

ROLE OF LIFE INSURANCE CORPORATION IN INCLUSIVE DEVELOPMENT: A CASE STUDY

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ABSTRACT

The Life Insurance Corporation of India represents a turning point on the road to moderating and modernizing India's insurance sector. It is crucial for safeguarding the security of the populace, modernizing the nation, and fostering inclusive growth in India. The role that LIC plays in a nation's inclusive growth is discussed in this essay. This essay focuses on how LIC affects GDP, women's empowerment, the development of infrastructure, and employment creation. As per Annual Report 2020-21 of LIC 21.45% of the 2797.13 lakh lives that LIC covers are in rural regions. There are 1462795 positions available, with 1353808 agents (on roll) and 108987 direct employees, including 25192 female employees. It advanced 26322.90 crores of rupees in loans for various development projects during the 2020–21 fiscal year. The use of secondary data spanned the years 1960–1961–2020–2021. Two hypotheses have been created and tested using statistical techniques in SPSS, such as trend analysis and correlation. The result shows how GDP significantly affects the prevalence of life insurance. The increase of GDP is significantly impacted by LIC's employment growth.

Keywords: LIC, Employment Generation, Inclusive Development.

Introduction

The history of life insurance is as old as human civilisation itself. According to F.J. Maclean's book, "Human Side of Insurance," the Rig Vedic term "Yogakshema," which means "well-being," alludes to a form of social welfare insurance that the ancient Aryans are said to have established circa 1000BC. The first record of a life insurance policy is one on William Gybbons, a London resident and salter, which was executed on June 18, 1583. From the founding of the first insurance firm (1818) to the nationalisation of the insurance industry, India's history of life insurance spans 138 years (1956). 377 life insurance firms were created during this time, 323 of which were of Indian origin, while 54 were foreign-based. In order to assist the widows in their community, Europeans founded the first insurance firm in India, Oriental Life Insurance Company, in Calcutta. Babu Muttylal Seal, Raja Ram Mohan Roy, Prince Dwarakanath Tagore, Ramtanu Lahiri, and Rustomji Cowasji all made contributions to the extension of insurance coverage to Indians.

The Life Insurance Corporation was founded after the Indian government decided to nationalise the life insurance industry in 1956. A total of 245 Indian and foreign insurers, including 154 Indian and 16 non-Indian insurers, as well as 75 Provident societies, were absorbed by the LIC. Since 2000, LIC has held a monopoly in the life insurance industry, and even now it dominates the market. As an investment organisation, it has always made a significant contribution to the national economy. It is essential for mobilising household savings and directing them toward long-term investments in the development of infrastructure, such as power, sewerage, roads, bridges, power, industries, housing, etc. It is essential for the development of the Indian economy to act as a financial bridge between saving and investment. This also generates employment across the country. Since we all know that market conditions for businesses

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change over time, Similar challenges await the LIC as it enters the private player market after 2000. Challenges abound in such businesses due to the competitive climate. Such businesses become more competitive as a result of better service, more product options, lower premium rates, etc. LIC is currently facing difficulties maintaining its reputation.

- **Inclusive Development: Meaning and Importance**

The terms "inclusive development" and "development" have similar etymologies. Being inclusive entails experiencing a sense of belonging, being recognised and cherished for who you are, and receiving assistance from others in order to accomplish your best work. The act of inclusion involves every person and fosters a sense of worth, both of which are crucial for the growth of the individual and the community in which they reside. The Sanskrit term "Vasudhaiva Kutumbakam," which derives from the Upanishads, is well known. (Kutumbakam + Vasudha + Eva) Vasudha, eva, and kutumbakam all refer to the earth, the emphasise, and the family, respectively. It implies that we are all a part of a single family. In this context, inclusion refers to a wider range of societal relationships between individuals.

Since the Indus Valley civilization, inclusive development has been a practise in ancient Indian culture. In the past, people built structures for roads, transportation, storage, and wells. Similar to this, inclusive growth may be seen in India's long-standing gramme panchayat system, sometimes known as the village republic. The United Nations, the World Bank, and the Asian Development Bank have all recently focused on the inclusive development approach. The inclusive development strategy of the UNDP incorporates participation, nondiscrimination, and accountability as human rights standards and principles.

