

EXECUTIVE SUMMARY OF MINOR RESEARCH PROJECT (UGC)

_ Mr Ishwara Gowda

TITLE: “AWARENESS OF RURAL INSURANCE SCHEMES:-A SPECIAL STUDY OF RURAL INSURANCE AND LIC WITH REFERENCE TO BELTHANGADY TALUK”.

It is a study of the Awareness of rural Insurance of Belthangady Taluk. The Rural insurance is considered as one of the important segment and fast growing financial activities of the economy. Rural insurance is truly rural in nature. The study and the research work is undertaken in the rural area itself. The study is also relevant from the point of analyzing awareness of rural insurance and its contribution towards risk coverage & saving of future investment. Given the uncertainty that abounds our environment; awareness is the most important things as people in poor regions are not familiar with the concept of insurance. Insurance companies must work around this problem as a corporate social responsibility in rural area where there is no state social security system.

The specific objectives of the Study are

In the back drop of the emergence of awareness of rural insurance schemes, the study is undertaken with the following objectives.

1. To understand rural customer’s current knowledge, attitudes and practices regarding saving, loans and insurance.
2. To study the awareness among the rural people about the rural insurance products.
3. To identify the real savings habits among the rural people.
4. To Examine and compare the beneficial factors of rural insurance.
5. To analyze the role and contribution of rural insurance and LIC towards the society.
6. To know the economic, social, religious and educational status of the people of Belthangady taluk.

ii) Work done so far and results achieved and publications, if any, resulting from the work
(Give details of the papers and names of the journals in which it has been published or Accepted for publication):

The project is completed within the specified period and is in accordance with the original plan. However attempt is being made to publish some articles from the project in reputed journals. The project could concentrate on the following areas:

- The study helped the researcher to understand the real life conditions and attitude of rural people as regarding the saving habits, of the Belthangady Taluk .
- The study helped the researcher to make an objective analysis of the rural insurance and LIC.
- Study made an attempt to explore some new possibilities of emerging new type insurance scheme.
- It helped the researcher to analyze the socio-economic life style of rural people.

iii) Has the progress been according to original plan of work and towards achieving the objective. If not, state reasons:

Yes. The project is completed according to the original plan of work.

iv) Please indicate the difficulties, if any, experienced in implementing the project: **No**

v) If project has not been completed, please indicate the approximate time by which it is likely to be completed. A summary of the work done for the period (Annual basis) may be sent to the commission on a separate sheet: **The project is completed**

vi) If the project has been completed, please enclose a summary of the findings of the study.

Two bound copies of the final report of work done may also be sent to the Commission.

The major Findings of the present Study are classified under three broad areas;

A. RURAL INSURANCE PERSPECTIVE

The rural insurance has thrown light on various issues of rural insurance coverage and risk in Belthangady taluk in Dakshina Kannada.

- i) The respondents interest towards type of insurance policy
- ii) purpose/rationale of holding the policy by the rural people
- iii) Present awareness of various rural insurance schemes

i) The respondents interest towards type of insurance policy

It is clearly found in the study that the type of insurance policy the respondents like to have, 20% of the respondents prefer to purchase the insurance policy from SHG Insurance, 16.67% of the respondents prefer to purchase policy from co-operative, and 16.67% of the respondents prefer to purchase policy from government agencies.

Generally rural people prefer to purchase insurance policy from government sector mainly because of its own advantages like, security, income, and guarantee and less risk factor. They are also very careful or conscious on making their selections. Though they are less educated, their life experiences have made them to be more careful in selecting the policy and planning's for their future. Life insurance has today become a mainstay of any market economy since it offers plenty of scope for garnering large sums of money for long periods of time.

Source of insurance Awareness

It is found in the study that a highest percentage of awareness of respondents by way of agents (76.67%), 3.33% of the respondents aware of the policy by way of advertisement. And 20% of the respondents are aware of the policy through others (friends and relatives). The agents are the main influencing party to create awareness among the rural person. Advertisement is considered as low response media to create awareness among the rural persons regarding the insurance policies friends and relatives are partly responsible for creating awareness among the rural people towards the policy.

The study on awareness of rural insurance has thrown light on various issues of rural insurance coverage and risk in Belthangady taluk in

Dakshina Kannada. The first chapter delineated the introduction to the study, relevance of the research study, objectives of the study, research methodology, scope & limitations. This chapter mainly showed interest on rural people who have really micro and detailed study of the awareness level of rural insurance, only Belthangady Taluk have been selected -----The study area is endowed with adequate potential resource such as well 'Knit transport and communication facilities, moderate literacy level, larger banking network and humid climate which create immense scope for increasing investment habits and creating awareness among the people about the insurance schemes. The present study also assumes greater significance due to competition among the government insurance sector and private insurance sector

Nature of occupation:

In the study area the main occupational activities of respondents are agriculture and farming activities. The study showed that 43.33% of the respondents are agriculture and farming activities, 30% are the coolly workers, 6.67% are government servant and 20% having small business or self employed. From the data it can be interpreted that the respondent's major source of income is generated from agricultural labour activities. Only on rural area, so that the respondents paying policy premium out of the agricultural income. And only less number of respondents engaged in other activity like, coolly government service and self employed.

ii) rationale of holding the policy by the rural people

Reason for possessing the various policies

It is found that 73.33% is the reason for possessing the policy only on security income and less percentage is considered for risk coverage and social function. This is because the rural people unaware of the different policies covering risk.

Type of crop cultivation:

Yet another finding of the present study is that 16.67% of the respondents are engaged with paddy cultivations, 64% of the respondents

(64 out of 120) are engaged with areca nut cultivation, rubber and other type of cultivation comes in the next stage. It is surprising to find that areca nut is one of the main income generating crops in this study area.

