



ROLE OF LIFE INSURANCE CORPORATION (LIC) IN ECONOMIC DEVELOPMENT OF INDIA

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ABSTRACT:

Life Insurance Corporation (LIC) of India has becoming one of the giant corporate entity of the Indian economy. It has nearly about 2048 branches providing services to the peoples. And it has about 19 crore policies holders. For the last five decades LIC is in the mass service provider to the people of the country.

India has a rapidly growing middle class of roughly 300-500 million who in the opinion of some experts can afford to buy life insurance, health insurance, pension plan project etc. It can be explained that the attraction of the Indian market holds for the foreign insurer who is been putting pressure in India, to open its market in the rules and regulation of the World Trade Organization (WTO).

In the changed environment LIC has to face different challenges it has to project the interest of the shareholders. Though facing the challenges it has to project the interest of the stakeholders. To run the insurance business by having the economically and ensuring financial viability and stability are not very simple. Different factors can put a strain on company's balance sheet such as establishment cost, business pressure, different pattern of claims settlement, cost of system development etc. On the part of the LIC to meet these problems requires a tremendous skill. Keeping in mind the social and economical needs of this country LIC has brought very much type of insurance products.

The important social responsibility of LIC was for the economically weaker section of the society to provide the social security. LIC invest 82% of its investment in public sector and the rest in both private and the co-operative sector. Because of this LIC is a major driver of the state government expenditure contributing for the welfare of the people and it is also one of the major investor that drives the growth of corporate sector.

KEYWORDS: Life Insurance, IRDA, Economic Development, WTO.

1. INTRODUCTION -

The business which affects everyone directly or indirectly is Insurance. Insurance can be defined as a economic system for reducing the uncertainty through recovering the losses; it is business which is done by using legal method of transferring risk occurred in a contract of indemnity; it is also the business which provides employment in the economy; it is kind of social device the losses of few is paid by many.

It can be said that the changes creates the instability and the instability creates the uncertainty. Main principle of business of insurance is of risk taking. It is very much older business that even anyone can realize.

MEANING OF INSURANCE

The term insurance is as old as the civilization. At present the Joint Stock Companies and Corporation are the forms of insurance. In the Rigveda the oldest term used for the insurance was 'Yogakshema'. By having the importance of the legal nature and the financial nature insurance can also be defined. For learning the insurance the important term should be learned carefully.

The important term includes:

1. Loss :

Loss terms that when you no longer have something or have less of something.

2. Perils :

Any loss caused due to the events such as a financial loss e.g. a fire, or loss due to storm.

3. Hazards :

Any factor that adds to the risk is hazards. In short the loss is effect and hazards are the cause.

4. Risk:

It is a condition where there is a possibility of an adverse deviation from a desired outcomes that is expected or hoped for.

2. OBJECTIVE OF THE STUDY

1. To understand the difference between the insurance and the human welfare.
2. To access the LIC's overall working and performance.
3. To analyze the contribution of the LIC to social sector development in India.
4. To study the important provision of the IRDA Act in view of the social- economic development of the people.
5. To make an appraisal of different insurance plans, undertaken by the LIC in order to benefit the people living below poverty line.

3. RESEARCH METHODOLOGY

Research

The art of scientific investigation is term to be as Research. It is nothing but proper efforts made for gaining new knowledge.

Definition

The term can be defined as," an art of finding the problems and solving it formulating the hypothesis of it or find the solution for it. It also collects the data evaluating it and find the conclusion and also to determine whether it fit for formulating the hypothesis or not."

Research Methodology

Research Methodology concern itself with obtaining information through Empirical. Observation that can be used systematically developed logically related proposition so as to establish casual relationship among variable. This research is based on the secondary data. The research is based secondary data. The research methodology adopted was based primary data via is most resent of the first- hand information that could be collected for all possible sources. Secondary data are used to support primary data whenever necessary.

Types of Research:

Descriptive Research:-

The researcher selects the descriptive research for his research when his aim behind the research is to describe the features of the phenomenon describe. The descriptive research answers to the questions like what, how, when, were. It explains the features and the reason behind any behavior. By providing the accurate information the descriptive research explains the reason and assumption behind a specific behavior.

Products of Life Insurance Corporation

On the different basis the Life Insurance policies is been divided which is as follows:

1. Duration of Policies
2. Premium payment method
3. Participation in Profit
4. On number of person insured
5. Method of payment of claim amounts

Recommendation made by the committee was as follows:

- 1) With minimum paid up capital of Rs.100 crore private insurance company should also get the permission to enter in to the insurance industry.
- 2) LIC and GIC capital base increasing up to 200 crore half amount was been maintain by the Government and the remaining was been said to the public at large with the reservation was been provided to the employees.
- 3) In this committee's recommendation it was also mentioned that the foreign insurance company can also entered temporary with, an Indian Insurance company having the joint venture with Indian partners.
- 4) On the lines of the SEBI the steps was initiated for the setting up a strong and effected insurance regulatory.