- **Importance**

We expect to live in a civilised society where people have long, healthy lives, access to resources for a respectable quality of living, knowledge, and participation, all of which are made possible by the process of inclusion. Only widespread engagement can lead to development, and inclusion makes this process possible.

Objective of the Study

- To highlight the contribution of the Life Insurance Corporation to the Economy since establishment.
- To study the role of LIC in employment generation.
- To study the role of LIC for the empowerment of women.
- To study the role of LIC in economic development

Hypothesis

H₀₁: GDS have the significant effect on Life Insurance Penetration.

H₀₂: Employment Generation by LIC have significant effect on GDP

Literature Review

Sus (Pal, 2007) hil Chandra Pal (2007): In his thesis titled "Insurance industry in new millennium:- A Case of LIC- Challenges and Response" aimed at evaluating not only the aspects of growth and consolidation that led the organisation to be established on 1st sep 1956 but also the saga of income generation and funds management over the years from 1970-90.

Pushpa Kumari (2002) In her research article titled "Life Insurance Corporation of India : A Catalyst to Development" states that Life Insurance Corporation of India has been contributing a lot to the development of the economy through mobilizing savings, making investments in development and development augmenting activities.

Research Gap: The research gap of this study is that there are so many researchs have been done by many researchers but the period which is considered by researcher have not taken by any researcher.

Rationale of the Study

The financial burdens caused by an insured person's unforeseen death or long lifespan are alleviated by life insurance for members of society. "Jeevan k sath bhi aur jeevan k baad bhi" is a phrase from life insurance. It puts a focus on the security of insured lives. Providing security to all facets of society is the goal of the nationalisation of the life insurance industry. This goal is attained through LIC, as shown in Table 1. This displays the total number of life insurance policies granted. It demonstrates how effectively LIC protects lives.

Research Methodology

This research paper is based on Secondary data. The data is collected by researcher from various reports of authorities Like LIC annual reports, IRDA annual reports, GOI Annual reports and various websites during the period from 1960-61 to 2020-21. The data collected is framed under the table of various topic which shows the contribution of LIC in the development of India. It is analysed with trend analysis and observation method. Hypothesis is tested by Correlation with the help of SPSS software.

Role of LIC of India in Inclusive Development

LIC have various contribution in different field for building a nation. The table are numerated as below.

Table 1(a): Gross Domestic Saving and GDP Growth

F.Y	Gross Domestic Savings (%)	GDP Growth (%)
1960-61	11.6%	3.72%
1970-71	14.6%	1.64%
1980-81	18.9%	6.01%
1990-91	23.1%	1.06%
2000-01	23.4%	4.82%
2010-11	33.7%	5.24%
2020-21	31.38%	8.95%

Table 1(b): Number of Policies/Lives Covered Under Individual/Group Insurance

(in Lakhs)

F.Y (At the End of the Year)	Assurances	Rural Share (in percent)	Group Insurance Schemes	Superannuation Scheme
1960-1961	85.77	36.5	-	-
1970-71	147.85	31.4	3.11	0.08
1980-81	228.12	29.62	63.96	0.49
1990-91	455.68	42.5	169.57	2.43
2000-01	1131.11	55.53	236.68	8.84
2010-11	2404.84	32.76	898.46	81.35
2020-21	2797.13	21.45	835.22	96.45

Source: LIC Annual Report

The table shows that the number of individual Assurances increased 33 times from 85.77 lakhs in 1960-61 to 2797.13 lakhs by 2020-21. This reflects the effectiveness of the policies and practices continued by LIC.

Life Insurance Density and Life Insurance Penetration

Insurance penetration refers to premiums as a percentage of the GDP, whereas insurance density refers to per capita premium or premium per person.

