

**Original Article**

## **A Primary Survey on LIC Customers in Pulwama, Agents and Employees with Special Reference to LIC**

**Zahoor Ahmad Malik and Tapan Choure**

School of Studies in Economics Vikram University Ujjain (M.P.)

### **ABSTRACT**

*It is clear from the hypotheses after using the relevant statistical tools that increase in tax payers income does not have big influence on the business of LIC, mainly in Pulwama and Shopain districts and people invests their funds in some other financial institutes rather than LIC and saves their income tax in other ways apart from tax saving policies of LIC. Also the hypotheses second indicates that increase in per capita income does not have any relation with increase in number of policies so we can say exposure of insurance in these two districts is not very good, people have secured their lives in LIC but the quantity of policies are very limited, LIC should think on these lines that premium rate is good rather than some other branches but number of policies should be increased with some new strategies and new innovations that will lead to excellent future.*

**Keywords:** LIC, Business, Saving, Perception, Pulwama

### **INTRODUCTION**

Today's world is a world of problems; every where we see the competition, dishonesty, threatens mainly in business world, but all the problems cannot run for ever, these problems can be controlled with the help of close study, also concentrated efforts are required to increase the coverage and penetration level through a wide range of actions in the areas of strategic business planning, product innovation, management accountability, efficiency in investment management, technology management human resource management service, quality management, improvement in corporate governance.

The insurance sector has turned in changing Scenario. IRDA bill has been passed on 2<sup>nd</sup> Dec 1999 and it results more competition and "tug of war" between Insurance companies and mainly with LIC of India. LIC covers each and every smaller thing by his policies. Now their policies got success to capture whole market, but it faces many problems coming in front of process. The present study makes an attempt to review the various policies of LIC and its perception among the rural areas of Kashmir.

### **MATERIALS AND METHODS**

For the research work, Research design was made in accordance with the requirement of subject. While both the sources of information, primary and secondary were taped effectively, emphasis was placed on gathering first hand assessment of the situation. For primary data collection purpose, interview and questionnaire was considered to be the best alternative.

#### **Sample Selection**

Getting the information through primary survey we divide, the sample in to three groups. From each group relevant information is carried out no criteria, as sex, religion, income etc was used in selecting sample. For the purpose of selecting the sample, of policy holders multistage random sampling method is adopted. At first stage "40" Policy holders are selected on random bases from the LIC branch of two districts "Pulwama and Shopain. The second group of sample constitutes 30 LIC agents are also drawn on random bases.

The third group of sample is employs/managers of the branch which consists of 10 in number are selected through random bases.

#### **Questionnaire preparation**

At the questionnaire stage, emphasis was, placed on open ended question out of 52 questions. All the relevant information which could be helpful in this work like education qualification, occupation, sex, monthly income, motive of taking life policy, 6<sup>th</sup> pay commission and popularity of LIC products,

impact of new market linked planes problems of agents, and customers and employees of branch etc Was gathered through the questionnaire, while analyzing the data, various statistics techniques are used for the accurate results which are analyzed below.

**Level of Education**

Level of Education standard plays an important role in the business of insurance sector. Education level in aggregate of all the process by means of which a person develops abilities, attitudes and other forms of behaviour, there is the close relationship between education levels and understanding of new, Plans of LIC in an easy way, which in turn affects the LIC business.

**Table 1:** Education Level of LIC policy holders in Pulwama and Shopain

Education Level	No of Customers	Percentage
Illiterate	6	15-00
Literate	34	85-00
Below H.S. School	3	8.823
Up to H.S. School	14	41.176
Graduate and More	17	50-000
<b>Total</b>	<b>40(34+6)</b>	<b>100</b>

The table reveals that 85% of LIC policy holders are Literate in two districts and only 15% are illiterate. Also among Literate 50% are graduates and more, 41.176% fall in the category of “up to higher secondary School and only 8.82 of customers fall in below higher secondary school. So we realize that educated people are more aware about LIC products than that of uneducated.

**Monthly income of LIC customers:** To identify the economic status of LIC customers we had directly counted their income on monthly bases ,because the income of a person is very important for savings, higher the income higher will be the saving ,therefore income of a person determine his LIC policies we classified the people in to five income groups as in table in table 2

**Table 2:** Monthly income of LIC customers

Monthly income	No. of customers	Percentage
<b>0-5000</b>	<b>8</b>	<b>20.0</b>
<b>5000-10000</b>	<b>9</b>	<b>22.5</b>
<b>10000-20000</b>	<b>13</b>	<b>32.5</b>
<b>20000-30000</b>	<b>10</b>	<b>25.0</b>
<b>30000-above</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>40</b>	<b>100</b>

The table indicates, that in the category of 0-5000 group 20% population having LIC policies and 22.5% falls in 5000-10000 and more customers are in 10000-20000 group with 32.5%of population .In fourth category of our sample 25% having LIC policies it is the only group in which no one having insurance himself in LIC ,so we analyzed that more share of percentage falls in third and fourth category which indicates higher income people having more LIC policies than that of low income people.

