITY TO EXPAND ACCESS: EVOLUTION OF HEALTH INSURANCE IN INDIA

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ABSTRACT:

Private health insurance companies in India must embrace evolving technology and create an integrated ecosystem to expand access to healthcare. For the last century, healthcare delivery and financing in India has been shrouded by life insurance challenges and importantly, shares key landmarks with general insurance.

Keywords: *Insurance, Private Health insurance, Pre Independent*

INTRODUCTION

Since India's independence in 1947, the governmentsector has been the backbone of the health care ecosystem, including healthcare delivery and insurance. The term "insurance" is primarily associated with life insurance – the most popular form of insurance in India (around 570 million insurable lives in 2011) There are two reasons for this- first, with low life expectancy (37 yearsin 1951) and a tight-knit family structure, people primarily sought financial security. Second, life insurance has been traditionally positioned as atax-planning tool.

Despite some progress, the current state of India's healthcare outcome leaves much to be desired. It has glaring challenges around high out-of-pocket spending, inequality of services, and fragmented social and regulatory standards. Since 2001, medical insurance has gained ground amid the proliferation of private health insurance (PHI) entities. However, it still remains a minor contributor in the current healthcare ecosystem.

Amid its ongoing transformation, a government-driven universal healthcare delivery andfinancing model is likely. However, PHIs still havea key role to play in shaping goals of access, costand quality. With healthcare financing opening toprivate players, current challenges offer opportunities.A strong synergy between private andpublic players, complementing each other is amajor objective. A focused approach encompassingpublic and private sectors and leveragingemerging technology will play a disruptive role in the healthcare transformation ahead.

Health insurance evolved slowly in tandem with general insurancewith both sharing key landmarks. The growth of healthcare delivery too was limited in the pre-liberalization (pre-1991) era. However, after economic liberalization in 1991, care delivery equipment, methodology, and process sharing from developed nations became main stream. With the improvement in healthcare delivery and increase in disposable income, life expectancy had increased to 65 years by 2011. The Insurance Regulatory and Development Authority (IRDA) legislation in 2000 served as a key milestone in healthcare insurance. It opened up the health insurance industry to private players. Health insurance membership quadru-pled between 2007 and 2011 (300 million in 2011) and is expected to be 700 million by 2018.

IMPORTANT ACTS AND AMENDMENTS GENERAL INSURANCE AND LIFE INSURANCE

	Life Insurance	General Insurance
Pre-Independence	1818: Life Insurance in its current form was introduced in 1818 when Oriental Life Insurance Company began its operations in India. 1850: General Insurance was however a comparatively late entrat in 1850 when Triton Insurance company set up its base in Kolkata.	1912: Health insurance introduced when the first insurance act was passed. 1947: In 1947, the "Bhore Committee Report" – make recommendations for the improvement of health care services in India. 1948: The central government introduced the employees' State Insurance Scheme (ESIS) for blue-collar workers employed in the private sector.
Nationalization	1956: Life Insurance was the first to be nationalized in 1956. Life Insurance Corporation of India was formed by consolidating the operations of various insurance companies. 1973: General Insurance followed suit and was nation-alized in 1973. General Insurance Corporation of India was set up as the controlling body with New India, United India, National and Oriental as its subsidiaries.	1954: The Central Government Health Scheme (CGHS) for central government employees and for their families. 1986: Mediclaim was introduced. Started by government insurance companies in 1986.
Liberalization	1991: The process of opening up the insurance sector was initiated against the background of Economic Reform process. Malhotra Committee was formed during this year who submitted their report in 1994. 1999: Insurance Regulatory Development Act (IRDA) was passed. 2001: Indian Insurance was opened for private companies and Private Insurance Company effectively started operations.	1999: Marked the beginning of a new era for health insurance in the Indian context. With IRDA, the insurance sector was opened to private and foreign participation. 2003: Introduction of UHIS – early attempts by government to introduce health insurance for informal sector. UHIS was a hospitalization indemnity product voluntarily purchased from any state-owned insurer at a heavily subsidized price (e.g., Rs. 165, less than US$4 a year).

CURRENT STATUS OF HEALTH INSURANCE

Currently, healthcare delivery and financing is marked by around 72% out-of-pocket spending. India's per capita spending on healthcare of $109 is much lower than the global average of $863 India trails in health outcomes behind its South Asian neighbors like Sri Lanka and Bangladesh, which have compa-rable per capita income. There is a wide gap in healthcare delivery for the insured and for the total population.

Health insurance is dominated by government schemes. The major public health insurer in India is the government-owned General Insurance

Corporation (GIC) and its four subsidiaries with about 60% market share. However, Private Health Insurers (PHIs) expanded rapidly in tier-1 and tier-2 cities post 2005 with products cen-tered on 'in-patient reimbursements' and 'cash-less payments'.

Health insurance in India, which covered around 11% of the population by August 2005, is provided through voluntary (2%) and mandatory (9%) health insurance schemes. The market share of PSU insurers in health insurance decreased from 64% in 2006-07 to 57% in 2008-09. The average annual premium growth in private sector was 47% compared with the PSU insurers'growth rate of 27% for the period 2006-07 to 2008-09 which indicates growing presence of pri-vate insurance in India.

Most health insurance products offered by private entities are similar to the government-defined product, med claim, and are indemnity-based. Given its high premiums, most med claim and similar policy holders belong to the middle and upper class.

While the urban population has witnessed a proliferation in the means of healthcare financ-ing and delivery over the past two decades, the rural population lacks basic healthcare delivery and financing. Community health insur-ance schemes sponsored by the government and non-governmental organizations (NGOs) are evolving to cater to the needs of the rural population. However, healthcare delivery and finance still leave much to be desired.

KEY CHALLENGES IN THE HEALTHCARE ECOSYSTEM

- **Affordability and accessibility :** There is a large gap between healthcare delivery and financing in urban areas and rural areas. While a majority of the population resides in rural India (68.4 %), only 2% of qualified doctors are available to them. The rural population relies heavily on government-funded medical facilities. This gap is exacerbated because the private and public systems do not complement each other. Affordable care (government hospitals or community-based care) suffers from quality issues and is unable to cater to the basic healthcare needs of the population. While some private care delivery centers and professionals are accessible to the needy, they are not affordable for a majority of the population.
- **High variation in quality of services:** Often an individual has to reach out to multiple lev-els of care delivery providers (professionals, physicians, government hospitals, and private providers) to seek care for the same episode. This leads to compartmentalized care with cost and quality concerns. Moreover, issues with medical procedures account for a large share of adverse drug events (around 19.1 % in New Delhi, according to a recent study). Over-all deaths in India due to adverse drug reac-tions are estimated to be 400,000 annually.
- **Medical health insurance penetration:** Health insurance is a minor contributor in the health-care ecosystem. Insurance payment struc-tures are based on an almost retrospective arrangement of indemnity-based payments. Indian insurance has been limited to critical illness coverage for inpatient surgical proce-dures and often one-time lump-sum payouts.
- **Associated social facilities:** Inadequate social determinants of health such as nutri-tion, food security, water and sanitation is a major hindrance in the success of healthcare delivery and financing.
- **Absence of regulatory and standardized operating procedures:** There is a need for a strong regulatory framework to organize and standardize healthcare delivery and financ-ing. The dominant reimbursement method is fee for service (FFS) which differs from pro-vider to provider. Providers are the dominant entities and influence the pricing and contract arrangement.
- **Lifestyle changes:** There have been disrup-tive lifestyle changes in the country over the past

two decades mainly due to the rapidly evolving urban economy and the Indian middle class. It is estimated that around 130 million people may suffer from lifestyle diseases such as diabetes and obesity in the next few years, leaving a $160 billion hole in the national econ-omy between 2010 and 2016

EVOLVING FUTURE MODEL

A recent study by a High Level Expert Group (HLEG) commissioned by the government evaluated Indian healthcare and proposed a government-driven framework for a Universal Healthcare (UHC) system. The goal of the UHC system is to ensure equitable access for all Indian citizens to affordable, accountable, appropriate health services of assured quality and redefine public health services addressing the wider deter-minants of health. The government will be the pri-mary guarantor and enabler. Healthcare services to all citizens covered under UHC are proposed to be made available through the public sector and contracted-based private facilities (including NGOs and nonprofits).We envisage the following two scenarioswhich differ primarily in terms of participation of private entities.

- **Scenario 1:** Entities in the UHC system must ensure that at least 75% out-patient services and 50% in-patient services are offered to citizens under the National Health Package (NHP). For these services, they should be reimbursed at standard rates as per levels of services offered, and their activities should be appropriately regulated and monitored to ensure that services guaranteed under the NHP are delivered cashless with equity and quality. For the remainder of out-patient (up to 25%) and in-patient (up to 50%) coverage, service providers can offer additional non-NHP services beyond the NHP package.

- **Scenario 2:** Entities participating in UHC shall provide only the cashless services related to the NHP and no other services that would require private insurance coverage or out-of-pocket payment.

While scenario 1 makes it easier for the govern-ment to contract 'in- private' service providers, it may compromise quality of care. The second option may not be desirable to private entities. However, in both scenarios, citizens are free to supplement NHP services with paid voluntary medical insurance from insurance entities.

While the HLEG proposed a government-driven healthcare transformation, there are numer-ous challenges. The enormous requirements of financing, infrastructure, design, process definition, quality, staffing, and implementation can inhibit implementation in both scenarios. In such an event, a third scenario will evolve. In scenario 3, PHIs are likely toproliferate and cater to the needs of the popu-lation. A relatively smaller (15-20%) uninsured population will still exist.

Regardless of which model eventually evolves private entities both in delivery and financing have an opportunity to execute government con-tracts covering NHP and beyond. The guaranteed payment assurance through NHP will be the key value proposition on which new insurance models and care delivery will thrive. Cost standardization across services will result in a level playing field for PHIs.

In the future models, the role of healthcare enti-ties will undergo several changes. Increasing dis-posable income, a desire for better quality health services and increase in life expectancy will dras-tically increase the demand for health insurance. In addition, transformative market forces are re-shaping the future of healthcare and these transformative forces can be leveraged to respond to and exploit market opportunities.

- **New virtualized ways of working:** New busi-ness models of delivering care are evolving via the virtualization of processes (the "any-where, anytime worker") and business models (Anything as a Service – AaaS) with consumer-centric mobility paradigms are gaining ground.

- **Increasing globalization:** It is no longer a tac-tic but is core to business success. Perform-ing end-to-end business processes as if they were done in one location, labor arbitrage and global network-operating systems are help-ing organizations control cost and improve competencies.
- **Disruptive innovation:** Medical diagnostics, artificial intelligence and big data are sparking disruptive innovations that are redefining care paradigms.
- **Demographic shifts:** Millennia's grew up with the internet and have increased expectations; technology adoption rates are increasing exponentially for all age groups

Technology will be a key enabler in this trans-formation and will serve support differentiation among various players. Disruptive emerging technologies such as cloud computing, mobility solutions, telemedicine, and social computing are poised to enter mainstream operations.

Healthcare delivery and financing is at an inflec-tion point with an expected CAGR of around 23%. Private healthcare entities will play a key role in providing comprehensive coverage. We see five key characteristics of the Indian healthcare delivery and financing that impact PHIs.

- **Participation of private players:** Currently, PHIs accounts for about 5% of the covered population; this can increase to around 30% by 2020. The key is to devise products and services to cover out-of-pocket expenses, primarily due to outpatient services and inad-equate coverage.

The recent changes in FDI (2012) norms open up the health insurance market to global play-ers. The health insurance market in most developed countries is on the verge of satura-tion. However, the health insurance sector in India has plenty of potential. It is very likely that there will be a proliferation of cashless and outpatient-based plans followed by other innovations in areas such as health and well-ness. An example would be standardizing claims reimbursements for major illnesses, grouped based on the type of the disease. PHIs can leverage best practices from othermarkets including process and technology to get a jumpstart in a 1.3 billion market.

Integration of players and standardization of care delivery: The emerging healthcare models will see closer integration of players to penetrate the semi-urban and rural sec-tors. Health insurance and pharma players are likely to drive the evolution of an integrated healthcare model with increased transparency and accountability. Professional drug delivery mechanisms will emerge with a consequent decline in buying drugs over the counter.

Ø **Standardization and role of hospitals/ care providers:** Coordinated and regulated models will evolve with a focus on stan-dardizing care delivery platforms and the reimbursement rates. We are likely to see an emergence of standard reimbursement rates in the industry. It is highly likely that remote health diagnosis and monitoring will become mainstream, with private hos-pitals already betting on it.

Ø Role of third-party administrators (TPAs): Recent IRDA draft regulations such as stip-ulations around check issuance effectively marginalize the role of TPA. Private insurers are likely to shift their administrative controls inhouse and focus on consumer centric operations.

Increasing use of technology in care delivery: Healthcare Information Technology spending is expected to be around $609.5 million in 201313 and touch ~$1.8 billion by 2020. Health-care delivery and remote healthcare paradigms are set for major technology transformation. Technology will find new avenues in broker channels, wellness, and self-health manage-ment. Healthcare entities will deal with lifestyle diseases through a consumer-centric care management approach. Healthcare transfor-mation is likely to parallel the mobile penetra-tion in India (2000–2010), leapfrogging multiple technology evolution cycles

with proliferation in the first round followed by consolidation in the second.

