

Assessment of the Operational of Life Insurance Corporation in the Enactment of the Social Security Schemes in God's Own Country

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ABSTRACT

In India, growth and social justice have been accepted as the cardinal objectives of the planned economic development. It is a social commitment that springs from the Indian constitution, particularly the preamble and directive principles of state policy, which visualizes the creation of a social order for the promotion of the welfare of the people, securing adequate means of livelihood for the citizens. The Government stands committed to these objectives and therefore the provision of the Social Security measures can be looked upon as a reflection of national commitment, social responsibility of both the Central and the State Governments, and above all, as a mandate for a change. To realize this objective, the LIC of India had to evolve a new strategy, to extend the benefit of insurance to every nook and corner of our country, from classes to the masses, from the privileged to the not-so-privileged, from the affluent to the weaker and vulnerable sections of our society, the poorest of the poor who cannot afford to buy individual life insurance policies and keep them in force by regular payment of premium. This study was conducted to evaluate the service of the LIC in the implementation of the SSS as per the responses of the beneficiaries.

Key words: Social security, LIC, Social Security Schemes

INTRODUCTION

Social Security is the protection furnished by the society to its members through a series of measures taken against the economic and social distress. This concept is largely based on the social justice and the recognition of human dignity and assumes almost a global character. It is also an effective guarantee extended by the Government against the loss of income of the workers in the unorganised sector. The benefits may either be of a lump sum amount of cash or cash contribution of recurring nature, or both, to the worker, under the heading 'Social Security', which means safety and freedom from fear of want and hunger, and it is applied to the society as a group of inter-related and inter-dependent people.

As a step towards socialisation, the major decision was taken by the Government of India to nationalise the Life insurance in 1956 and, ultimately, the Life Insurance Corporation of India came into existence on 1st September 1956 as a statutory institution set up under the Life Insurance Corporation Act, 1956, following the nationalisation of the life insurance business in the country. The main objective of the nationalisation of the life insurance business was to spread the gospel of the life insurance business even to the remote corners of the country. While nationalising the life insurance in the year 1956, the founding fathers laid great faith in the newborn institution to carry the message and benefits of insurance to the millions of lives in the rural areas. The LIC of India has enshrined this great expectation as one of its main objectives: Spread Life Insurance much more widely and in particular to the rural areas and to the socially and economically backward classes in the unorganised sector with a view to reaching all insurable persons in the country and providing them adequate financial cover against death and disability at a reasonable cost.

The need was to accelerate the coverage by insurance of this population with the group insurance schemes for Social Security. Thus group insurance schemes were specially devised by the LIC to provide insurance coverage to the large segments of the population in the unorganised sector and in the rural areas at the lowest possible premium cost. A sum of money is payable in the event of death of the insured member; additional benefit can be provided in the event of

death due to accident or the total or partial disability of the insured member. The efforts of the LIC to provide social security to the large sections of the population, particularly in the lower economic strata, yielded definite results. Thus, the LIC has launched the social security group insurance schemes for covering the weaker and vulnerable sections of the society. The groups covered for these schemes are landless agricultural labourers, IRDP beneficiaries, rural people, and the workers of the 40 approved vocational occupations.

Objectives of the Study

The main objective of this paper is to evaluate the service of the LIC in the implementation of the Social Security Schemes as per the responses of the beneficiaries.

In pursuance of the objective, the following methodology was adopted for conducting the present study. The descriptive research design is applied for the study. Both primary and secondary data have been used for the study. The primary data were collected from the beneficiaries of the SSS. The study was conducted in the four divisions of the LIC in Kerala, such as Trivandrum, Kottayam, Ernakulam and Calicut. For the purpose of the study, 25 per cent of the beneficiaries of SSS were selected from each LIC division by random sampling basis. Therefore, 71 sample respondents from TVM division, 70 from KTM division, 81 from ERN division, and 88 from CLT division were randomly selected.

