**Project Report**

**(Submitted for the Degree of B. Com, Honors in Accounting & Finance under the University of Calcutta)**

**“IMPACT OF PRIVATISATION OF LIFE INSURANCE CORPORATION OF INDIA ON IT’S CUSTOMERS”**

**Submitted by**

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**BODY OF PROJECT**

1. **Introduction** 
   1. **Background of the Study Topic**

The study seeks to ravel the privatization of insurance sector in Indian scenario and Also drafted the pros and cons of this conglomerate to evaluate the insurance on health, and a one set go process of the protection from financial loss.

Privatization is the process of transferring ownership of a business, enterprise, agency, public service or public property from the public sector (a government) to the private sector, either to a business that operate for a profit or to a non-profit organization insurance in India refers to the market for insurance in India which covers both the public and private sector organizations. We will discuss about the impact of Privatization of LIC. Is it suitable for insurance sector or not?

What will be the result of Privatization of wholly government owned organization and highest GDP generating sector? It is also to be clarified that the changes will occur in GDP rate due to Privatization. Private enterprise should be more responsive to customer complaints and innovation. The government should not be a player and an umpire, and it should lead to lower prices and greater supply.

Competition in privatization increases differentiation.

We will come to know regarding the boons and banes of this privatizations of LIC in the forthcoming chapters.

* 1. **Rational/need/justification of the study topic**

The huge and ever rising population levels in our country provide an attractive opportunity but still nearly 70% Indian lives is un-insured. Though in nowadays more customers are aware about the importance of Life insurance in their life and mostly to their family. Hence it became the most GDP generating sector of India. Insurance has always been a politically sensitive subject in India. After 40 years of government protectionism of this massive sector, the government is touching dangerous yet interesting ground with their intentions of opening this sector to private Indian business houses, as well as international player. This project is decked up on the topic of “Privatisation of LIC”.

* 1. **Brief Review of Literature of the Study Topic**

**Tapas Kumar Parida, (2014)** – The need of FDI hike in insurance sector has been studied and

Compared. The real assessment of FDI requirement in Indian Insurance Sector with economic

View has been studied. After opening of insurance sector for private companies, the public

Sector monopoly has come to an end.

**Yogesh Jain, (2013)** – Studied economic reforms in India by 1991 and world economic crisis

In 2008-09. And its impact on life insurance sector has been studied. After opening up

Economic crisis, Indian life insurance developed with constant growth rate.

Yogita Sharma, (2013) – The SWOT analysis i.e. “Strength and weakness” and

“Opportunities and threats” in insurance sector in India has been studied. There is huge

Potential for growth in insurance sector in India, exceptionally low penetration of insurance is a

Big Concern as well as it is big opportunities also.

**Rashmita Sahoo, (2012)** – analyzed Indian Life insurance market. More than 80% of the

Population in India does not have any life insurance cover. There was monopoly of LIC. But

After privatization and opening of life insurance sector, this sector is developing amazingly fast

The growth rate of life insurance industry in India is @ 15 to 20% per annum.

Megginson and Netter (2001) – document that Privatisation as a political, social, and economic

Policy can be taken to mean “the deliberate sale by a government of state-owned enterprises

(SOEs).

* 1. **Objectives of the Study Topic**

The objective of present study is to examine the impact of liberalization On life insurance business in India. In addition to this general objective, The following are the specific objectives of the study:

1. To finding the pros and cons of privatization in insurance sector.

2. To know the level of satisfaction of the consumers by the both sectors.

3. To evaluate preferences of the customers while taking life insurance investment decision.

4. Creating awareness in the mind of the public about the need for life insurance.

5. To evaluate the growth of LIC during the period of the study.

6. To study and analyse the impact of various demographic factors on customers life insurance investment decision.

7. To evaluate the impact of privatisation of LICI on it’s policy holders.

* 1. **Methodology of the Study:**
  2. Area of the Study Topic

174, Prafulla nagar belghoria and beside Bangabasi Morning College

* 1. Sample

51

* 1. Type of the Study

This study is based on two types of data.