Create awareness and differentiation: In a survey conducted by NCAER for IRDA in 2012, most people link insurance with death. Of those surveyed, only 54% were aware of health insur-ance which implies that the difference between health and financial security is not well under-stood. Effective campaigns highlighting the dif-ferences between health and financial security are necessary to highlight the need for health insurance among the population.

Private insurance players will redefine their core competencies with consumer-centric themes. To cater to a diverse population, healthcare entities need to estimate risk and subsequently position products through an effective under-writing process to the exact needs of the population segments - urban rich, urban middle class, urban poor, rural rich, rural middle class and rural poor. Against a fast-changing business landscape, players need to continually evaluate and redefine competen-cies. Distinguishing core and non-core compe-tencies will aid in appropriate partnership with other entities and form the basis of differen-tiation. The success stories will have targeted products with a standalone health insurance business or a separate line of business for health insurance.

GEARING UP FOR A MAJOR CHANGE

The Indian healthcare Industry is estimated to grow to ~ $280 billion by 2020, up from $79 billion in 2012. With over 70% 'out-of-pocket' expense burden on the consumers, the market is ripe for health insurance entities including global players. The industry is likely to undergo major reforms. Whichever model evolves, it is clear that the entire healthcare financing and delivery system is poised for a major change.

Healthcare transformation must focus on the three key goals of access, cost, and quality. Entities will encounter multiple challenges in catering to the needs of the 1.3 billion populations, stratified on culture, economy, and means. Private entities need to complement public initiatives to develop a comprehensive healthcare delivery and financing system. Targeted product develop-ment, proximity to the consumer, and champion-ing efficiency will be the critical success factors. A focused approach encompassing public and private sectors, and leveraging emerging technol-ogy will play a disruptive role in the healthcare transformation ahead.

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PRADHAN MANTRI FASAL BIMA YOJANA - A STEP TOWARDS ERADICATION OF CROP INSURANCE PROBLEMS IN INDIA

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ABSTRACT

Agriculture in India is highly susceptible to risks like droughts and floods. It is necessary to protect the farmers from natural calamities and ensure their credit eligibility for the next season. For this purpose, the Government of India introduced many agricultural schemes throughout the country.Agriculture in India is varied, diversified and prone to a variety of risks. Most farmers are small and marginal ones. In most areas, agriculture is rain fed, leading to a great degree of yield variability and risk. Crop insurance, aims at addressing yield risk, though necessary for a vast majority of farmers is subject to structural, design and financial problems. Consequently crop insurance schemes are facing many problems. In response to such problems, schemes based on the area were introduced in the 1980. Large number of small and marginal farmers and adaption of area based approach crop insurance schemes. However issues of governance and inter-agency coordination have posed many challenges. This scheme is dedicated to bring in more than 50 per. Cent of the farmers under its wing. Around 25 per. Cent of the claims will be sent to the farmer's direct account. Also, the scheme will remain as it is. This means that there will be no cap on coverage. Also there won't be any cap on the reduction in the insured sum. This paper attempts to identify the reasons behind the failure of previous crop insurance schemes and to identify the importance of this scheme.

Keywords: *Crop insurance, susceptible, Eradication and natural calamities*

INTRODUCTION

Agriculture is the back bone of the Indian economy approximately 60%, of the population in India is depends upon the agriculture and agriculture allied industries. Agriculture in India is varied, diversified and prone to a variety of risks. In this sector most formers are small and marginal ones. It leads to greater degree of yield variability and risk. Crop Insurance aims to yield risk through necessary for a vast majority of farmers in India. Presently farmers paying 15% premium under the existing national agriculture crop insurance schemes.

Presently Union government of India launched a new scheme called Pradhan Mantri Fasal Bima Yojana for the agriculture insurance. Pradhan Mantri Fasal Bima Yojana scheme offers 5 per. cent and 2 per. cent Premium only.

This schemeis targeted to cover minimum 50% of the crop area in India. Earlier schemes cover 23per. Cent only.Apart from lowering premiums, there will be no crops on the sum insured by the farmers. This scheme promises to provide prompt and easy settlement of claims through the use of technology like GPS, Smart phones, remote sensing and drones to access actual crop damage. The claim amount will be directly transferred to the bank account of the farmers.

As per the national crime research bureau of India (NCRB), 5642 formers commit suicide in 2014 across the India. in that Maharashtra were paced

first with the number 2568, then Telangana occupied second place with the number 898 followed by Madhya Pradesh with 826 number. In the main cause these suicides is indebtness of the formers, and natural calamities.

Based on these reasons Indian formers need help from the Governments to secure theirlivesand to strengthen the formers credit facilities. Providing bank loans and making new insurance schemes in India.

REVIEW OF LITERATURE:

(Blende 2002): A properly designed and implemented Crop insurance programme will protect the numerous vulnerable small and marginal farmers from hardship, brings in stability in the farm incomes and increase the farm production.

(Ray 1971): Access and availability of insurance, changes the attitude of the farmers and induces him to take decisions which otherwise would not have taken due to aversion to risk

(V.M Dandekar 2016): Thisstudy focuses on crop insurance is too important for agriculture development particularly in area prone to drought and frequent Crop failures, to be discharged in the manner.

OBJECTIVES;

- To analyze the farmers awareness on crop insurance schemes
- To examine performance of existing and earlier national agricultural insurance schemes implemented in India
- To analyze the importance of Pradhan Mantri Fasal Bima Yojana- insurance scheme on agriculture.

RESEARCH METHODOLOGY: The study is based upon and secondary data which has been collected from annual reports of IRDA, IRDA Journal, Annual reports of Ministry of Agriculture government of India and. Economic survey of India year 2014, 2015 and 2016. The access to data and information is for an analysis purpose and it is obtained in documented form and the data is predominantly secondary in nature.

HISTORY OF CROP INSURANCE SCHEMES IN INDIA:

A crop insurance scheme linking institutional credit (crop loan based on area approach) was suggested by Prof. Dandekar in 1976& this scheme called as CCI was implemented from Kharif 1985 on all India level.

History of agriculture in Indiadates back to the Rig-Veda to Today, India ranks second worldwide in farm output. Agriculture and allied sectors like forestry and Fisheries accounted for 13.7 per. Cent of the GDP (gross domestic product) in 2013,In 2014 17.9 per. Cent and 2014-15 was 16.11 per. Cent where as in the 1950 to 1970's it occupied an average 40 to 50 per. Cent of total GDP and around 50 per. Cent of the workforce. The economic contribution of agriculture to India's GDP is steadily declining with the country's broad-based economic growth. Still, agriculture is demographically the broadest economic sector and plays a significant role in the overall socio-economic fabric of India. India exported $39 billion worth of agricultural products in 2013, making it the seventh largest agricultural exporter worldwide and the sixth largest net exporter. Most of its agriculture exports serve developing and least developed nations

Analysis of existing agriculture insurance schemes in India;

1.Comprehensive Crop Insurance Scheme (CCIS):

The Comprehensive Insurance Scheme (CIS) covered 15 states and 2 union territories. Participation in the scheme was voluntary. Around 5 million farmers and between to 8 - 9 million hectares were annually covered by this scheme. If the actual yield in any area covered by the scheme fell short of the guaranteed yield, the farmers were entitled to an indemnity on compensation to the extent of the shortfall in yield. The General Insurance Corporation of India administered the scheme on behalf of the Ministry of Agriculture, Government of India.

A major drawback of the scheme could be seen from the fact that out of the entire all-India claims of ¹ 16.23 billion (US$240 million) Gujarat alone

received ¹ 7.92 billion (US$120 million) for one single groundnut crop. The scheme was scrapped in 1997.

2. An experimental crop insurance scheme

An experimental crop insurance scheme was introduced in 1997-98, covering non-loanee small and marginal farmers growing specified crops in selected districts. The premium was subscribed. The premium collected was about Rs3 crore (US$450,000) and the claims amounted to Rs 40 crore, (US$5.9 million). The Government discontinued the scheme during 1997-98 themselves.

3.Farm Income Insurance Scheme:

The Central Government formulated the Farm Income Insurance Scheme (FIIS) during 2003-04. The two critical components of a farmer's income are yield and price. FIIS targeted these two components through a single insurance policy so that the insured farmer could get a guaranteed income.

The scheme provided income protection to the farmers by insuring production and market risks. The insured farmers were ensured minimum guaranteed income (that is, average yield multiplied by the minimum support price). If the actual income was less than the guaranteed income, the insured would be compensated to the extent of the shortfall by the Agriculture Insurance Company of India .Initially; the scheme would coveronly wheat and rice and would be compulsory for farmers availing crop loans. NAIS (explained in the section below) would be withdrawn for the crops covered under FIIS, but would continue to be applicable for other crops. The FIIS was withdrawn in 2004.The recent attempt by the Gujarat government to reintroduce the Farm Income Insurance Scheme (FIIS) can reform agricultural insurance and prevent farm-level distress.

4. National Agriculture Insurance Scheme (NAIS):

The Government of India experimented with a comprehensive crop insurance scheme which failed. The Government then introduced in 1999-2000, a new scheme titled "National Agricultural Insurance Scheme" (NAIS) or "Rashtriya Krishi Bima Yojana" (RKBY). NAIS envisages coverage of all food crops (cereals and pulses), oilseeds, horticultural and commercial crops. It covers all farmers, both loaneesand non-loanees, under the scheme.The Premiumrates vary from 1.5 percent to 3.5 percent of sum assured for food crops. In the case of horticultural and commercial crops, actuarial rates are charged. Small and marginal farmers are entitled to a subsidy of 50 percent of the premium charged- the subsidy is shared equally between the Government of India and the States. The subsidy is to be phased out over a period of 5 years.

NAIS operates on the basis of

- Area approach- defined areas for each notified crop for widespread calamities.
- On individual basis- for localized calamities such as hailstorms, landslides, cyclones and floods.

Under the scheme, each state is required to reach the level Gram Panchayat as the unit of insurance in a maximum period of 3 years. Agriculture Insurance Corporation of India is implementing the scheme.

Analysis of failure of these schemes:

- Due to lack of awareness about the scheme.
- Premium rates are high; formers are unable to provide the funds for the premium along with the capital of the cultivation.
- And the crop yields are also very low due to the natural calamities.
- The coverage of these schemes is unable to meet its targets.
- Claiming settlement take long time as compared to life insurance schemes.
- Lofty goal of financial viability.
- Mandatory for loanee farmers.
- Adverse selection, 0.in the case of non-loanee farmers.
- Premium do not equal risk level.
- And main reason is the area approach

Introduction of Pradhan Mantri Fasal Bima Yojana Insurance Scheme:

Pradhan Mantri Fasal Bima Yojana is a new crop insurance scheme that was announced by the Government on 13th January 2016. It will be rolled out from June 2016.This scheme will let farmers pay a very low premium to insure their crops. Farmers will have to pay a premium of only 2 per. Cent of the sum insured for Kharif crops, 1.5 per. Cent for Rabi crops and5 per. Cent forhorticulture and cash crops. The difference between the premium paid by the farmers and the premium fixed by the insurance companies will besubsidized and there will be no cap on the maximum subsidy paid by the Government. The subsidy will be borne equally by central and the respective state Government.Currently, farmers pay around as high as 15 per. Cent of the sum insured as premium under the existing National Agricultural Insurance scheme and the modified National Agricultural Insurance scheme. **The new scheme will replace all these existing crop insurance schemes in India**

Objectives Of this scheme:

- To provide insurance coverage and financial support to the farmers in the event of failure of any of the notified crop as a result of natural calamities, pests& diseases.
- To stabilize the income of the farmers to ensure their continues in farming
- To encourage farmers to adopt innovative and modern agriculture practices.
- To ensure flow if credit to the agriculture sector

Farmer friendly guidelines of scheme

CROPS AND NOTIFIED AREA:

CROPS: The scheme can cover all the crops for which past yield data is available and grown during the notified session, in a Notified Area and for which yield estimation at the Notified Area level will be available based on requisite number of Crop Cutting Experiments being a part of the General crop estimation survey.

NOTIFIED AREA:Notified Area is a **Unit of Insurance** decided by the state Government for notifying a crop during a session. The Unit size of insurance shall depends up on the area under cultivation within the unit. For major crops, the unit of Insurance shall ordinary be village/village panchayath level and for minor crops may be at a higher level so that the requisite number of CCEs could be conducted during the notified crop season. State may notify village/village panchayath as insurance unit in case of minor crops too if they so desire.

Farmers to be covered: All farmers growing notified crops in a notified area all farmers growing notified crops in a notified area during the season who have insurable interest in the crop are eligible.

COMPULSORY COVERAGE: The enrollment under the scheme, subject to possession of insurance on the cultivation of the notified crop in the notified area shall be compulsory for following categories of farmers:

Farmers in the notified area who possess a crop loan account/KCC account (called as loanee Farmers) to which credit is sanctioned/ renewed for the notified crop during the crop season.

And such other farmers whom the Government may decide to include from time to time.