Table.1 - Sampling Design- Beneficiaries

Divisions	Total Beneficiaries	Sample Beneficiaries
Trivandrum	284	71
Kottayam	280	70
Ernakulam	324	81
Calicut	352	88
Total	1240	310

Data Processing and Analysis

The data collected for the study have been processed and analysed with the help of the computer software, Microsoft EXCEL and SPSS. For analysing the data and establishing the inter-relationship of the variables, mathematical tools like percentages, mean, SD and statistical tools to analyse relative merits of the variables among different groups like ANOVA, and Factor Analysis have also been used.

Factor Analysis

There are seven related variables supposed to measure the opinions of the respondents about the functions of the LIC in respect of the SSS. The respondents were asked to mark their responses (in a five-point scale) to certain variables, which were thought to be related to the functioning of the LIC in the direction of the SSS. The responses were tested under a factor analysis set-up, to identify the variables related to these factors and to combine the scores on those variables contributing to the factors found important. Table 2 provides the output of the factor analysis with principal factor extraction and varimax rotation.

Table 2 - Rotated Component Matrix

Variables	Factor		
	1	2	3
LIC's attitude towards SSS	.836	-.125	.211
Propaganda about SSS	.782	.299	.115
Claim settlement procedure	.630	.498	-.0065
Lump sum amount under SSS	.376	.684	.0085
Attitude towards beneficiary	-.00032	.833	.228
Co-operation with N.A	-.0055	.301	.797
Awareness programme conducted by LIC	.201	-.0053	.834

Rotation Method: Varimax with Kaiser Normalization Source: Survey data

The Factor analysis was done with the SPSS package. The procedure started with the extraction of principal factor solution and the use of varimax rotation to clearly explain the findings. It may be observed that there are three factors extracted, i.e., number of Eigen values greater than 1, which is the usual procedure in factor analysis to identify the factors. It may be seen that a total of 70.592 per cent of the total variations in the data was accounted for by these three factors. Usually, a thumb rule is used in selecting the dominant variable in a factor, the variable whose factor loading is more than 0.3. From the rotated component matrix, the following observations were made.

F1. The first factor has relatively higher loadings for responses to the following variables.

1. LIC’s attitude towards SSS 2.Propaganda about SSS 3.Claim settlement procedure 4.Lump sum amount under SSS

F2. The second factor has relatively higher loadings for responses to the following variables 1.Claim settlement procedure

2. Lump sum amount under SSS 3.LIC’s attitude towards beneficiaries 4.Co-operation with the Nodal agency

F3.The third factor has relatively higher loadings for responses to the following variables 1.Co-operation with the Nodal agency

2.Awareness programme conducted by the LIC

Accordingly, it is felt that there may be three important factors while measuring the functions of the LIC under

SSS. They seem to be related to the following aspects and they are named accordingly. We take mainly three factors that account for 70.59 per cent variations.

1. LIC’s attitude towards SSS (V1)
2. LIC’s attitude towards beneficiaries (V2)
3. LIC-Nodal agency relations (V3)

The responses for these variables were summed up for each of the factors 1, 2, and 3 respectively and measured. Using these measurements, further analysis was done to determine the possible directions of variation among the four divisions of the LIC in Kerala.

Table. 3 - Mean Score Analysis

Variables	Division	Mean	SD	N
General attitude of LIC towards SSS	Trivandrum	12.8169	2.48	71
	Kottayam	13.0000	3.11	70
	Ernakulam	12.7284	2.59	81
	Calicut	12.6136	2.93	88
	Total	12.7740	2.78	310
Attitude of LIC towards beneficiaries	Trivandrum	10.3521	2.22	71
	Kottayam	9.9571	2.13	71
	Ernakulam	10.3827	2.57	70
	Calicut	9.9205	2.54	81
	Total	10.1484	2.39	310
LIC-Nodal agency relations	Trivandrum	5.2958	1.92	71
	Kottayam	4.7286	1.74	70
	Ernakulam	4.6914	2.01	81
	Calicut	4.7273	2.26	88
	Total	4.8484	2.01	310