Privatizing Insurance Sector

According to the rules and the regulation of the IRDA (Insurance Regulatory and Development Authority) the government of India has given the permission for the foreign countries insurance company having the joint venture with the Indian insurance company. The main reason why the insurance company started joint venture with the foreign insurance company is to decrease the distance between the two countries i.e. building the good business relation. This has given the justification for the private sector insurance company opening.

The Major Foreign Insurance had established the Joint Venture with the Indian Insurance companies are as follows:-

Sr.No	Name	Name of the Indian Partner	Name of the Foreign insurance company	Country
1.	ICICI Prudential Life Insurance Co.Ltd	ICICI	Prudential	U.K
2.	HDFC Standard Life Insurance Co,Ltd	HDFC	Standard Life	U.K
3.	Birla Sun Life Insurance Co.Ltd	Aditya Birla Group	Sun life	Canada
4.	TATA AIG Life Insurance Co.Ltd	TATA Group	AIG	USA
5.	SBI Life Insurance Ltd	SBI	Cardiff	France
6.	Allianz Bajaj Life Insurance Co.Ltd	Bajaj Group	Allianz	German

5. Data Analysis and Data Interpretation

1) LIC investment in the Infrastructure Development

Sr.no	Year	Electricity and Power supply (%)	Water Supply & sewage (%)	Housing (%)	Total (%)
1	2009-10	12.82	3.93	14.62	31.37
2	2010-11	10.97	3.45	14.27	28.69
3	2011-12	11.10	3.41	14.10	28.61
4	2012-13	10.98	3.19	13.45	27.62
5	2013-14	10.79	3.15	12.42	26.36
6	2014-15	9.65	3.25	12.11	25.01
7	2015-16	10.32	3.16	11.30	24.78
8	2016-17	10.92	3.12	10.59	24.63
9	2017-18	10.19	4.08	9.96	24.23

Interpretation:

The above table shows the role of the LIC in the Infrastructure development. The investment of the LIC in the infrastructure development is shown in the above table. The amount is shown in (%).The LIC has contributed in infrastructure activity such as Electricity and Power supply, Water supply and Sewage, Housing..The data is been provided for the period 2009-2018.

2) Outstanding Loan Granted by the Corporation in different Zones

Sr.No	Zone	Number	Amount (amount in crores)
1	Central	5519	9669.08
2	Non-Central	6308	11953.80
3	Eastern	13979	18912.73
4	Northern	8231	14347.56
5	South Central	17151	32923.23
6	Southern	17532	29723.51
7	Western	13880	35962.69
	Total	82600	153492.60

Interpretation:

Till now the Corporation has contributed for the outstanding loan in different zone for their development work. The above table's shows the number of loans in different zones and the amount is shown in the Crores.

3) Contribution for Rural New Business

Year	No.of new Policies	Sum Assured (Rs. In crores)
2010-11	51.67	22372.60
2011-12	61.44	25387.72
2012-13	67.39	28660.73
2013-14	83.33	27542.92
2014-15	96.10	30257.47
2015-16	57.22	36562.97
2016-17	75.69	47128.11
2017-18	90.49	69587.22

Interpretation:

The above shows the contribution of the Corporation for the Rural New Business. The data is from the year 2010 to 2018. The number of policies for a particular year is been shown and the amount is been shown in the Crores. For e.g. In 2008-09 number of new policies for rural business is 51.67 and the amount is 22372.60 crore.

4) Average Sum Assured for new Businesses (Rs in Crores)

Year	India	Outside India	Total
2010-11	46106	189614	235720
2011-12	47502	202100	249602
2012-13	48397	215182	263579
2013-14	51837	216130	267967
2014-15	52872	222637	275509
2015-16	62744	242685	305429
2016-17	84266	273498	357764
2017-18	96428	303491	399919

Interpretation:

The above table shows the average sum assured by the corporation for starting the new business. The data is for the years 2010 to 2018. The amounts shown are in crores. The sum is assured for starting a business in India as well as Outside India.

5) LIC's Investment for the Central Government Securities

Sr.No.	Year	Amount
1	2010-11	32563.38
2	2011-12	37178.24
3	2012-13	47501.41
4	2013-14	57773.61
5	2014-15	71755.62
6	2015-16	34526.52
7	2016-17	37199.22
8	2017-18	39419.81

Interpretation:

The above table shows the corporation investment made for the Central Government Securities. The amount shown is in Crores. The data is for the year 2010 to 2018.

FINDINGS

- This project is limited to the LIC (Life Insurance Corporation) of India.
- The idea of different policies of the LIC for the benefits of the people.
- The importance of insurance in the life of the individual.
- It is the business which affects directly or indirectly to the individual.

CONCLUSION

- Understand the interference between the insurance and human welfare.
- Get the idea about the LIC's contribution for the social development of India.
- Understand the provision made by the IRDA (Insurance Regulatory Development Authority) in the view of the socio - economic development of the people.
- Understand the appraisal system of the LIC in order to benefit the people below poverty line.
- Understand the contribution of the LIC in different sectors such as Infrastructure Development, Loans Granted by Corporation in different Zones, Contribution for the Rural New Business et.

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