VOLUNTARY COVERAGE: Voluntary coverage may be obtained by all farmers not covered in compulsory coverage farmers, including crop KCC/Crop Loan account holders whose credit limit not renewed.

RISKS TO BE COVERED AND EXCLUSIONS:

A. RISKS: Following risks leading to crop loss are to be covered under the scheme

- **YEILD LOSSES** (**Standing crops on, notified area basis**) : Comprehensive risk insurance is provided to cover yield losses due to non-preventable risk, such as
- Natural Fire And Lighting
- Storm, Hailstorm, Cyclone, Typhoon, Tempest, Hurricane, Tornado etc.

- Flood, Inundation And Landslide
- Drought, Dry Spells
- Pests/Diseases Etc.

PREVENTED SOWING (On Notified Area Basis):In case where majority of the insured farmers of a notified area, having intent to sow/ plant and incurred expenditure for the purpose are prevented from sowing/planting the insured crop due to adverse weather conditions, shall be eligible for indemnity claims up to a maximum of 25 per. Cent of the sum-insured.

POST-HARVEST LOSSES (Individual farm basis): Coverage is available up to a maximum period of 14 days from harvesting for those crops which are kept in cut & spread condition to dry in the field after harvesting, against specific perils of cyclones/cyclonic rains, Unseasonal rains throughout the country.

LOCALISED CALAMITIES (Individual Farm Basis): Loss or damage resulting from occurrence of identified localized risks i.e. Hailstorm, landslide, and inundation affecting isolated farms in the notified area.

B.EXCLUSIONS: Risks and losses arising out of following perils shall be excluded;

War& kindred perils, nuclear risks, riots, malicious damage, theft, act of enmity, grazed and/ or destroyed by domestic and/or wild animals, in case of post-harvest losses the harvested crop bundled and heaped at a place before threshing, other preventable risks.

SUM INSURED / LIMIT OF COVERAGE:

In case of loanee farmers under compulsory component, the sum insured would be equal to scale of finance for that crop as fixed by district level technical committee which nay extend up to the value of the threshold yield of the insured crop at the option of insured farmer. The value of threshold yield lower than the scale of finance, higher amount shall be the sum insured. Multiplying the national threshold yield with the minimum support price (MSP) of the current year arrives at the value of sum insured, Where current MSP is not available, MSP of previous year shall be adopted. The crops for which, MSP is not declared, farm gate price established by the marketing department/ board shall be adopted.

Premium rates: The actual premium rate (APR) would be charged under PMFBY by DAC&FW/ STATES will monitor the premium rates considering the basis of loss cost i.e. claims as per some per. Cent of sum insured, observed in case of the notified crops in notified unit area of insurance whatever may be the level of unit area duringthe preceding 10 similar crop seasons kharif & Rabietc. **The rate of premium charges payable by the farmer will be as per the following table**

S.NO	Season	Crops	Maximum insurance premium payable by farmer (% of sum insured)
1	Kharif	Foods& Oilseeds crops (all cereals, millets,& Oilseeds, pulses)	2.0 per. Cent of SI or Actuarial rate, whichever is less
2	Rabi	Foods & Oilseeds crops (all cereals, millets,& Oilseeds, pulses)	1.5 per. Cent of SI or Actuarial rate, whichever is less
3	Kharif & Rabi	Annual commercial/ Annual Horticultural crops	5 per. Cent of SI or Actuarial rate, whichever is less

The difference between premium rate and the rate of insurance charges payable by the farmers shall be treated as rate of normal premium subsidy, which shall be shared equally by the **Centre and state**.

Premium rate comparison:

One might disagree that previously schemes have been such insurance schemes available for the farmers namely NIAS& MNAIS but given below is a tabular study which has differentiated the previous schemes on comparison with the current PMFBY

No	Feature	NAIS [1999]	MNAIS [2010]	PM Crop Insurance Scheme
1	**Premium rate**	Low	High	Lower than even NAIS (Govt to contribute 5 times that of farmer)
2	**One Season – One Premium**	Yes	No	Yes
3	**Insurance Amount cover**	Full	Capped	Full
4	**On Account Payment**	No	Yes	Yes
5	**Localised Risk coverage**	No	Hail storm Land slide	Hail storm Land slide Inundation
6	**Post Harvest Losses coverage**	No	Coastal areas - for cyclonic rain	All India – for cyclonic + unseasonal rain
7	**Prevented Sowing coverage**	No	Yes	Yes
8	**Use of Technology** (for quicker settlement of claims)	No	Intended	Mandatory
9	**Awareness**	No	No	Yes (target to double coverage to 50%)

Source: Ministry of agriculture Government of India (2016 Report)

Sharing of risk:

Risk will be shared by IA and the Government as follows

The liability of the insurance companies in case of catastrophic losses computed at the national level for an agriculture crop season shall be up to 350 per. Cent of total premium collected (farmer share plus Govt. subsidy) or 35 per. Cent of total sum insured (SI), of all the insurance companies combined, whichever is higher. The losses at the national level in a crop season beyond this ceiling shall be met by equal contribution (i.e.50:50 basis) from the central govt. and concerned state govt.

Procedure for settlement of claims:

For coverage through banks - the claim amount along with particulars will be released to the individual nodal bank. The banks at the grass-root level, in turn, shall credit the accounts of the individual farmers and display the particulars of beneficiaries in their noticed board. The banks shall provide individual farmer wise details to IA

and shall be incorporated in the centralized data repository.

The claim amount will be released electronically to the individual insured bank account.

PMFBY is a replacement scheme of NAIS/ MNAIS, and hence exempted from service tax liability of all the services involved in the implementation of the scheme.

Estimated Coverage of The Scheme:At present, only 23 per. Cent of cropped areas in India have access to insurance. Pradhan Mantri Fasal Bima Yojana Scheme envisages covering 50 per. Cent of the area.

Observations:

It can be observed that this new scheme is different from earlier schemes on the account of following and it will give some advantages as compared to existing schemes.

- Ø It is open to all farmers but NOT mandatory to anyone. It is optional for loanee as well as non-loanee farmers.
- Ø It has so far lowest premium. The existing premium rates vary between 2.5 per. Cent and 3.5 per. Cent for Kharif crops and 1.5 per. Cent for Rabi crops—but the coverage was capped, meaning farmers could, at best; recover a fraction of their losses. The farmers' premium has been kept at a maximum of 2 per cent for food grains and up to 5 per cent for annual commercial horticulture crops. For Rabi crops, it is 1.5 per. Cent. The balance premium will be paid by the government to provide full insured amount to the farmers. Since there is no upper cap on government subsidy, even if the balance premium is 90 per. Cent the government will bear it.
- Ø This scheme provides full coverage of insurance. While NAIS had full coverage, it was capped in the modified-NAIS scheme.
- Ø It also covers the localized risks such as hailstorm, landslide, inundation etc. Earlier schemes did not cover inundation.
- Ø It provides post-harvest coverage. The NAIS did not cover while the modified NAIS covered only coastal regions.

Critical appraisal:

Thus, new crop insurance scheme has the potential to deal with the vagaries of nature on Indian farming. The premium to be paid by the farmers is kept low when compared with earlier crop insurance schemes. However, the scheme will increase the financial burden on the government and necessary budget allocations should be made. Some states like Punjab may face financial constraints in encouraging famers to take up crop insurance. The scheme does not cover risks faced by Northern farmers such as pest attacks and farm price fluctuations. The scheme also does not address the demand of famers to cover the risks and losses inflicted by wild animals like elephants and wild boars. The wild animals pose risks to farmers in peripheral areas of national parks and wild life sanctuaries. Besides, losses from nuclear risks, riots, malicious damage, theft, and act of enmity, are all categorized under 'exclusions' in the new scheme.

Challenges in Implementationof Pradhan Mantri Fasal Bima Yojana Insurance Scheme:

It can be observed that the Success of any government scheme depends on its sincere implementation. The key problems such as poor land records, flawed land titles, corruption etc. are common challenges any crop insurance scheme in India faces. Further, the success of the scheme depends on how sincerely it is implemented by the insurance companies. Further, we need to wait and watch as to how the scheme is monitored and supervised.

Conclusion:

Before this scheme many schemes are there but they were failing in claim settlement and coverage of the insured number of farmers. We hope that finally even this scheme will be going to cover the more number of farmers in agriculture insurance. As well as we hope it will give financial support to the farmers. Its success completely depends up on the banks and district level committees. Also they were how effetely using the technology for calculating the crop loss on time. Finally nearly 60 per. Cent of India's populationsdepend upon the agriculture and agriculture allied industries so we have to secure the agriculture sector. For that purpose implementing various schemes to save and secure the Indian agriculture.

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CUSTOMER RELATIONSHIP MANAGEMENT (CRM) PRACTICES IN BANKING SECTOR – A STUDY OF SELECT COMMERCIAL BANKS IN HYDERABAD CITY

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ABSTRACT

The lack of understanding on Customer Relationship Management (CRM) is always a concern among the service providers especially banks. Banks have their own way of managing their relationships with the customers. However, the perception of customers on CRM practices among banks should also be taken into consideration. The Indian banking sector is trying to survive this dynamic challenge of winning more and more customers and retaining them by giving customized services. Now, more and more banks are increasingly getting customer-focused by implementation of Customer Relationship Management (CRM). This paper presents a research study on status of the adoption and use of CRM in banking sector as a comparative study in Hyderabad city. For this a sample of 400 (100 each from select private and public sector banks) were considered in this study to understand the multi-dimensional setup of customer relationships and its effects in competitive banking environment.

Keywords: *Customer Relationship Management, Banking Sector, Banking Competition*.

INTRODUCTION

Businesses have always been customer centric and more and more efforts were made in all times to achieve the customer satisfaction for better business outcomes. The Customer Relationship Management (CRM) has emerged as a key business strategy in the current competitive environment. This is the philosophy under which the businesses identify and target their most loyal and profitable customers. CRM involves new and advanced marketing strategies, which not only retain the existing customers but also acquire new ones. The strategy was discovered as a unique technique capable of generating more business to the companies. CRM in banks starts right from the understanding and properly defining the difficult customer expectations to avoid their dissatisfaction and eventually losing them. Hence, considering the customer expectations regarding product quality and the overall support and service is essential for establishing a long term banker-customer relationship.

Thus, CRM is a managerial philosophy that seeks to build long term relationships with customers. CRM can be defined as the development and maintenance of mutually beneficial long-term relationships with strategically significant customers (Bhaduri, 2005). It is the establishment, development, maintenance and optimisation of long term mutually valuable relationships between consumers and the banks. A perfect CRM strategy focuses on understanding the needs and expectations of the customers and is implemented by placing these needs at the core of the business by incorporating them in the bank's overall strategy, staff culture, technology and business processes.

CRM in Banking Sector

Over the last few decades, technical evolution has highly affected the banking industry. For more than 200 years, banks were using branch based operations.

Since the 1980s, things have been really changing with the advent of multiple technologies and applications.

Different organization's got affected from this revolution; the banking industry is one of it. In this technology revolution, technology based remote access delivery channels and payment systems surfaced. ATM displaced cashier tellers, telephone represented by call centers replaced the bank branch, internet replaced the mail, credit cards and electronic cash replaced traditional cash transactions, and interactive television will replace face-to-face transactions. In recent years, banks have moved towards marketing orientation and the adoption of relationship banking principles. The key motivators for embracing marketing principles were the competitive pressure that arose from the deregulation of the financial services market particularly in India. This essentially exposed clearing banks and the retail banking market to increased competition and led to a blurring of boundaries in many traditional product markets (Day, 2000).

The bank would need a complete view of its customers across the various systems that contain their data. If the bank could track customer behavior, executives can have a better understanding, a predicative future behavior and customer preferences. The data and applications can help the bank to manage its customer relationship to continue to grow and evolve. According to Stone et al. (2002) most sectors of the financial services industry are trying to use CRM techniques to achieve a variety of outcomes. In the area of strategy, they are trying to: (i) Create consumer-centric culture and organization; (ii) Secure customer relationships; (iii) Maximize customer profitability; (iv) Integrate communications and supplier – customer interactions across channels; (v) Identify sales prospects and opportunities; (vi) Support cross and up-selling initiatives; (vii) Manage customer value by developing propositions aimed at different customer segments; and (viii) Support channel management, pricing and migration.

CRM is a sound business strategy to identify the bank's most profitable customers and prospects, and devotes time and attention to expanding account relationship with those customers through individualized marketing, reprising, discretionary decision making, and customized service through the various sales channels that the bank uses. Any financial institution seeking to adopt a customer relationship model should consider six key business requirements (Chary & Ramesh, 2012), they are: (i) Create a customer-focused organization and infrastructure; (ii) Gaining accurate picture of customer categories; (iii) Assess the lifetime value of customers; (iv) Maximise the profitability of each customer relationship; (v) Understand how to attract and keep the best customers and (vi) Maximize rate of return on marketing campaigns.