**Age of LIC customers**

Age of the person plays an important role in insurance. In general case, people having age more the 25 years are not dependent on others. In this stage they have the capacity of earning for the family and also for himself In order to examine the sample of 40 LIC Customers, we classified them in to four groups as in Table 3

**Table 3:** Age of customers

Age	No of LIC Customs	Percentage
2-20 Years	-	-
20-25	4	10
25-30 years	11	27.5
Above 30 years	25	62.5
<b>Total</b>	<b>40</b>	<b>100</b>

T.No.4:3 shows that 10% of population is found in age group 20-25, years, while 27.5% found in 25-30 group. In the last group, age having above 30 years 62.5% is found with insurance in LIC Pulwama branch

So it indicates that the last group "Above 30 years" is decision makers, and in another way we can say they have high risk than that of younger age groups. It is because of that their percentage is more than that of other groups in our results.

**Motive in taking LIC policies:**

A condition is a stipulation essential to be main purpose of an insurance contract, a breach of such conditions gives rise to a right of the insurer to repudiate the contract. We can say, there are various live products having different motive and conditions. So in our sample we are investigating the people about their motive of taking LIC policy as it is shown in table 4.

**Table 4: Motive of taking policy**

Different motives	No. of respondents	Percentage
Risk cover	7	17.5
savings	8	20.0
Income tax relief	17	42.5
All the three	8	20
Total	40	100

The table reveals that 17.5% people, insure him only for risks cover, 20% have their motive for savings. The main indicator which is 42.5% of population, have only one main motive for income tax relief. So we analyzed, now a days the people are more aware for "Tax Saving Policies" and not for only risks cover himself in insurance companies like LIC. Also 20% of the population have all the motives regarding their insurance cover like risks cover. Savings and income tax relief.

**"Faveourism of LIC Ulip plans**

Ulip plans are newly designed by LIC to benefit the individuals dealing/investing in capital market and are earning higher incomes from stock market trading. In these plans we have double benefits like risk cover and investment. But we can say there is probability of gaining profits or not. In our Sample we investigate the people about their views with regard to these Ulips of LIC shown in the Table 5.

**Table 5: Faveourism of People to words the Ulips of LIC**

In favour	No. of Responds	Percentage
Yes	29	72.5
No	11	27.5
<b>Total</b>	<b>40</b>	<b>100</b>

The table reveals that 72.5% of LIC Customers are in favor of new Ulip plans and it is only 27.5% which are not in favor of ULIP plans so we can say that these planes have their good influence in the markets and but one thing should not be discord: that 27.5% are not favoring with these planes. This is not good sign for LIC in future. So LIC should be ready for all, the challenges prevailed in the markets.

**Cause of New business in Pulwama LIC Branch:-**

In the financial year 2009-10 the implementation of Sixth pay commission, occurred in Jammu Kashmir so in our sample we inquire people about why they buy the new LIC policies, different answers came forward. We see whether the 6th pay commission has any impact on LIC or not. The table shows different views with regard to new business:

**Table 6: Reason of New Business in Pulwama Branch**

Causes	No of Respondents	Percentage
Agents motivation force	6	23.07
Implementation of 6th Pay Commission	20	76.92
Any other reason	-	-
<b>Total</b>	<b>26</b>	<b>100</b>

The table shows that there are only 26 respondents having new policies in LIC and 23.07% are motivated by agents through motivation force and 76.92% respondents are buying the new policies only for implementation of 6th pay commission. So this is good sign for both "LIC and customers" who investing their funds in LIC for risks cover and savings.

**Working hours of Branch**

For the satisfaction of customers Services rendered in the branch is main component for business of the corporation. In our sample we investigate the people about the working hours of Branch Pulwama and the response in return is as under in Table 7.

**Table 7 : Working hours of Branch**

Working hours is convent	Respondent	Percentage
Yes	23	57.5
No	17	42.5
<b>Total</b>	<b>40</b>	<b>100</b>

Life insurance corporation is contributing greatly to the development of the country as well its own development But the present situation needs more efforts for faster development in insurance business, and the employees in branches level should give excellent services to its consumers. So that it will be beneficial for LIC in future. We analyzed that only 57.5% of population having insurance in Pulwama LIC branch responds that they are satisfied with employees in the Branch and 42.5% are not satisfied with them. So we can say it is not the good sign for branch. LIC should think about it.