Table 2: Insurance Density and Penetration in India

F.Y	Penetration			Density(USD)		
	Life	Non-Life	Total	Life	Non-Life	Total
2001-02	2.15	0.56	2.71	9.1	2.4	11.5
2002-03	2.59	0.67	3.26	11.7	3.0	14.7
2003-04	2.26	0.62	2.88	12.9	3.5	16.4
2004-05	2.53	0.64	3.17	15.7	4.0	19.7
2005-06	2.53	0.61	3.14	18.3	4.4	22.7
2006-07	4.10	0.60	4.80	33.2	5.2	38.4
2007-08	4.00	0.60	4.70	40.4	6.2	46.6
2008-09	4.00	0.60	4.60	41.2	6.2	47.4
2009-10	4.60	0.60	5.20	47.7	6.7	54.3
2010-11	4.40	0.70	5.10	55.7	8.7	64.4
2011-12	3.40	0.70	4.10	49.0	10.0	59.0
2012-13	3.17	0.78	3.96	42.7	10.5	53.2
2013-14	3.10	0.80	3.90	41.0	11.0	52.0

2014-15	2.60	0.70	3.30	44.0	11.0	55.0
2015-16	2.70	0.70	3.40	43.0	12.0	55.0
2016-17	2.72	0.77	3.49	46.5	13.2	59.7
2017-18	2.76	0.93	3.69	55.0	18.2	73.0
2018-19	2.74	0.97	3.70	55.0	19.0	74.0

Source: Annual report LIC, IRDA

*Insurance penetration is measured as ratio of premium (in US Dollars) to GDP (in US Dollars)

Insurance density is measured as ratio of premium (in US Dollars) to the total population @ Data relates to financial year.

The table shows a rising trend since 2001 to 2010 in Life Insurance penetration. After that it declined upto 2015 after that it rises

The figures related to Life Insurance Density shows a rising trend since 2001 to 2010 then it declining upto 2014 after that it rises.

These figures exhibit the huge potential for life insurance market at all levels and thereby calls for a shift in the marketing approach in the insurance sector.

Table 2(a) Life Insurance Penetration (1960-2021)

(Annual Averages)

F.Y	Life Insurance Penetration (Per Cent)	Life Insurance Density (Rs.)
1960-61	0.66	2.19
1970-71	0.68	4.28
1980-81	0.74	10.98
1990-91	0.84	38.71
2000-01	1.26	187.72
2010-11	4.40	
2020-21	3.2	

Source: GOI, Economic Survey, various issues; LIC Annual Report, various issues.

This table shows that insurance penetration during 1960-61 to 2020-21 gone up which shows the effectiveness of Life Insurance Industry but still penetration is less.

LIC and Employment Generation

LIC being a large size of organisation provides a number of employment opportunities directly to public. A number of person are working as an advisor of LIC. This table represents the number of employees and agents. It depicts that number of employees increased 2.48 times from 43848 in 1960-61 to 108987 in 2021-21. However it was 2.7 times in 2000-01 Where as agents on roll increased 8.68 times from 155890 in 1960-61 to 1353808 in 2020-21. If both of these are being added it comes to be more than 14.5 lakhs people are engaged directly or indirectly by LIC in 2020-21. It means that one out of thousand people get job in this oragnisation. Futhermore LIC provides benefits to employees as well agents get benefitted through various incentive schemes.

Table 3: Number of Employees during 2011-21

F.Y	Employees (Total)	Female Employee	Agents (on Roll)
2011-12	119767	24295	1278234
2012-13	116711	24470	1172983
2013-14	120388	24867	1195916
2014-15	117453	24776	1163604
2015-16	114773	24368	1061560
2016-17	115934	27890	1131181
2017-18	111979	24510	1148811
2018-19	108684	24009	1179229
2019-20	114498	25602	1208826
2020-21	108987	25192	1353808

Source: LIC Annual Report.

This table shows the trend of employment of LIC during 2011-12 to 2020-21. It depicts that LIC not only provides huge employment it also play a keyrole in the path of women empowerment. Female employee has increased by 1.03 times from 24295 in 2011-12 to 25192 in 2020-21. It means women are also empowered though this organisation.