CRM is developing into a major element of corporate strategy for many organization's (Rangarajan, 2010). In the present scenario of intensifying competition, declining market share, deregulations, smarter and more demanding customers; a greater focus on CRM is the only way the banking industry can safeguard its market share and boost growth. Also, CRM is the most trusted way to withstand the competition between the banks to attain a competitive advantage over one another or for sustaining the survival in competition. In current scenario of Indian banking sector, the falling interest rates and tough competition among banks has made Indian bankers to realize that the purpose of their business is to create and retain a customer and to achieve that the whole business process has to be customer oriented. In India, the financial services are in getting through a structural change wherein the competition and customer demands are increasing.

REVIEW OF LITERATURE

Atul Parvatiyar et al. (2001)explored that CRM implementation challenges as well as CRM's potential to become a distinct discipline of marketing. Our belief is that it certainly has the potential, and we wish that it would happen because marketing will benefit enormously from it. Lau et al., (2003) Explored that the challenge

before the banks is not only to obtain updated information for each customer, but also to use the information to determine the best time to offer the most relevant products. Sachdev et al., (2004)The article attempted that in today's competitive banking industry, customers have to make a choice among various service providers by making a trade-off between relationships and economies, trust and products, or service and efficiency.

Lambert, (2010) Examined CRM as one of the strategies to manage customer as it focuses on understanding customers as individuals instead of as part of a group. TanakornLimsarun et al., (2010) explored that CRM system utilization and organization's CRM mindset are the most important factors to the success of the CRM practice. Ganesamurthy et al., (2011) they conclude that CRM perceives as a technique of banking companies in order to explore, retain and also increase the loyal customers in the competitive business era. Jitesh et al. (2011)explored the association between deployment of CRM best practices and loyalty of profitable customers in Indian retail banking sector. Lin Shandong and KeXue (2011) Explored CRM practice in an emerging economy. While still in its infancy and with many deficiencies, China mobile adapted its CRM practice to China market successfully. It does focus on key customers, but never gives up unprofitable customers. Shibu, (2011) Concluded that CRM is intensifying competition, declining market share, deregulations, smarter and more demanding customers, there is competition between the banks to attain a competitive advantage over one another or for sustaining the survival in competition.

Malla Reddy, G and Suresh, A (2012) Explored that customer relationship management (CRM) practices provides interactive, personalized and relevant communication with customers to develop and maintain relationships. Sanjay Kanti Das (2012)reveals thatthe lack of understanding on CRM is always a concern among the service providers especially banks. Banks have their own way of managing their relationships with the customers. Anu Putney and Puney (2013) Concluded that customer relationship management (CRM) Practices with each and every interaction with customer can give opportunity to build a lifelong relationship. RameezaEjaz, et al (2013) the study reveals that customer experience also has a direct impact on customer satisfaction. Although, CRM don't have direct impact on Word of Mouth (WOM), it is a very influential contributor in convincing the satisfied and loyal customers to guarantee.

Yatish Joshi et al. (2013) focussed on the basic concepts, strategies used in managing customer relationship by using the branch service, ATMs, electronic banking, call centers, etc. Phone banking and other customer touch points. Balakrishnan&Krishnaveni(2014) The study reveals that the proper CRM practices will increases the customer satisfaction and builds relationship with present and prospective customers by managing information and improves performance of delivering products and services at a great speed that facilitates customer creation and retention. Mayur Kumar. A (2014) stated that CRM involves shopping malls enabled business processes that identify, develop, integrate and focus a business' competencies on forging valuable long-term relationships that deliver superior value to its customers. Ruchi (2014) explores the advantage of the model of CRM in getting, keeping & growing strategy. However, there is a tremendous amount of confusion regarding its domain and meaning.

SIGNIFICANCE OF THE STUDY

The banking sector is entering a new world and existing developments are changing the face of banking. The globalization of banking operations along with high competition, continuing deregulation and technological advancements has significantly altered the face and scope of banking. The process of economic liberalization and financial sector reforms has brought the issue of customer focus to the forefront. Therefore there exists a strong need for maintaining CRM in the banks to understand the customers and to meet their expectations.

OBJECTIVES OF THE STUDY

The objectives of the study are:

1. To present the importance of CRM in commercial banks in India;
2. To analyze the perception of customers on CRM as a tool of commercial banks for retention of customers in select private and public sector banks in Hyderabad city.

HYPOTHESES

- CRM Plays an important role select commercial banks in increasing banking business.
- CRM implementation in private and public sector banks do not find any difference.

METHODOLOGY

The present study is a comparative and analytical one through the perceptions of the customers of the select commercial banks which include SBI And Andhra Bank (from Public Sector) and HDFC And ICICI private bank. Primary data were collected through a well structured qualitative questionnaire from the selected banks. A sample of 100 customers of the select banks (100 each), from Hyderabad city of Telangana, were selected for the purpose of the study. Data so collected were processed, tabulated and analyzed by using simple percentages and Chi-square a non-parametric test has been used to validate the results.

Scope and limitations of the study: This study CRM in commercial banks is confined to select private and public sector banks from Hyderabad city only. It is pertaining to SBI And Andhra bank from Public Sector and HDFC and ICICI private bank operating their business in Hyderabad city. These two banks were considered because most neglected one by earlier studies on CRM. The findings of this study cannot be generalized to the entire sector and with a sample of 100 respondents and most of them are male customers. Hence, the perceptions of female customers of these banks are another limitation to this study.

Profile of Bank Customers

The distribution of the respondent on the basis of Gender group, marital status, Age group and Educational status.

The demographical profile of respondents (Bank Customers)

Characteristics	Response	Frequency	Percent (%)
Gender	Male	271	67.8
	Female	129	32.2
	Total	**400**	**100**
Marital status	Married	238	59.5
	Unmarried	162	40.5
	Total	**400**	**100**
Age distribution	18-28 years	146	36.5
	29-39 years	205	51.3
	40-50 years	25	6.2
	50-60 years	22	5.5
	Above 60 years	2	0.5
	Total	**400**	**100**
Education status	Up to SSC	11	2.8
	Intermediate	19	4.8
	Graduate	126	31.5
	Post Graduate	215	53.6
	Others	29	7.3
Total		**400**	**100**

Source: Primary data

Table 3.1 presents the distribution of respondents (Bank Customers) by Gender group and a majority of the respondents (customers) are males (67.8%) whereas 32.2 Percent of them are female's customers out of a total 400. Regarding marital status of the customers' it is observed that the majority of the respondents are married which accounted for 59.5 Percent. While 40.5 Percent are unmarried. The profile of the respondents brought out by the study indicates that highest respondent's i.e., 51.3 Percent belongs to the age group of 29-39 years followed by 36.5 Percent of respondents belongs to age group of 18-28 years. Further it is also found that 6.2 per cent are belongs to 40-50 years group and 5.5 per cent are belongs to 50-60 years. While the lowest number of respondents i.e. 5 per cent belongs to the age group of 60 years and above.

It is also apparent from the table 3.1 that highest Percent of respondents (53.6%) are Post Graduates as their educational background, followed by 31.5 per cent of respondents are graduates, 7.3 per cent of respondents belongs to other category which includes professionals like Chartered Accounts, Doctors, etc. Further, it is also found that there are 4.8 per cent of respondents are with intermediate and equallent level, and only 2.8 per cent are belongs to SSC as their educational status.

RESULTS AND DISSCUSSION

CRM has become the most adopted business strategy by the profit oriented organization's in the market today. Under this philosophy, companies go all out identifying and targeting their potentially most profitable customers. CRM deploys new and advanced marketing strategies aimed at retaining the existing customers and also at attracting the new ones. It has been found as a special technique which can bring sizeable gains in overall business of companies. Through the literature survey and data analysis, it is observed that under CRM, banks try to study the customers' perceptions and design strategies so as to win their commitment and loyalty by giving them satisfaction. Earlier, the customers used to mainly select their banks closer to their homes or offices but with the introduction of new technologies in the business of banking, such as internet banking and ATM's, now customers freely choose banks based on the products and facilities available. Further, customers are not interested in knowing the ownership of bank for their financial transaction but look for their commitment to serve and credibility. As banks continue to seek a unified understanding of customer relationships through different channels, the importance and penetration of CRM is expected to grow like anything. The opinions of the selected private and public sector bank customers on various aspects of CRM are shown in **Table-1** which presents the perception of customers from both private and public sector banks chosen for this study reveals the following: Majority of the respondents (50% and 71%) have agreed that the CRM implementation found good in both select banks an average inference accounted for 63 percent in case of Public sector and 80 percent in case of private sector banks. It indicates the level of customer perception towards their services in terms of CRM. Whereas 73 percent in case of public sector bank and 86 percent of them are belong to private sector bank have been successful in implementing CRM in the study area. Hence, it can be concluded that private sector banks are far ahead of public sector banks in effective implementation of CRM in order to improve banking business and enhance customer loyalty and satisfaction.

Table-1 Customers' perception on CRM Practices OBC &HDFC Banks (N=100)

CRM in Commercial Banks	Public Sector Banks			Private Sector Banks		
	Agree	UD	Disagree	Agree	UD	Disagree
CRM an alternative to marketing	62	21	17	71	16	13
Customer Retention is a challenge for the bank	50	19	31	72	13	15
CRM enforces banks to design and provide products and services as per customer needs	65	22	13	80	9	11
CRM enhances customer loyalty	73	15	12	85	7	8
CRM creates customer awareness about different services offered	63	13	24	84	9	7
CRM objective is to increase bank customer relationship	65	17	18	81	10	9
CRM objective is to frame customer data base	62	13	25	80	7	13
CRM attract new customers	67	24	9	84	10	6
CRM benefits banks performance and productivity	61	21	18	73	8	19
CRM boosts customer's confidence	70	19	11	86	7	7
CRM create all round friendly environment	59	23	18	83	8	9
Average Response	**63**	**19**	**18**	**80**	**9**	**11**

Table-2 Summary of Chi-square Results

Hypotheses	RESULT/REJECTED
CRM an alternative to marketing	Accepted
Customer Retention is a challenge for the bank	Rejected
CRM enforces banks to design and provide products and services as per customer needs	Rejected
CRM enhances customer loyalty	Accepted
CRM creates customer awareness about different services offered	Accepted
CRM objective is to increase bank customer relationship	Accepted
CRM objective is to frame customer data base	Accepted
CRM attract new customers	Accepted
CRM benefits banks performance and productivity	Accepted
CRM boosts customer's confidence	Accepted
CRM create all round friendly environment	Accepted

From the table 2 ; There are eleven factors as well as hypotheses were tested and results reveals that except 2 all other factors have been accepted and concluded that CRM implementation is successful and helpful to banking business through customer acceptance. However, CRM in public sector banks is slow when compared to private sector banks. It is also observed that 67% of respondents opined that the public sector banks themselves not interested in CRM activities. CRM objective is not only to increase banker-customer relationship but also enhances customer banking experience and loyalty for sustainable banking business.

FINDINGS

Some of the important findings of the above information provided by the selected bank customers are:

1. It is observed that as per the customers' perception of private sector, their banks take the CRM as an alternative to marketing

seriously, whereas less number of public sector customers found their banks treating CRM as an alternative of marketing.

2. Customer retention is getting to be a big challenge to Banks as per the opinions of customers of public sector banks whereas the private sector customers were seemed well supporting their banks in this regard. A similar trend was found in case of CRM enforcing the designing of products and services as per customer needs.

3. Under CRM, the products and services, designed as per the customer needs, achieve the banks customers' loyalty and a strong bank-customer relationship naturally establishes. The private sector bank customers feel that their banks have achieved quite well in this regards, whereas the public sector customers rated their banks a little less for these practices.

4. Regarding customer awareness and framing customer database through CRM, the customers of public sector bank seemed less convinced with the CRM strategy, whereas as private sector bank customers were found highly satisfied. As, these activities are generally deployed to find and attract new customers, the respondents were of the same views for this CRM activity of their banks.

5. The more and more private sector bank customers were of the view that their banks seemed to be self motivated to implement CRM, whereas less number of the public sector bank customers had this view about their banks in this regard. A similar was expressed by the customers with regard to the implementation of CRM on demand.

6. The greater number of private sector bank customers had the view that with the effective implementation of CRM in their banks would increase the productivity and performance of the banks and boost up the confidence of the customers. Also, most of them were of the opinion that an effective implementation of CRM creates a friendly environment in the bank.

SUGGESTIONS

This study suggests that the banks still have a long way to go to develop a CRM strategy very well in synchronization with their overall strategy of marketing the product and services. The banks need to reconsider their overall marketing strategy design to place CRM at the core and for this the following suggestions can be adopted:

1. The Indian Banking Sector has so many different banks of almost the same kind. In such a competitive environment, the Banks should adopt suitable marketing skills rather than depending on the trading skills. Hence, new services should be constantly introduced to ensure the growth of the Banks and to be competitive in the market and to keep up the enthusiasm of the employees and customers etc.

2. Implement a Customer Centric Process in all types including commercial Banks. There has to be a good Employee Relationship Management within the banks before they go in for implementing CRM.

3. Increase customer's online experience by developing modern, user-friendly websites. The bank's website need be so comprehensive and detailed that all the customer queries must be answered there only. The portal might have online interactive customer support utility (online chat) so that the customer can clear all his doubts sitting at home or office only.

4. The customer information collected from different channels must be integrated for best knowledge about the customer expectations and for an effective CRM. Proper training should be given to the bank personnel regarding how to behave with the customers before they come and work in the field.