* + 1. Primary type of data
    2. Secondary type of data

The data which is collected are fresh and first-hand and for first time and is original in nature called

Primary data. Primary data are generally collected through interviews, applying questionnaire Method, attending seminars, conferences etc.

The data which are collected from books, journals, records, annual reports, and print out from

Website are known as secondary data.

* 1. Tools for Data Collection

Tool mainly used for primary data collection is questionnaire.

Tools used for secondary data collections are websites, annual reports, books etc.

* 1. Method of Analysis

Here we go through the two types of data analysing methods. Those are – quantitative such as

Statistical measurements which we earned from secondary data and qualitative such as collecting

Consumers’ review on this matter through questionnaire.

* 1. **Limitations of the Study**

Since efforts have been taken to collect necessary and relevant data. Every project has some limitations which create barriers to the step to completion. I have faced Problems at the time of collecting data or information’s. The data has been collected in two wway

Those are – 1. Quantitative method and 2. Qualitative method. In both cases there are few

Limitations. The limitations so experienced are stated below: -

Quantitative Method –

1. Related secondary data is sometimes not available or accessing available data is Difficult/impossible.
2. Difficult to understand context of a phenomenon.
3. Data may not be robust enough to explain complex issues.
4. The trend of premium growth rata and policy holders’ rate for a period could not be revealed Because of the non-availability of data during many years.

Qualitative Method –

1. Findings usually cannot be generalised to the study population or community.
2. More difficult to analyse; do not fit neatly in standard categories.
3. Data collection is usually time consuming.
4. Particularly collection primary data is problematic due to its confidentiality.

CHAPTER PLANNING:

**CHAPTER-2**

1. **Conceptual Framework / National / International Scenario**

The British companies started life insurance business in India, by issuing Policies exclusively

On the lives of European soldiers and civilians. Different insurance companies like Bombay

Insurance Company Ltd. (1793) and Orient Life Assurance Company (1818) was formed to

Issue life assurances Policies in India. Gradually the first Indian Company named as Bombay

Mutual Life Insurance Society Ltd. The act was amended in 1950 resulting in fat reaching

Changes in the insurance sector. By 1956, 154 Indian insurers, 16 foreign insurers and 75

Provident societies were carrying on life insurance business in India, then it was taken over by

Government of India. Life Insurance Corporation of India (abbreviated as LIC) is an Indian

State-owned insurance group and investment corporation owned by the Government of India.

The Life insurance Corporation of India was founded on September 1, 1956 with a capital

Contribution of Rs 50 when the Parliament of India passed the Life Insurance of India Act that

Nationalized the insurance industry in India. Over 245 insurance companies and provident

Societies were merged to create the state-owned Life Insurance Corporation of India.

Policies offered by LIC: -

1. Insurance Plans
   1. LIC’s SINGLE PREMIUM ENDOWMENT PLAN
   2. LIC’s JEEVAN LABH
   3. LIC’s JEEVAN UMANG
   4. LIC’s BIMA SHREE POLICY DOCUMENT

2. Health Plans

a. LIC’s JEEVAN AROGYA

b. LIC’s CANCER COVER

3. Pension Plans

* 1. PRADHAN MANTRI VAYA VANDANA YOJANA
  2. LIC’s JEEVAN SHANTI

4.Special Plans

a.LIC’s NEW JEEVAN MANGAL

b.MICRO – INSURANCE FORMS

c.LIC’s BHAGYA LAKSHMI

1. Unit Plans
   1. LIC’s SIIP
   2. LIC’s NIVESH PLUS
2. Micro Insurance Plans
3. Withdrawn Plans
   1. LIC’s JEEVAN RAKSHAK
   2. LIC’s JEEVAN SHANTI

**National Scenario of the Study Topic**

Indian economy is in transition over the last ten years, owing to the initiation of major economic

Reforms affecting almost all sectors. The paradigm shifts from a mixed economic organization to

A market –oriented organization has exposed all sectors to an intense competition, INSURANCE

Business is the most significant one among them. Insurance is an attractive option for investment.