Source: Survey data

Table 4 – ANOVA

Variables	Source	Sum of square	Df	Mean square	F	Sig
General attitude of LIC towards SSS	Between groups	6.134	3	2.045	.262	.853
	Within groups	2391.508	306	7.915		
	Total	2397.642	309			
Attitude of LIC towards beneficiary	Between groups	14.527	3	4.842	.845	.470
	Within groups	1752.648	306	5.728		

	Total	1767.174	309			
LIC- Nodal agencyrelations	Between groups	18.504	3	6.168	1.523	.209
	Within groups	1239.370	306	4.050		
	Total	1257.874	309			

Source: Survey data

RESULTS AND DISCUSSION

As per Table 3 and 4, it is clear that the mean scores of the responses of the selected beneficiaries under each division on the general attitude of the LIC towards SSS do not vary statistically, as the value of F is not significant at 5 per cent level of significance. Hence, it is confirmed that the general attitude of the four divisions of the LIC towards the implementation of the SSS in Kerala is not satisfactory

Considering the Attitude of the LIC towards the beneficiaries of the SSS, it is observed that the mean score of each division does not have much variation with the score of all-Kerala basis, as the value of F is not statistically significant at 5 per cent level of significance. So, it is inferred that all the divisions of the LIC in Kerala have not taken much interest in providing maximum service to the beneficiaries and settling the claim as and when it is due.

With regard to the LIC-Nodal Agency relations, it is observed that the four divisions of the LIC in Kerala do not maintain proper relation with their Nodal agencies to implement these schemes successfully among the approved groups, as the mean scores of the responses of the beneficiaries under each division do not vary considerably and the value of F is not statistically significant at 5 per cent level of significance. So, it is evident that the LIC-Nodal agency relation existing in all the divisions of the LIC in Kerala is not healthy and conducive to promote and implement the SSS in the state.

CONCLUSION

From the above analysis, it is confirmed that the Social Security Schemes of the LIC provide security to the weaker sections of the society by protecting them through its various projects, thus reaching out to the poor who cannot afford to buy individual life insurance policies. It is designed in such a way as to spread life insurance much more widely and in particular in the rural areas, and among the socially and economically backward classes with a view to reaching all insurable persons in the country and providing them adequate financial cover against death at a reasonable cost. But, the general attitude of the four divisions of the LIC in Kerala is not helpful to the implementation of the SSS. Besides, all the divisions of the LIC in the state have not taken much effort to provide adequate service to their beneficiaries and the present attitude of the LIC towards the beneficiaries needs to be improved for providing social security to the targeted groups. In addition to this, it is evident that the LIC-Nodal Agency relations under all the divisions of the LIC in the Kerala are not healthy and conducive to provide all the services to the beneficiaries and to promote and implement the SSS among the approved occupational groups in the state.

SUGGESTIONS

The LIC should conduct awareness programmes of the SSS separately for each approved occupation notified by the Central Government from time to time and try to convince the targeted groups of its importance and benefits. The LIC should motivate the NAs by offering rewards or incentives for expanding the membership for acquiring the Master Policy of the SSS. All the LIC branches should deal with the promotion, implementation and administration of the SSS in their jurisdiction, instead of handling the SSS only through the P&GS department of the division office of the LIC, so that more and more NAs of the approved occupations can approach the LIC for the benefits of the SSS.

The LIC should change its attitude towards the beneficiaries by making sure that all the NAs are working properly in accordance with the rules and administrative procedure of the implementation of the SSS and for this purpose a beneficiaries' grievance cell should be opened at the P&GS department of the divisional offices of the LIC, to render proper services to the beneficiaries without any delay.

The LIC should maintain a close contact with the NAs of the approved occupation for the promotion and implementation of the SSS by giving all the vital instructions to make the schemes more popular and beneficial to all the workers of the concerned Nodal agencies, for which the LIC must conduct a workshop by inviting all the office-bearers of the NAs.

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