5. A modern, well-designed and user-friendly online transaction portal has to be in place for e-commerce and mobile banking. It should be realised that customer relationship cannot be built overnight. CRM should be considered as Continuous practice and strategy.

6. Complaints lodged by the customers should be given proper value and utilise them as an important issue. Decision making authority should be extended to field force and some resources should be given for faster implementation.

Based on the analysis, it is very clear that in almost all CRM aspects, the working performance of Private Sector Banks is better than that of the Public Sector Banks. The Public Sector banks need to seriously incorporate the above recommended tips in their CRM strategy and their overall business strategy to compete with their private counterparts and benefit the customers while improving their own earnings.

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FACTORS AFFECTING EMPLOYEE MOTIVATION: (WITH REFERENCE TO ACC CEMENTS, WADI)

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ABSTRACT

Motivated employees will retain a high level of innovation while producing higher quality work efficiency Employee motivation is one of the major issues faced by every organization. Motivation is the process of attempting to influence others to do their work through the possibility of gain or reward. The present paper aims at highlighting the effect of monetary and non-monetary benefits provided by the organization on the employee's performance and also to learn the employee's satisfaction on the interpersonal relationship exists in the organization. The study aims to provide empirical evidence about the variables affecting employee motivation. The direct variable of the study is the employee motivation. Indirect variable are the incentives, interpersonal relations, career development opportunities & performance appraisal system. Statistical test Chi-square used for testing hypotheses. Descriptive survey design is used. The present study is contribution to the current application of motivational factors in ACC Limited. On the basis of the findings, employers will be continually challenged to develop pay policies and procedures that will enable them to attract, motivate, retain and satisfy their employees. In view of this, study attempts to identify the impact that motivation has on employee performance in order to address problems arising from motivational approaches in organizational settings.

Keywords: Motivation, interpersonal, career development and performance appraisal.

Introduction

Management's basic job is the effective utilization of human resources for achievements of organisational objectives. The personnel management is concerned with organizing human resources in such a way to get maximum output to the enterprise and to develop the talent of people at work to the fullest satisfaction. Motivation implies that one person, in organization context a manager, includes another, say an employee, to engage in action by ensuring that a channel to satisfy those needs and aspirations becomes available to the person. In addition to this, the strong needs in a direction that is satisfying to the talent needs in employees and harness them in a manner that would be functional for the organization.

Employee motivation is one of the major issues faced by every organization. It is the major task of every manager to motivate his subordinates or to create the 'will to work' among the subordinates. It should also be remembered that a worker may be immensely capable of doing same work; nothing can be achieved if he is not willing to work.

A manager has to make appropriate use of motivation to enthuse the employees to follow them. Hence this studies also focusing on the employee motivation among the employees of ACC Limited.

The data needed for the study has been collected from the employees through questionnaires and through direct interviews. Analysis and interpretation has been done by using the statistical tools and data is presented through tables and charts.

Definition: According to EDWIN.B.FLIPPO, "motivation is the process of attempting to influence others to do their work through the possibility of gain or reward.''

RESEARCH PROBLEM

The research problem here in this study is associated with the motivation of employees of ACC Limited. There are a variety of factors that can influence a person's level of motivation; some of these factors include:

1. The level of pay and benefits,
2. The perceived fairness of promotion system within a company.
3. Quality of the working conditions,
4. Leadership and social relationships,
5. Employee recognition.
6. Job security
7. Career development opportunities etc.

An attempt has been made to understand those which are influencing employee's motivation in ACC Limited

OBJECTIVES OF THE STUDY:

1. To study the important factors which are needed to motivate the employees.
2. To study the effect of monetary and non-monetary benefits provided by the organization on the employee's performance.
3. To study the effect of job promotions on employees.
4. To learn the employee's satisfaction on the interpersonal relationship exists in the organization.
5. To provide the practical suggestions for the improvement of organization's performance.

RESEARCH HYPOTHESIS:

A hypothesis is a tentative explanation or postulate by the researcher of what the researcher considers the outcome of an investigation will be. It is an informed or educated guess. It indicates the expectations of the researcher regarding certain variables. It is the most specific way in which an answer to a problem can be stated.

1. H_O: There is no significant relationship between incentives and employee's performances,
2. H_O: There is no significant relationship between other benefits and employee's performances.

RESEARCH METHODOLOGY:

Research is systematic method of finding solutions to problems. It is essentially an investigation, a recording and an analysis of evidence for the purpose of gaining knowledge.

SAMPLING DESIGN:

A sample design is a finite plan for obtaining a sample from a gain population. Simple random sampling is used for this study.

SAMPLE SIZE:

Number of the sampling unit selected from the population is called the size of the sample. Sample of 50 were obtained from the population.

METHODS OF DATA COLLECTION:

The data is collected through primary and secondary sources.

PRIMARY SOURCE

The primary sources are discussion with employees and data is collected through questionnaire.

SECONDARY SOURCE

The secondary data mainly consists of data and information collected from records company websites and also discussion with the management organisation secondary data collected from journals, magazines and books.

VARIABLES OF THE STUDY:

The direct variable of the study is the employee motivation. Indirect variable are the incentives, interpersonal relations, career development opportunities & performance appraisal system

PRESENTATION OF DATA:

The data are presented through charts and tables.

TOOLS AND TECHNIQUES FOR ANALYSIS:

Chi-square is used to test the hypotheses and draw influences.

ANALYSIS AND INTERPRETATION OF DATA:

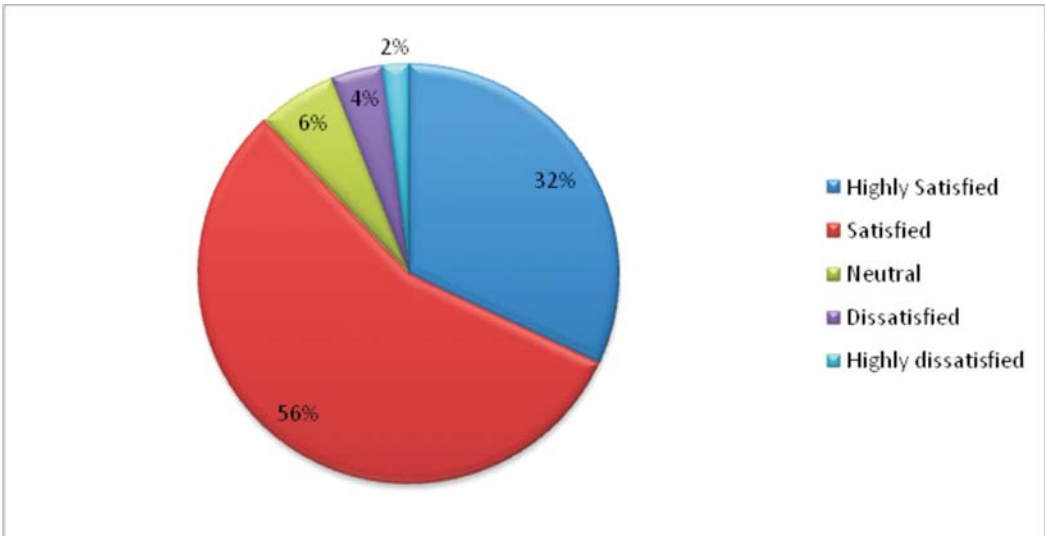
DESCRIPTIVE STATISTICS

TABLE 1 : RESPONSE ABOUT THE SUPPORT FROM THE HR DEPARTMENT:

Sl.No	Particulars	Number of Respondents	percentage
1	Highly Satisfied	16	32
2	Satisfied	28	56
3	Neutral	03	06
4	Dissatisfied	02	04
5	Highly dissatisfied	01	02
	Total	**50**	**100**

Source: field survey

CHART 1 : RESPONSE ABOUT THE SUPPORT FROM THE HR DEPARTMENT:



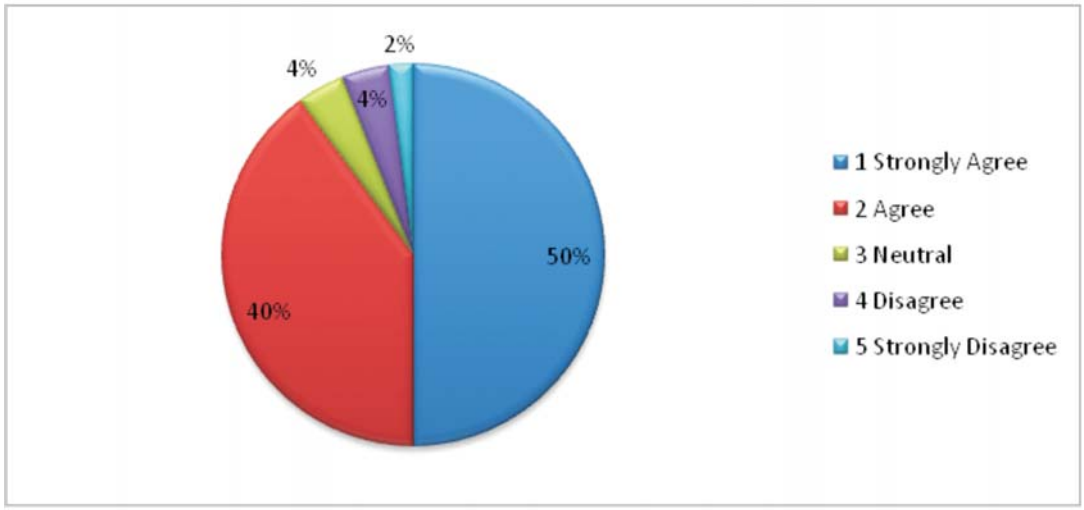
The above table shows that 56% of the respondents are satisfied with the support they are getting from the HR department.

TABLE 2 : MANAGEMENT IS INTERESTED IN MOTIVATING THE EMPLOYEES

Sl.NO	Particular	Number of Respondents	Percentage
1	Strongly Agree	25	50
2	Agree	20	40
3	Neutral	02	04
4	Disagree	02	04
5	Strongly Disagree	01	02
	Total	**50**	**100**

Source: field survey

CHART 2 : MANAGEMENT IS INTERESTED IN MOTIVATING THE EMPLOYEES



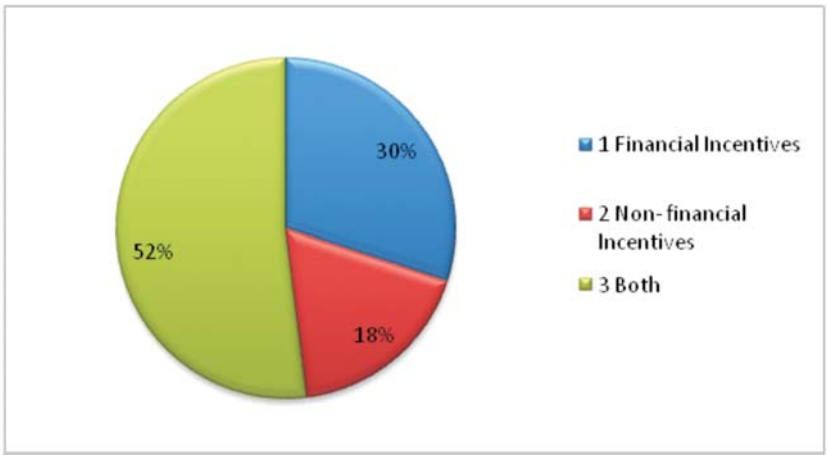
The above table shows that 50% of the respondents are strongly agreeing that the management interested in motivating the employee.

TABLE 3 : THE TYPE OF INCENTIVES MOTIVATES MORE

Sl.No	Particular	Number of respondents	Percentage
1	Financial Incentives	15	30
2	Non- financial Incentives	09	18
3	Both	26	52
	Total	**50**	**100**

Source: field survey

CHART 3 : THE TYPE OF INCENTIVES THAT MOTIVATES YOU



The above table reveals that 52% of the respondents are expressing that financial and non- financial incentives will equally motive them.

Chi-Square Test

Which type of incentives have motivated more to employees Field survey

	Observed N	Expected N	Residual
Financial	15	16.7	-1.7
Non-financial	9	16.7	-7.7
Both	26	16.7	9.3
Total	50		

Test Statistics

	Which type of incentives motivates more to employees
Chi-Square	8.920[a]
df	2
Asymp. Sig.	.012

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 16.7. As the calculated value (.012) is less than the significant value o.o5. Null hypothesis is rejected. There is significant relationship between incentives and employees motivation

Table 4 : Satisfaction with the present incentives scheme :

Sl.NO	Particulars	Number of respondents	Percentage
1	Highly satisfied	14	28
2	Satisfied	27	54
3	Neutral	03	06
4	Dissatisfied	04	08
5	Highly dissatisfied	02	04
	Total	**50**	**100**

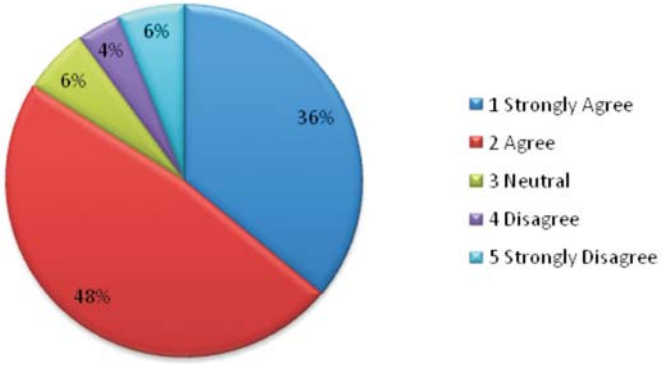
Source: field survey

The table shows that 54% of the respondents are satisfied with the present incentives scheme of the organisation.