Table 3(a): Number of Employee and Agents Selected Years (1961-2021)

F.Y	Employees (I)	Agents on Roll (II)	Active Agents (III)	Total Employed (IV)=(I)+(II)
1960-61	43848	155890	125000	199738
1970-71	51938	148214	136578	200152
1980-81	55434	121257	112312	176691
1990-91	96289	489660	414820	585949
2000-01	120158	786516	743064	906674
2010-11	115362	1337064	1293816	1452426
2020-21	108987	1353808	1086000	1462795

Source: LIC annual report

Table 4: Loans Advanced to Various Development Activities During Various Years

(Rupees Crore)

Authorities	2005-06	2010-11	2015-16	2020-21
Electricity: State Board/ Power Corporation	8471.90	7616.61	2222.80	11380.40
Housing State Govt for Housing Scheme	493.60	460.08	10.00	
Apex Co-Operative Housing Finance Ltd, Debentures, Bonds etc to Housing Finance Companies	45.37	42.30	10.00	
	3925.00	3979.37	9977.61	3669.72
Irrigation/Water Supply & Sewerage :-	26.16	24.78	34.00	-
Transport: Bridges/State Road Transport Corporations	128.00	685.58	35.55	4101.92
Other Infrastructure	760.81	2427.22	11274.46	7170.86
Total	13850.84	15235.94	23564.46	26322.90

Source:- LIC annual report

This table shows that the Loan Advanced by LIC in infrastructure development. Which have significant role in nation building.

Table 4(a). Investment by LIC

F.Y	Sector -wise				Investment wise of which		Total
	Public	Private	Joint	Co-operative	Stock Exchange Securities	Loans	
1961	-	-	-	-	503.6	35.2	-
1971	1198.9 (74.82)	239.5 (14.95)	4.7 (0.29)	159.3 (9.94)	1152.7	449.0	1602.4
1981	4707.8 (78.2)	647.2 (10.75)	0.0	665.5 (11.05)	3591.3	2725.6	6020.5
1991	19980.2 (80.24)	3310.0 (13.29)	165.2 (0.66)	1444.3 (5.80)	15871.2	7416.6	24899.7
2001	141256.2 (84.58)	22779.5 (13.64)	799.7 (0.48)	2168.4 (1.30)	140106.0	32155.4	167003.8
2011					1146610.04	85464.75	
2021				3669.72	3522547.08	120396.39	

Source:- RBI handbooks of Statistics on Indian Economy

Notes:- Figures in bracket are percentage of total.

This table shows the investment made by LIC in various field. It helped the nation building.

Analysis**H₀₁**: GDS have the significant effect on Life Insurance Penetration

Correlations			
GDS	GDS		Life Insurance Penetration
	Pearson Correlation	1	.891**
Sig. (2-tailed)		.007	
N	7	7	
Life Insurance Penetration	Pearson Correlation	.891**	1
	Sig. (2-tailed)	.007	
	N	7	7

**. Correlation is significant at the 0.01 level (2-tailed).

The result of correlation is 0.891 which shows that GDS have the strong relation with Life Insurance Penetration. Thus H01 is accepted.

H02: Employment Generation by LIC have significant effect on GDP

Correlations			
		Employees	GDP Growth
Employees	Pearson Correlation	1	.588
	Sig. (2-tailed)		.165
	N	7	7
GDP Growth	Pearson Correlation	.588	1
	Sig. (2-tailed)	.165	
	N	7	7

The result of correlation comes 0.588 which shows that the employment generation by Life Insurance Corporation have significant role in GDP Growth. Thus, H02 is accepted.

Conclusion, Finding and Suggestion

The finding of the study is that LIC has great importance in the development of the nation. It creates employment which have significant role in GDP Growth. It is the largest player in the market which cover the lives of every section of the society without any financial discrimination because it has so many life insurance products which suited their income, budget, requirements. The LIC of India should take effective steps to redesign its marketing strategy to enhance its market share. The government should also focus on awareness programme for financial inclusion which help in Gross Domestic Savings and GDS helps in Life Insurance Penetration. The government should focus more for the welfare of common people. It should not be privatize.

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