Recent private insurance and its awareness

Out of the total respondent 7.5% are aware of ICICI prudential, 40% are aware of sampurna suraksha, 5% are aware of margadashi, 27.5% are aware of Bajaj allianz and remaining 20% are aware of met-life insurance scheme.

From the above table it can be inferred that majority of the respondents are aware of sampurna suraksha scheme as that scheme is particularly meant for protecting health and risk of people residing in rural area.

Preference of investment

63.33% of the respondents were given preference of investment on insurance whereas 36.67% of respondents were given importance to bank deposits. It is evidence that rural people are much interested with insurance scheme rather than bank deposits because of its risk coverage benefits.

iii) Present awareness of various rural insurance schemes:-

Awareness regarding various rural insurance schemes

SHG (Self help group) is considered as a powerful agency to create a awareness regarding rural insurance among the respondents. It indicates that the respondents were aware of most of all type of rural insurance schemes and its benefits.

Awareness of Respondents regarding crop/Agri – Insurance

It is clear that respondents are not aware of all type of agri-insurance schemes. The average numbers of respondents were aware of agri-insurance scheme only 43.33% compared to the total number of 120 respondents. Good response to insurance is also due to the better economic condition of the farmers, especially those who are opting for commercial crops

Security and risk coverage

From the above statistical analysis it can be inferred that the calculated value of $\chi^2(7.63)$ is less than the table value (9.488). The first hypothesis holds true. Hence it is considered that the security of income is more important than the risk coverage in rural area.

Awareness and changes in investment pattern

From the above statistical analysis it can be inferred that the calculated value of χ^2 (3.249) is less than the table value (9.488) the second hypothesis of the study is also holds true. Hence, it can be concluded that there is relationship between awareness and changes in investment pattern of various forms of rural insurance findings.

B. LIFE INSURANCE PERSPECTIVE

Life Insurance Corporation of India is the largest insurance company in the world, with 23 crore customers and more than 1.1 million agents. The emerging economic scenario has thrown up the challenges which threaten LIC's exclusive prerogative of marketing life insurance. This is expected to accelerate in the coming years as the market is under penetrated. The Life insurance industry in India has grown tremendously with increasing growth rate of industrialization, infrastructure and savings rate and capital formation. India is on the threshold of rapid economic and social changes. Any new player entering the insurance business would try to differentiate its product offering, but is the service-delivery system which becomes the key differentiator, and the Indian Life Insurance segment witnessed the entry of players like ICICI Prudential, Bajaj Allianz, HDFC Standard Life to name a few in 2000. These private players have customized products and introduced innovations in annuity or pension products, apart from offering better services to the customers. In spite of this, LIC is the dominant player in this sector and has tremendous opportunity like other entrants for growth. Life insurance helps households manage their finances in the face of death and disability by minimizing disruption to wage earners dependents. There are 23 private insurance players, and one giant government owned LIC is

operating in India. Insurance being a service product, managing consistent quality across all markets, all channels and all branches assumes great significance. Every risk involves the loss of one or the other kind. The function of insurance is to spread this loss over a large number of persons through the mechanism of cooperation. The people who are exposed to a particular risk cooperate to share the loss caused by that risk, whenever it takes place. Therefore, people take insurance cover for reducing the risk and uncertainty.

Knowledge about service existence

Among the 120 respondents, 40.83% of the respondents got the information from LIC agents to take the policy, 28.33% of the respondents acquired the policy by their own accord, 9.17% of the respondents got the idea from existing policyholders. 7.5% of the respondents were influenced by employees and relatives, and the rest 6.67% of the respondents were motivated by friends to take the policy.

Policies Marketed

LIC offers a variety of policies, and they are grouped into life insurance, term assurance, and specific plans for children, pension plans, and unit linked insurance plans, micro insurance plans, health insurance plans for handicapped dependants and other plans. 30.83% of the respondents preferred endowment policy, followed by 19.17% of the respondents who preferred the money back policy, and only 12.5% procured the pension policy for their old age. It can be inferred that a majority of the policyholders are interested in buying endowment policies which are very popular now-a-days because it is different from all the other policies which are available in the market. The premium of the policy is to be paid for the full term in spite of the death of the policyholder.

Preferred Policy Plan

The Life Insurance Corporation of India is selling different types of plans as listed in the Table 4.27. In the study, it was found that 21.79% of the respondents preferred the Jeevan Mitra plan under the endowment policy, followed by 18.63% of the respondents, who preferred the Jeevan Anand plan, and 18% of the respondents chose the New Bima Gold plan. Only 14.20% of the respondents procured the ULIP policy, and a very minimum of 0.93% of them invested in the Bima Kiran Plan. 0.60% of the respondents chose the Jeevan Aadhar and Jeevan Vishwas plans, which are special plans for the handicapped persons.

It is interesting to note that the Jeevan Mitra Plan being an Endowment Assurance Plan, provides greater financial protection against death throughout the term of plan and the next option is given to the Jeevan Anand plan by the policyholders, as it is the combination of whole life policy and endowment insurance policy and this policy is suitable for the people of all ages and social groups.

Reasons for Preference of LIC Policies

Insurance is an attractive option for investment. Most of the respondents recognize the risk hedging and tax saving potential of insurance with the added incentives like bonuses offered by insurers. Insurance is a unique investment avenue that combines both elements of protection and investment. The security is one of the major determinants that influence the respondents to prefer LIC as a best product for investment. Tax is a second major factor that influences the respondents, especially for salaried class people, who wish to avail tax concessions. And the last rank is the bonus which influences the respondents to prefer LIC plans and motivate the respondents to prefer LIC products with profit plan or ULIP.