Table 5: The Company 's eagerness in recognising and acknowledging employee's work

Sl.no	Particular	Number of respondents	percentage
1	Strongly Agree	18	36
2	Agree	24	48
3	Neutral	03	06
4	Disagree	02	04
5	Strongly Disagree	03	06
	Total	**50**	**100**

Source: field survey

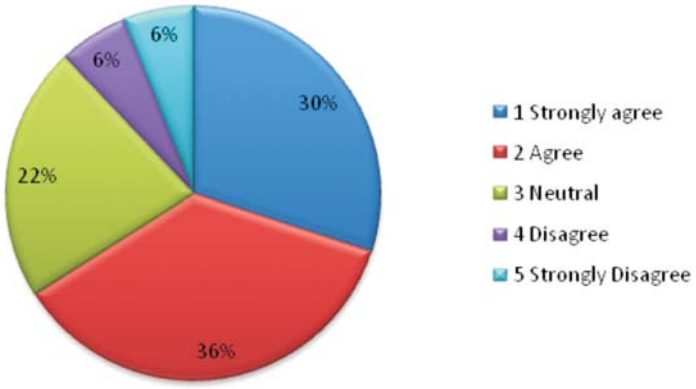


From the study 48% of employees agreed that the company is eager in recognizing and acknowledging their work.

Table 6: Job security existing in the company.

Sl.no	Particular	Number of respondents	percentage
1	Strongly agree	15	30
2	Agree	18	36
3	Neutral	11	22
4	Disagree	03	06
5	Strongly Disagree	03	06
		50	**100**

Source : field survey

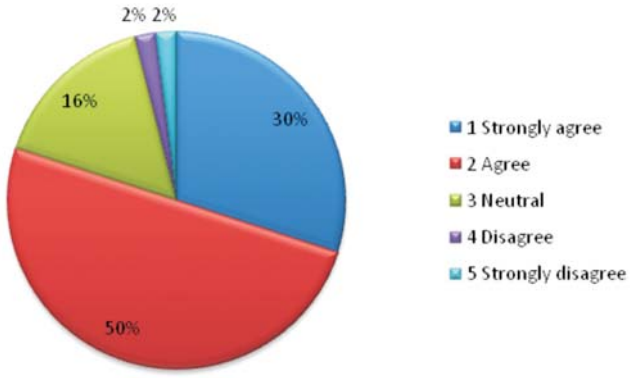


The table shows 36% of the employees agree with job security exist in the company.

Table 7 Good Relation with the co-workers

SL.No	Particulars	Number of the Respondents	%
1	Strongly agree	15	30
2	Agree	25	50
3	Neutral	08	16
4	Disagree	01	02
5	Strongly disagree	01	02
	Total	**50**	**100**

Source: field survey

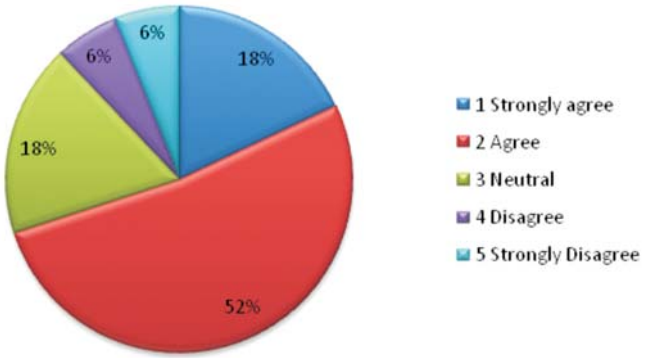


The table shows 50% of the respondents agree that they have good relation with co-workers.

Table 8 Promotional Opportunities in Present Job

SL.No	Particular	Number of respondents	percentage
1	Strongly agree	09	18
2	Agree	26	52
3	Neutral	09	18
4	Disagree	03	06
5	Strongly Disagree	03	06
		50	**100**

Source: field survey

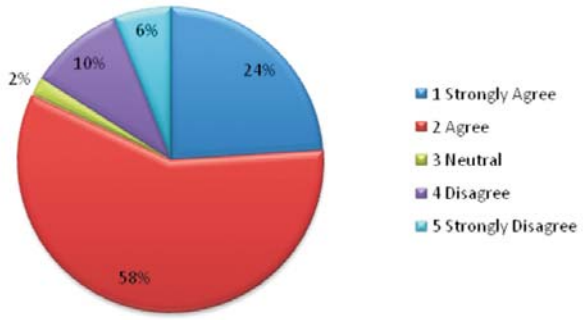


The table shows 52% of the respondents agree with effective promotional opportunities in present job.

Table 9 showing support from the co-worker is helpful to get motivated

SL.NO	Particular	Number of respondents	Percentage
1	Strongly Agree	12	24
2	Agree	29	58
3	Neutral	01	02
4	Disagree	05	10
5	Strongly Disagree	03	06
	Total	**50**	**100**

Source: field survey

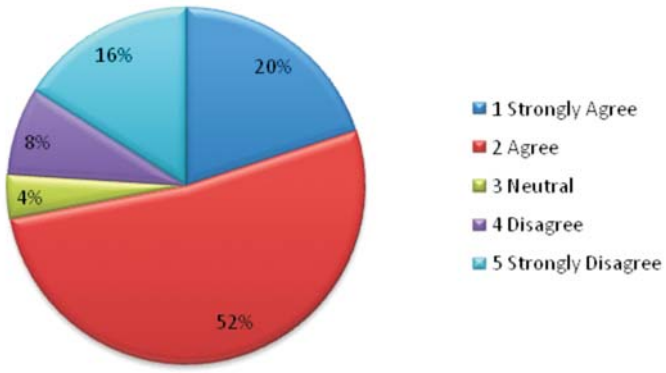


The table exhibits that 58% of the respondents agree that the support from the co-worker is helpful to get motivated.

Table 11 showing Career Development opportunities are helpful to get motivated.

Sl.No	Particular	Number of respondents	Percentage
1	Strongly Agree	10	20
2	Agree	26	52
3	Neutral	02	04
4	Disagree	04	08
5	Strongly Disagree	08	16
	Total	**50**	**100**

Source: field survey

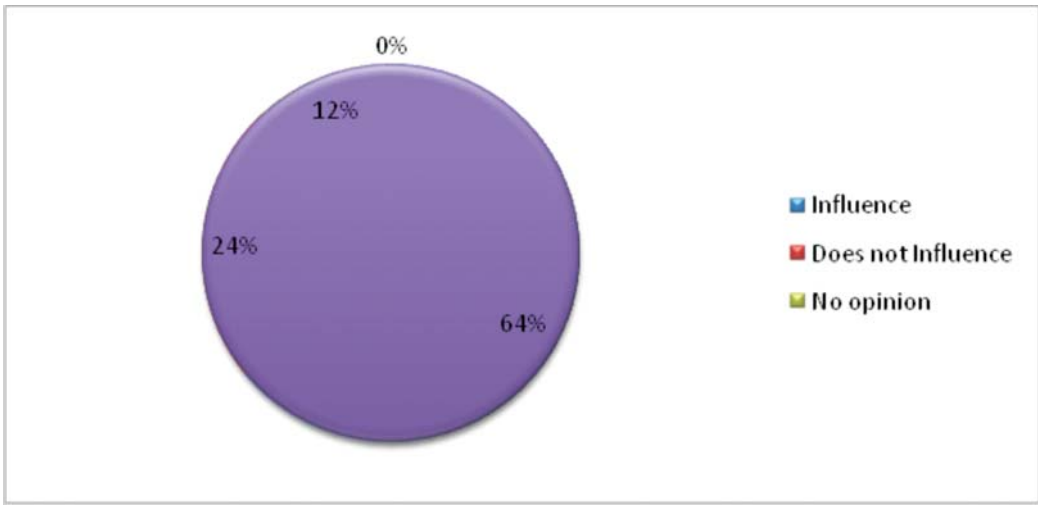


The above table shows that 52% of the respondents agree that the career development opportunities are helpful to get motivated.

Table showing other benefits will influence your performance.

Sl.No	Particular	Number of Respondents	percentages
1	Influence	32	64
2	Does not Influence	12	24
3	Cannt opine	06	12
	Total	**50**	**100**

Source: field survey



The table reveals that 64% 0f the respondents responded that incentives and other benefits will influence their performance.

Chi-Square Test

other benefits will influence your performance.

	Observed N	Expected N	Residual
Influence	32	16.7	15.3
Does not Influence	12	16.7	-4.7
Cannt opine	6	16.7	-10.7
Total	50		

Test Statistics

	Incentives and other benefits will influence your performance.
Chi-Square	22.240[a]
Df	2
Asymp. Sig.	.000

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 16.7. As the calculated values is (.000) which is less than the significant value o.o5 therefore null hypothesis is rejected. it is concluded that there is significant relationship between incentives and other benefits and employee performance.

The table reveals that 64% 0f the respondents responded that incentives and other benefits will influence their performance.

Findings

1. There is a harmonious relationship exist in the organisation between employees and management.
2. The employees are really motivated by the management.
3. The employees are satisfied with the present incentive plan of the company.
4. Most of the workers agreed that the company is eager in recognizing and acknowledging the work.
5. The study reveals that there is a good relationship exists among employees
6. Majority of the employees agreed that there job security to their present job.
7. The study reveals that increase in the salary will motivate the employees more.
8. Other benefits influence the performance of the employees.

Suggestions

1. Most of the employees agree that the performance appraisal activities are helpful to get motivated. So the company should try to implement a comprehensive appraisal system the performance.
2. Non-financial incentives plans should also be implemented; it improves the productivity level of the employees.
3. Skills of the employees should be appreciated.
4. Better career development opportunities should be given to the employees for their improvement.
5. Organisation should give importance to communication between employees and gain co-ordination through it.

Conclusion

The study concludes that the motivational program in ACC Limited is found effective but not highly effective. The study on employee motivation highlighted so many factors which will help to motivate the employee. The study was conducted among 50 employees. The performance appraisal activities really play a major role in motivating the employees of the organisation. It is a major factor that makes an employee feels good in his work and results in his satisfaction too. The

organisation can still concentrate on specific areas which are evolved from the study in order to make the motivational programme more effective.

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QUALITY OF WORK LIFE IN BPO SERVICE SECTOR

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ABSTRACT

The study has focused on the concepts related to Quality of Work Life(QWL) and its application in theBusiness Process Outsourcing(BPO) companies. This paper is basically a descriptive in nature with data analysis. The structured questionnaire has been administrated on QWLin various organizations. The facts identified are mostly related to the motivation related factors like recognition, reward system according to the assessment of performance objectively, which finally results in improvement of the productivity. The inferences have been stated at the end with suggestions.

Keywords*: QWL, BPO, Satisfaction, Performance, Hyderabad. (93 words)*

INTRODUCTION

The main reason any company for the purpose of outsourcing is mainly related to cost – benefit analysis related to that particular activity. The organisation experts make a thorough assessment for obtaining the maximum output. The cost – benefit analysis reveals that the various types of costs involved if the company utilises the internal manpower sources and the benefits generated are quantitatively measured. In this process, the organisational experts identify certain core areas, secondary areas and auxiliary areas. The management of the organisation obviously utilise its own human resources at various levels at all core areas and also at other secondary areas. The areas are mostly related to their manufacturing processes or key service areas or confidential related areas where the entry for others is strictly limited. There are many organisations like airlines, which includes both the public sector and also private sector airlines. In case of the government airline, the management of the airline gives top priority to the passenger safety. Security protection to the customer goods like cargo. On the other hand the private airlines focuses on certain other aspects like hospitality, passenger / customer relations, post sale service etc. The basis difference between the government sector airline and private sector airline could be stated as the social responsibility, safety and security related aspects which are more for government airline when compared to private airline. Similarly, the other service oriented organisations like insurance companies, banks, postal services, Indian Railways, Information Technology companies etc., also have identified certain core areas and concentrate more on obtaining the maximum output.The Indian talent is comparatively superior in terms of quality and quantity. The qualified technical know how and also low category of labour is available in India. Apart from this, the supply of qualified manpower is unutilized and under utilised. In some cases especially in software / hardware related fields, there is brain drain due to lack of recognition, lucrative jobs with suitable jobs. Of coursethere

are certain expectations. The cost of labour including the talented technical expertise in Asian countries is low. The unemployment situation is also on increasing side. There is no recognition for true merit being another reason. Though BPO sector has opened up vast career opportunities for young adults, employment in this sector has strong impact on young people's lives. For example, several young BPOemployees have to relocate to the major metros and cities where outsourcing hubs are located and live independently.