**Seating arrangement in Pulwama Branch**

The industry has now to deal with customers who know what they want and is more demanding in terms of better service and speedier responses; customer awareness is expected to improve further forcing the industry to become more customers friendly. The dynamic interaction is certainly leading to win-win for the both parties. In our sample, 40 customers of LIC in Pulwama and Shopain were investigated, regarding the Seating arrangement in the Pulwama branch and the response in return is given in table.

**Table 8: Seating Arrangement**

Sufficient Seating arrangement	Respondent	Percentage
Yes	6	15
No	34	85
<b>Total</b>	<b>40</b>	<b>100</b>

The table reveals that, only 15% Population of consumers said that there is seating arrangement, but 85% of respondents are not in favor of this. And we can say it is not good for LIC as a whole and particular for Pulwama branch.

**Customer Satisfaction from LIC Agents:**

It would be helpful for LIC to have trained and educated agents who can explain the nuances of the proposed contract to the prospect and do the job of primary underwriter. It can increase the satisfaction level of the insurer and lead to higher retention ration Hitherto, agents were working like sales persons increased in selling the product anyhow. It is the time they switch over to the marketing concept focusing more on identifying Customer needs and satisfying those needs because Policy holder treats him as a representative of LIC. In the absence of the positive role expected from these agents. The policy holders may be deprived of the Services that they expect and gets dissatisfaction. So we interviewed with people of Pulwama and Shopain, and get these results, about the agents' satisfaction.

**Table 9: Satisfaction from LIC Agents**

Satisfied	No of Respondents	Percentage
Yes	34	85
No	6	15
<b>Total</b>	<b>40</b>	<b>100</b>

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The table shows, good results about customer's satisfaction in case of LIC agents from Pulwama branch and the results of satisfied people were 85% and the unsatisfied people are only 15%. We can say the Gap between satisfied and unsatisfied people should be decrease more and agents must learn to satisfy their policy holders in contract that can retain customers in their policy and also in the agents.

#### Education Qualification of agents

Insurance agent is the sales person of the insurer. An agent is Licensed under section 42 of the insurance act 1938: Who receives or agrees to receive payment by way of commission or remuneration is consideration of his soliciting or procuring insurance business including business related to the continuous renewal or revival of policy of insurance (Section 2(10) of insurance act 1938). The minimum education qualification of any insurance agent must be passed a high school education or any other examination approved by corporation. In our sample the education qualification of the agents are as under.

**Table 10: Education Qualification of Agents**

Qualification	No or Respondents	Percentage
Below H.SS	3	10
Up to H.SS	8	26.6
Above H.S.S.	19	63.3
<b>Total</b>	<b>30</b>	<b>100</b>

The above table reveals that 10% of agents in Branch having qualification below higher secondary school and 26.6% falls in the second group means up to higher secondary school and , the good thing is that 63.3% agents are graduate and above this; having good knowledge about product and is very beneficial for both LIC and the customers of the branch.

#### Popular products in Pulwama and Shopain:

LIC has been issuing different types of insurance policies. The insured had the choice to select from these policies according to his requirements. Some products are more popular than that of other products. Like in our sample as

**Table 11: Popularity in products**

Products	Respondent	Percentage
Whole life plans	0	-
Economic Plans	10	33.33
Money Back Plans	8	26.66
Market Linked Plans(Ulips)	12	40.0
<b>Total</b>	<b>40</b>	<b>100</b>

In this table we see that 33.33% agents say "Endowment Plans" are popular in their areas 22.6% says "Money Back Plans" and the highest percentage i.e. 40% says .The market linked plans are popular in their areas

#### Effect of 6th Pay Commission of J&K State in LIC Business

Increase in income of a person increases the savings and investment likewise we investigate the 30 agents of Branch and interviewed with them regarding the implementation of 6th pay commission and its effects on their business results and the answers is as under in Table 12.

**Table 12:6th pay commission and business in Pulwama**

Effects of 6th Pay Commission	No of Respondents	Percentage
1.No change	3	10
2. Increase in No of Policies	27	90
3. Decrease in Business comparatively	-	-
<b>Total</b>	<b>30</b>	<b>100</b>

The table reveals that the 10 % of agents in our sample says that there is no change in their business with the implementation of 6th commission and 90% agents says it increases there business

comparatively and we can say it is the good time for the LIC in JandK to work hard and gain more business than that of other financial institutions.