QWL has different meanings for different peoplefew consider it industrial democracy or co-determination with increased employee participation in the decision-making process. For others particularly managers and administrators, the term denotes improvements in the psychological aspects of work to improve productivity. Trade Unions and workers interpret it as more equitable sharing of profits, job security, healthy and humane working conditions. Others view it as improving social relationships at workplace through autonomous workgroups. Finally, some take a broader view of changing the entire organizational climate by humanizing work, individualizing organizations and changing the structural and managerial systems.India in general and Hyderabad in particular has become an important hub for BPO related work culture. The next set of challenges deal with the increasing employability of the workforce. The way in which the BPO sector has evolved in India is mainly by doing low-end work which is rapidly being threatened by new entrants. The employment generated by the BPO sector absorbs the majority of the employable workforce.QWL exercises a significant influence on productivity of employees. Research has established that good QWL leads to physically and psychologically make the employees in the healthiest way. QWL exercises a significant influence on productivity of employees irrespective of gender status. The QWL is not similar in all cases,itcould differ from organization to organization. It depends upon the formal and informal cultural practices adopted at various organizations, which equally applicable to the BPO related work force. The positive impact of BPO is much more in case of multinational companies. While employment in the BPM sector has meant that young adults are reaching their career milestones and financial goals much earlier than before, surveys and anecdotal evidences show that employees in the BPO sector experience high levels of stress as a result of working in closely monitored environments under the immense pressure to meet ambitious performance targets.

QWL was seen as more of an ideological statement about the nature of work and the worker's relationship with the organization. The terms participative management and industrial democracy were highlighted in this definition. Boisvert (1977) believes that QWL is a set of beneficial consequences of working life for the individual, the organization and society.

However, the late 1970s and early 1980s (1979 to 1982) brought along with it a renewed interest in QWL. The 5th definition which emerged during this time equals QWL to everything. Thus, all organizational development initiatives and organizational effectiveness programs were part and parcel of QWL. Moreover, QWL was seen as a global concept and was frequently perceived as a panacea for all the problems which an organization could face, including the confrontation of foreign competition. Carlson (1980) refers to QWL as a goal and an ongoing process for achieving that goal. As a goal, QWL is the commitment of any organization to work improvement: the creation of more involving, satisfying, and effective jobs, and work environments for individuals at all levels of the organization. As a process, QWL calls for efforts to realize this goal through the active involvement of individuals throughout the organization. Nadler and Lawler (1983), defines QWL as a way of thinking about people, work, and organizations. Its distinctive elements are: (1) concern about the impact of work on people as well as on organizational effectiveness and (2) the idea of participation in organizational problem-solving and decision- making. Although this approach adequately integrates the three QWL constituents

namely, people, work and organizations, its main weakness lies in attempting to define a complex subjective construct by means of an equally complex and subjective notion, that is, a way of thinking. According to Skrovan (1983), QWL is a process of work organizations, which enables its members at all levels to actively participate in shaping the organization's environment, methods and outcome. This value-based process enables the organization to achieve the twin goals of enhanced effectiveness of the organization and improved QWL of employees.

1990's witnessed a marked shift from the more objective nature of QWL to subjective nature, to the point of making it a concept specific to each individual. Though this was more a theoretical approach, it took into account the dynamic nature of QWL. Therefore, Kieran and Knuston (1990) define QWL as an individual's interpretation of his/her role in the workplace and the interaction of that role with the expectations of others. As such, QWL is individually determined, designed and evaluated. Hence, the notion of QWL differs with each individual, and is likely to vary according to the individual's age, career stage, and/or position in the organization. Kerce and Booth-Kewley (1993) add that QWL is a way of thinking about people, work and the organization.

QWL is highlighted as need fulfillment in the definition that emerged during the last decade. Sirgyet al.,(2001), define QWL as employee satisfaction with variety of needs through resources, activities, and outcomes stemming from participation in the workplace. This definition suggests that thirty years after the concept first appeared, QWL is still defined in terms of satisfaction. Maccoby (2001) defines QWL as a commitment of management and union to support localized activities and experiments to increase employee participation in determining how to improve work. Lau et al., (2001) equated QWL to favorable working environment that supports and promotes satisfaction by providing employees with rewards, job security and career growth opportunities. The definition by Serey (2006) is more conclusive and best meets the contemporary work environment in BPO industry. The definition is related to meaningful and satisfying work. It includes: (1) an opportunity to exercise one's talents and capacities, to face challenges and situations that require independence, initiative and self-direction; (2) an activity thought to be worthwhile by the individuals involved; (3) an activity in which one understands the role the individual plays in the achievement of some overall goals and (4) a sense of taking pride in what one is doing and in doing it well.

Rethinam and Ismail (2008) define QWL as the effectiveness of the work environment that transforms an organization into a meaningful one and influences personal needs in shaping the values of employees that support and promote better health and well-being, job security, job satisfaction, competency development and balance between work and non-work life.

The difficulty in defining QWL represents a sizeable obstacle to further development of research in this field. Till date, critiques are concerned primarily about the difficulty of operationalizing any definition that represents a significant theoretical nature. If this criticism is justified, an examination of recent work on QWL should confirm the difficulty of creating a link between the state of theoretical knowledge of QWL and its application in research (Martel & Du Puis, 2006).

The review on the definitions of QWL indicates that QWL is a multi- dimensional construct, made up of a number of interrelated, interdependent factors that need careful consideration to conceptualize and measure. It is associated with job satisfaction, job involvement, autonomy, motivation, productivity, health, safety and well-being, job security, competence development and balance between work and non-work life and realization of one's potentials.

The changes in the theoretical concept of QWL over some three decades have followed a fairly linear trajectory (Markham, 2010). Initially rigid and objective, the construct became progressively more subjective, dynamic and systemic. Despite

all works, many points are still subject to debate, including the need to develop a clear operational definition of the construct, while taking the progress and consensus achieved to date into account (Martel and Du Puis, 2006). After drifting along on the prevailing conceptual wave during the 1970s, QWL became subject to a certain consensus during the next decade, based on the work of authors such as Seashore (1975), Nadler and Lawler (1983), Sashkin and Burke (1987) et al.

To sum up, in the beginning, QWL was synonymous with employability rate, job security, earnings and benefits (Elizur and Shye, 1990). This listing of objective criteria soon gave way to job satisfaction as the target assessment criterion. Despite this shift to a more subjective construct, some researchers, such as Lawler (1975), remained convinced of the need for objective criteria to measure QWL. This contradiction between the theoretical way of thinking of the construct and the means to measure it is exacerbated by the different meanings given to QWL based on an individual (subjective criteria) or organizational (objective criteria) point of view (Walton, 1975). The definitions of QWL, most frequently quoted during the 1980s, reveal a marked trend towards accepting the subjectivity of the construct. In his description of a QWL model as a dynamic process, Carlson (1980) defines QWL as an organizational goal, which the business is perpetually striving to achieve. Moreover, from the organizational point of view, this author considers QWL as a philosophy which, even though varies with organizations, brings them together under a common denominator: human dignity. There are also different models that are related to QWL which are discussed later.

According to Tripathi, (2003), the scope of QWL concept originally included only job redesign efforts based on the socio-technical systems approach.

Summary of Literature Review

The review of literature clearly shows that the concept of QWL is explored from different angles by industrial psychologists, management theorists and academicians all over the world and voluminous research work has been taken up. Today QWL is a more sophisticated industrial management tool in the hands of managers to make the organizations a better place for working, learning and living. It has been realized that for the successful running of any enterprise, proper handling of the human factor is of key importance. At the same time, it should be noted that this human aspect of an organization is very often subjective, qualitative and dynamic, with one's own aspirations and intentions. The theoretical background of the study given in Chapter I and the review of related studies given in Chapter II have led the researcher to explore certain research questions. This further led the researcher to make certain assumptions and hypotheses. These are incorporated in the chapter on methodology.

Research Design

The Information Technology (IT) and Information Technology enabled Services-Business Process Outsourcing (ITeS-BPO) industry in India has shown robust growth in the last one and a half decade, registering a Compound Annual Growth Rate (CAGR) of 26%. According to the statistics of the Dept of IT, Government of India (annual report, 2007-08), the number of professionals working in IT and ITeS-BPO industry increased from 2,84,000 in 1999–2000 to over 1.6 million in 2006–07. It is estimated that the addressable market for the Indian IT-BPO industry in this sector would be approximately US$ 70-80 billion in the coming 10 years, growing at a CAGR of 14 %. It is estimated that 70% of the people working in IT and ITeS-BPO are in the age group of 26-35 years. Thus, this industry is a major source of employment for young adults of India. The research has evidenced that the scope of BPO has enlarged very significantly which also includes public sectors, Govt institutions, educational institutions etc.

MethodologyThe study is basically a descriptive and analytical. The sample size determined is 50 BPO employees. The structured questionnaire is administrated on the subjects. The responses are

edited, tabulated. The simple statistical techniques like per cent are adopted. The researcher has also adopted other techniques like "Observation" of the work force of various companies related to the QWL practices. The Likert Five Point Scale is adapted for the purpose of the measurement. The response pattern is presented in tabular form. The inferences in detail have been stated only in those cases where attention is required.

Table – 1 Sample Size: 50 respondents:

S.No	Statement	%
1.	I am getting fair pay.	75
2.	I continue to work for the current organization with commitment.	82
3.	Too much of work related stress leads to burnout.	68
4.	Management has created a congenial work environment.	85
5.	The company has built excellent recreational environment.	90
6.	The company has round the clock canteen facility to cater the shift staff.	82
7.	The company provides women welfare facilities like crèches etc.	95
8.	I am confident in doing any allocated task.	92
9.	Instructions are well informed by superiors at our company.	89
10.	I am given the freedom to find new and better ways to get the work done.	95
11.	I can solve most problems if I invest necessary effort by my own thoughts.	82
12.	I am confident that I could deal efficiently with unexpected events.	76
13.	I can remain calm to think when facing difficult situations.	68
14.	I can handle any situation independently.	72
15.	Superior fixes the responsibility only on the tasks allocated.	87
16.	My manager provides constructive feedback.	90
17.	Rewarding the employee performance reduces employee turnover.	98
18.	Boss arouses enthusiasm to achieve the goal.	53
19.	My boss provides new direction of thinking in times of difficulty.	62
20.	Boss asks me for improvement when my performance is low.	82
21.	My Boss gives rewards according to the performance.	63
22.	Self Appraisal is treated as an important component.	85

Source: Primary Data.

Inference: The Table No.1 has indicated that the respondents have felt on the identified statements mostly in a positive way. The low response pattern found only in certain areas like rewards to the employees according to the performance, opportunities for further growth, creation of stress free environment, adequate compensation etc.

Suggestions:

The management of these organizations may focus on the motivation and reward system according to the performance which has to be measured objectively.

- Adequate Income and Fair Compensation
- Safe and Healthy Working Conditions
- Immediate Opportunity to Use and Develop Human Capacities
- Opportunity for Continued Growth and Security
- Social Integration in the work organization
- Constitutionalism in the Work Organization
- Work and the Total Life Space
- Social Relevance of Work Life

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TOURISM IN INDIA - A STUDY

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ABSTRACT

Tourism is rapidly evolving industry that has become increasingly competitive in the global arena. It is gaining universal acceptance as a potent engine for inclusive socio economic progress because of the jobs created and infrastructure developed. It has the potential to stimulate other economic factors through its forward and backward linkages and ability to create more employment due to its multiplier effect on the economy. The year witnessed a growth of 10.6% in FTAs in India, which is higher than the medium growth rate of 4.7% witnessed in international tourist arrivals, globally. FTAs during 2014 were 77.03 lakh as compared to the FTAs IF 69.68 lakh during 2013. The Foreign Exchange Earnings (FEEs) from tourism in rupee terms during 2014 were Rs.1, 20,083 crore with a growth of 11.5%. This paper main aim studies the Indian Tourism policies, products and, foreign tourist's visits in India various States and UTs. It is prepared based on secondary data and is emphirical one.

Key Words: Tourism, FTAs, Tourism Policies, Eco-Tourism, Tourism Policy, 2015

1. INTRODUCTION

India can always boast of its rich cultural heritage. Travel and Tourism in India is an integral part of Indian tradition and culture. In ancient times, travel was primarily for pilgrimage –as the holy places dotting the country attracted people from different parts of the world. People also travelled to participate in large scale feasts, fairs and festivals in different parts of the country. In such a background, cultural tradition was developed where *'Athithi Devo Bhava'* (the guest is god) and *'Vasudhaiva Kutumbakam'* (the world is one family) became bywords of Indian social behaviour. Since times immemorial, the rulers in different parts of India built luxurious palaces, enchanting gardens, marvellous temples, grand forts, tombs, and memorials. These bear testimony to the exquisite inheritance of this land, and are examples of unparalleled craftsmanship of the people of the bygone ages. The beauty of India's cultural heritage and the richness of nature's endowments make India tourists paradise.

Pundit Jawaharlal Nehru often remarked, *"Welcome a Tourist and send back a friend"*. That was the essence of India's approach to tourism in the post-Independence era. Tourism was seen as an important instrument for national integration and international understanding.

The dimensions of tourism changed as trade and commerce developed. The spice trade brought India in contact with the world more than before. The silk route trade also opened up India's immense cultural heritage and natural beauty to the world outside. The establishment of the Indian Railways by the British, modernization of the ports, development of hill stations- all these added to the growth of the Indian tourism industry in the 19th and early parts of the 20th century. The growth of modern, organized tourism however was slow. Systematic information, even if inadequate, has been available only during the post – Independence era. It was only after the 80s that tourism as an industry picked up speed.

2. LITERATURE REVIEW:

Negrea, A. (2014)[1]: In his article Stated on the performance or success of a Face book campaign, it is important to be talking about one or more measurable indicators. The performance of a

campaign on a Face book page is measured, from our point of view, by the effects that it has that message outside the social network (number of clicks, number of sales, the number of new subscribers to the newsletter, number of unique visitors on the website). ***Coutino Carlos, Creton Adina, JardimGoncales (2014)[2]:*** In this article the authors focused and narrated how cloud computing had reached a new and a greater scales of adoption and stabilization in an aerospace environment. These technological changes had about a change in business paradigm from an enterprise-concentric to service- dispersed strategies. These changes brought in various disturbances. ***Vincent Wang, XuXun W (2014)[3]:*** This article Authors talked about adopting cloud computing technology in manufacturing. This was a new concept and needed to be fully adopted for reliability and cost effectiveness Here manufacturing capabilities and 74 resources were componentized, integrated and optimized globally. ***Currently, according to Eshetu (2014)[4],*** ecotourism is a kind of travel that focuses on local cultures, wilderness, as well as adventures; a tour to destinations who's the scenery, flora, fauna and cultural heritage that are the primary attractions. ***R. AlRoobaea, A. Al-Badi, and P. Mayhew (2013)[5]:*** In his article stated the growth of the Internet and new technologies has created new dynamic websites that are growing rapidly in use and that are having a significant impact on many businesses. One distinctive example of these sites is in the hotel/hospitality industry.

3. OBJECTIVES OF THE STUDY

1. To study the tourism policies and products in India.
2. To analyse the tourists visited to India from various countries.

4. METHODOLOGY

This is an analytical study based on secondary data. Secondary data have been collected from Tourism Annual Reports, Market Research Division Ministry of Tourism, and Government of India. Related Journals and Published Articles.

5. TOURISM POLICIES IN INDIA

i. National Tourism Policy 2002:

In order to develop tourism in India in a systematic manner, position it as a major engine of economic growth and to harness its direct and multiplier effects for employment and poverty eradication in an environmentally sustainable manner, the National Tourism Policy was formulated in the year 2002[1]. Broadly, the "Policy" attempts to: - Position tourism as a major engine of economic growth; Harness the direct and multiplier effects of tourism for employment generation, economic development and providing impetus to rural tourism; focus on domestic tourism as a major driver of tourism growth. Position India as a global brand to take advantage of the burgeoning global travel trade and the vast untapped potential of India as a destination; Acknowledges the critical role of private sector with government working as a pro-active facilitator and catalyst; Create and develop integrated tourism circuits based on India's unique civilization, heritage, and culture in partnership with States, private sector and other agencies; and Ensure that the tourist to India gets physically invigorated, mentally rejuvenated, culturally enriched, spiritually elevated and "feel India from within".

ii. National Tourism Policy 2015:

The Union Ministry of Tourism on May 1, 2015 released the Draft National Tourism Policy (NTP) 2015 after re-visiting National Tourism Policy (NTP) 2002. The policy is aimed at boosting tourism sector in the country. Its objective is to increase India's share in world tourist arrivals from the present 0.68% to 1% by 2020 and increase to 2% by 2025 and position tourism as a priority on the National political and economic agenda.

The Draft National Tourism Policy 2015 enshrines the vision of developing and positioning India as a 'Must Experience and Must Revisit' destination encompassing the aspects of ***Swachhta (cleanliness), Suraksha (safety) and Swagat (welcome).*** It seeks to evolve a framework for tourism development, which is Government-led, private sector- driven and community welfare-

oriented. Its focus is on Employment Generation and Community Participation in the development of tourism industry in a sustainable manner. The emphasis of the policy will be on skill development across all segments including setting up of a dedicated university for tourism and hospitality education and deployment of technology in promotion of tourism[2].

6. TOURISM NEW SCHEMES & PRODUCTS

A National Mission on Pilgrimage Rejuvenation and Spiritual Augmentation Drive **(PRASAD)** has been announced and an amount of Rs.100.00 crore has been provided for this initiative. This ministry has formulated the guidelines for implementing this scheme. Initially twelve heritage/religious cities have been identified under **PRASAD** Scheme. ***The cities are Amritsar, Ajmeer, Mathura, Gaya, Kanchipuram, Puri, Amravathi, Dwarka, Varanasi, Vellankanni, Kedarnath and Kamakhya*** which have been selected based on their heritage and religious tourism importance and geographical spread. India's rich cultural, historical, religious and natural heritage provides a huge potential for development of tourism and job creation. In due recognition of this potential, a scheme on **SWADESH DARSHAN** has been initiated. It has been decided to crate tourist circuits around specific themes. ***Himalayan, North-Eastern Coastal, Krishna and Buddhist*** circuits have been identified to be developed initially.[3]

Tourism Products in India as well as States

i) Cruise ii) Adventure iii) Medical iv) Wellness v) Golf vi) Polo Meetings Incentives Conferences & Exhibitions (MICE) vii) Eco-Tourism: viii) Film Tourism: ix) Sustainable Tourism.

7. FOREIGN TOURISTS ARRIVALS TO INDIA & VARIOUS STATES (FTAs)

Tourism is an important sector of the economy and contributes significantly in the country's GDP as well as Foreign Exchange Earnings (FEE). With its backward and forward linkages with other sectors of the economy like transport, constriction, handicrafts, manufacturing, horticulture, agriculture etc, tourism has the potential to not only be the economy driver, but also become an effective tool for poverty alleviation and ensuring growth with equity. The following table shows the various countries of foreign tourists arrivals in India in 2015

Table-1
Share of Top Countries of the World and Indian in International Tourist Arrivals in 2015

Rank	Country	International tourist arrivals (P) in millions	Percentage (%) share
1	France	84.5	7.14
2	USA@	77.5	6.55
3	Spain	68.2	5.76
4	China	56.9	4.81
5	Italy	50.7	4.28
6	Turkey@	36.2	3.06
7	UK@	36.1	3.05
8	Germany	35.0	2.96
9	MAXICO	32.1	2.71
10	Russian federation	31.3	2.64
	Total of top 10 countries	508.5	42.95
	India (PR)	**8.03**	**0.68**
	Others	667.5	56.37
	Total	**1184.0**	**100.00**

(P): Provisional. Excludes Nationals of The Country Residing Abroad.
@: Country's respective website.
Source: UNWTO Barometer may 2015 and bureau of immigration (BOI)

Form the above table -1 it reveals that the international tourists arrivals in 2015 of top 10 country out of it 84.5 millions is France and 31.3 millions is Russian federation. The Indian tourists are 8.3 million the top 10 countries total share is 508.5 million and percentage of share of 10 countries is 42.95%. The other countries share is 667.5 and percentage of share of other countries is 56.37%. India's share is 8.3 million about the percentage of share is 0.68%. Thus the tourist arrivals France has become largest visitors of top ten countries.

Table-2

Share of Top 10 States/UTs of India in Number of Foreign Tourist Visits in 2015

Rank	State /UT	Foreign Tourist Visit in 2015	
		Number	Percentage of Share
1	Tamil Nadu	4684707	20.1
2	Maharashtra #	4408916	18.9
3	Utter Pradesh	3104062	13.3
4	Delhi #	2379169	10.2
5	West Bengal	1489500	6.4
6	Rajasthan	1475311	6.3
7	Kerala	977479	4.2
8	Bihar	923737	4.0
9	Karnataka	636502	2.7
10	Goa	541480	2.3
	Total of top states	**20620863**	**88.4**
	Others	2705300	11.6
	Total	**23326163**	**100.0**

Source: State/UT Tourism Department. # Figures have been estimated

From the above table -2 the top 10 states in India higher no of Foreign tourists visitors 46.84 Lacks visited Tamil Nadu state share of the percentage of top 10 states is 20.1% and lower no of visitors 54.15 Lacks visited Goa the percentage of share is 2.3%. Other states are 27.05 Lacks and share is 11.6%. Thus the tourist's large number of foreign tourists visited Tamil Nadu.

7.1. Domestic Tourists Visits to Various States and UTs in India (DTVs)

Table-3

Share of Top 10states/UTs of India in Number of Domestic Tourist Visits In 2015

Rank	State/UTs	Domestic tourist visits in 2015	
		Number	Percentage of Share
1	Tamil Nadu	333459047	23.3
2	Utter Pradesh	204888457	14.3
3	Andhra Pradesh	121591054	8.5
4	Karnataka	119863942	8.4
5	Maharashtra #	103403934	7.2
6	Telangana	94516316	6.6
7	Madhya Pradesh	77975738	5.4
8	West Bengal	70193450	4.9
9	Gujarat	36288463	2.5
10	Rajasthan	35187573	2.5
	Total of top 10 states	1197367974	83.6
	Others	234605820	16.4
	Total	**1431973794**	**100.00**

Source: State/UTs Tourism Departments. # Figures Have been Estimated

From the above table -3 the top 10 states in India higher no of domestic visitors 33.34 corers Lacks visited Tamil Nadu state share of the percentage of top 10 states is 23.3% and lower no 35.19 corers visited Goa the percentage of share is 2.5%. Other states are 23.46 corers and share is 16.4%. Thus the tourist's large number of foreign tourists visited Tamil Nadu.

7.2. Foreign Exchange Earning (Fees) from Tourism in India During the Years 2010-16.

Table-4

Foreign exchange earnings (FEEs), in Rs. Crore,
From Tourism in India, 2010-2016.

Year	FEEs from tourism in India (in Rs.crores)	Percentage (%) change over the previous year
2010 #[1]	64889	20.8
2011 #[1]	77591	19.6
2012 #[1]	94487	21.8
2013 #[2]	107671	14.0
2014 #[2]	123320	14.5
2015 #[1]	135193	9.6
2016 #[1] (Jan-June)	**73065**	**14.1@**

#[1]: Provisional Estimates (Based on Provisional Fats), @: Growth Rate over Jan-June, 2015
#[2]: Provisionally Revised Estimates (based on final FTAs received from BOI)
Source: Ministry of Tourism, Govt.of India, For 2010-2016. PG.NO.5

Form the above table -4 it reveals that the Foreign exchange earnings from tourism tourist trade increased gradually form 2010 to 2015 from `64889 crores to `135193 crores. The percentage change over high in the year 2012 is 21.8% and the change in percentage over low in the year 2015 is 9.6%. The growth rate of foreign exchange earnings in the year 2016 is 14.1%.

7.3. Foreign Exchange Earning (Fees) in US$ Million Tourism in India During the Years 2010-16.

From the below table – 5 it reveals that the foreign Exchange Earnings of US**$** from tourist trade increased gradually form 2010 to 2015 from **$**141193 million to **$**21071 millions. The percentage change over high in the year 2010 is 27.5% and the change in percentage over low in the year 2015 is 4.1%. The growth rate of foreign exchange earnings in the year 2016 is 6.5%.

Table-5

Foreign Exchange Earnings (FEEs) US$ million,
From Tourism in India, 2010-2016

Year	FEEs from Tourism in India (in US $ million)	Percentage (%) change over the previous year
2010 #[1]	141193	27.5
2011 #[1]	16564	16.7
2012 #[1]	17737	7.1
2013 #[2]	18445	4.0
2014 #[2]	20236	9.7
2015 #[2]	21071	4.1
2016 #[1] (Jan-June)	**10865**	**6.5@**

#[1]: provisional estimates (based on provisional FTAs), @growth rate over Jan-June, 2015
#[2]: provisional revised estimates (based on the final FTAs received from BOI)
Source: Ministry of Tourism, Govt. of India, For 2015-16. PG.NO.4

8. CONCLUSION:

India can always boast of its rich cultural heritage. Travel and Tourism is an integral part of Indian tradition and culture. In ancient times, travel was primarily for pilgrimage –as the holy places dotting the country attracted people from different parts of the world.

Thus the tourist arrivals France has become largest visitors' in the world the tourists arrival around 84.5 millions about (7.14%) are visited to France out of the top ten countries.

Consequently the tourist's large number of foreign tourists arrival around 46, 84, 707 millions about (20.1%) are visited to Tamil Nadu.

Therefore the tourist's large number of domestic tourists' arrival around 33, 34, 59, 047 about (23.3%) are visited to Tamil Nadu.

The growth rate of foreign exchange earnings in the year 2016 is 14.1% in Rs.crores. The growth rate of foreign exchange earnings in the year 2016 is 6.5% in US $ million.

Tamil Nadu is attracting both domestic and foreign tourists because of Tamil Nadu have some of the most remarkable temples, architectures in the country, and a living tradition of music, dance, folk arts and fine arts. It renowned for its temple towns and heritage sites, hill stations, waterfalls, national parks, local cuisine and the fabulous wildlife and scenic beauty.

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