**Table 13: Satisfied with Salary**

Satisfied with salary	No or Respondents	Percentage
1.Yes	5	50
2. No	5	50
<b>Total</b>	<b>10</b>	<b>100</b>

The table reveals that 50% of manager/officers of the branch are satisfied with salary given to them and 50% are not satisfied with their salary. This is the serious case and the corporation should take action over this and full fill the demands of the employees according to their abilities

**Table 14: Problem in the settlement of claims**

problems	Respondent	Percentage
1.Maturity Claims	-	-
2. Death Claims	5	50
3. No Problem at all	5	50
<b>Total</b>	<b>10</b>	<b>100</b>

Table 14 shows that 50% of managers/Officers are facing problems in death claims which needs enquiry and lot of formularies from LIC and 50% says that they do not face any problem regarding claims settlements.

**Hypothesis -I: There is Direct Relationship between increases in tax Payers income with increase in number of policies.**

**Observed frequency:**

	B	b	Total
A	17	5	22
A	0	18	8
<b>Total</b>	<b>17</b>	<b>23</b>	<b>40</b>

Groups	fo	fe	(fo-fe)	(fo-fe) <sup>2</sup>	(fo-fe <sup>2</sup> /fe)
AB	17	9.35	7.65	58.52	6.258
Ab	5	12.65	-7.65	58.52	4.626
aB	0	7.65	-7.65	58.52	7.649
ab	18	10.35	7.65	58.52	5.654
<b>Total</b>					<b>24.18</b>

As the calculated value is much higher than table value Hence our hypotheses is rejected and we, can say there is not direct relationship between tax payer income increase and increase in number of policies.

**Hypothesis No-2**

There is direct relationship between increase in PCY (per capita income) and increase number of policies.

Year	Pcy (Y)	No of Policies (x)	(xy)	x <sup>2</sup>	y <sup>2</sup>
2001	15019	1716	25772604	2944656	225570361
2002	16739	4125	69048375	17015625	280194121
2003	17991	4430	79700130	19624900	323676081
2004	19337	4610	89143570	21252100	373919569
2005	20799	4000	83196000	16000000	432598401
2006	22426	4800	107644800	2304000	502925476
2007	24214	7256	175696784	5264936	586317796
<b>Total</b>	<b>Σy=136525</b>	<b>Σx=30937</b>	<b>Σxy=630202263</b>	<b>Σ x<sup>2</sup>=329126817</b>	<b>Σ y<sup>2</sup>= 2725201805</b>

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$\hat{Y}$	$Y-\hat{Y} = e1$	$e1^2$	$Y-Y = y1$	$X-X = x1$	$y1^2$	$x1^2$
19515.1	-4133.1	17082515.61	-4484.57	-2703.57	20111368.08	7309290.74
19465.27	-2726.27	7432548.11	-2764.57	-294.57	7642847.28	86771.48
19504.92	-1513.92	<b>2291953.76</b>	-1512.57	10.43	2287868	108.78
19528.32	-i91.32	36603.34	-166.57	190.43	27745.56	36263.58
19449.02	1349.98	1822446	1295.43	-419.57	1678138.88	176038.98
19553.02	2872.98	8254014.08	2922.43	380.43	8540597.10	144726.98
19872.3	4341.7	18850358.89	4710.43	2836.43	22188150.78	8045335.14
	$e1 = 0.05$	$\Sigma e1^2 = 55770439.74$	$\Sigma y1 = 0.01$	$\Sigma x1 = 839.72$	$\Sigma y1^2 = 62476715.68$	$\Sigma x1^2 = 15798535.68$

There is no relationship between PCY and increase in number of policies and we can say increase in per capita income does not have any relationship with increase in number on policies in Pulwama branch

### CONCLUSION

Those days are gone when customers were forced to accept any products launched by the LIC, today the customer is truly the king and to his delight products are redesigned and customized to suit his needs. According to the analyses of our survey, it is possible to expand the business by LIC in these two districts, if certain things will be taken into consideration like establishment of branch office at Shopain, new product innovation, customer services in different ways etc, the major hindrance in the business of insurance is like this private competition, inefficient knowledge of products in agents. Unavailability of seating arrangement in branch, unbearable responses from LIC employees and inefficient working hours of the branch employees which may lead to dark future to the branch but in spite of this, branch performs excellent in some areas like "ulips" performs very well in the branch and six pay commission has its good results on LIC business with the help of hard worker agents. In nutshell Life insurance corporation has to come forward and take immediate actions with regard to every faculty as we see in another parts of India, if they are interested that LIC will survive at JandK in general and Pulwama in Particular.

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