While most people recognize the risk hedging and tax saving potential of insurance, many are not

Aware of the advantages as an investment option as well. The life insurance industry in India is

Regulated by the Insurance Regulatory and Development Authority (IRDA). Twenty-four Life

Insurance companies are licensed to do Insurance Business in India. Out of these companies, Life

Insurance Corporation of India (LIC of India) is the only public sector company.

Since opening of the market and constitution of IRDA in 1999, the number of private players has

Increased with time and has reached 24 as of 2019. But Still LIC of India the only public sector

Insurer is dominating the market with 66.24% of market share in premium.

National insurer Life Insurance Corporation of India (LIC) is completing 63 years of its

Incorporation.

Having begun its journey on September 1, 1956, with an initial capital of Rs 5 crore and an asset

Base of Rs 352.20 crore, LIC today has assets of over Rs 28.45 trillion with life fund to the tune of

Rs 25.84 trillion. From 168 offices in 1956, it today has over 4,826 offices, 1.11 lakh employees,

11.48 lakh agents and 29 crores plus police in force.

With such an asset base, LIC is the biggest financial institution in the country today. LIC of India,

The only public sector company leads the market with 66.24% share in premium and 74.71% in the

Number of polices.

2.3 International Scenario of the Study Topic

LIC is present in 14 countries through branch offices, wholly owned subsidiaries and joint ventures

in Fiji, Mauritius, England, Bahrain, Nepal, Sri Lanka, Singapore, and Bangladesh, among others.

LIC Fiji -

LIC has been operating in Fiji for over 60 years and is today one of the leading insurers in Fiji

with an asset base of over F$ 500 million.

Products offered: -

1. personal insurance

2. micro insurance

3. group insurance

4.Rider options

5.Withdrawn plans

**LIC Mauritius –**

The Mauritius Branch of Life Insurance Corporation of India was formed alongside its formation

In India in 1956 and has a major share of the life insurance business on the island. It was the first

Insurance company to commence grant of life insurance protection to the citizens in Rodrigues.

There are several unique features that set LIC Mauritius apart from other insurance companies:

LIC Mauritius is small enough to give personalised attention to every customer but, at the same

Time, with the global portfolio, big enough to tower over all other companies put together.

All the polices issued by the LIC Mauritius are guaranteed by the Government of India.

LIC brings to Mauritius a high-quality governance, generates stable returns, and contributes to the

Country’s economy with increasing tax payments.

**LIC UK –** Life Insurance Corporation of India has a worldwide presence. As part of its worldwide

Operations, the UK branch was established in 1961 in London. LIC UK provides information and

Advice on the Protection, Pensions, Savings and Investment products and services from its own

Range of products and carefully selected third party products. LIC UK is the trading name of Liow

Insurance Corporation of India. It is authorised and regulated by the Financial Services Authority.

LIC UK is a branch of Life Insurance Corporation India. LIC UK and is committed to provide

Customers in the UK with competitive products and services. With knowledge of the UK and the

Indian markets, LIC state they are well-placed to deal with customers in the UK as well as those

From India living in the UK on a temporary basis.

LIC UK has a choice of traditional with profit plans and unit linked plans.

1. Bonus builder saving plan
2. High start bonus builder saving plan
3. Special high start bonus builder saving plan

**LIC Bahrain –**

LIC (International) BSC © came into existence on the 23rd of July 1989 in the Kingdom of

Bahrain in partnership with International Agencies Co. Ltd. (Intercom), with the objective of

providing life insurance cover to the Indian Diaspora in GCC countries. The journey of LIC

(International) BSC (C) in the past 29 years is an exemplary story of sharing and fulfilling dreams

and prosperity of thousands of NRIs. The Company operates in 4 GCC countries: Bahrain, UAE

(Dubai and Abu Dhabi), Kuwait and Oman. Starting its operations with USD 0.245 million of

asset base, it has grown to more than a Billion-Dollar company today. With the market share of

45.85% and 89.98% in premium income and Policies respectively as at 31st of December 2016

(Source – CBB Insurance Market Review 2016), the Company has been the market leader in life

insurance / long-term business in Kingdom of Bahrain for past many years.

**LIC Nepal -**

Life Insurance Corporation Nepal Limited (shortly called as L.I.C. Nepal) is one of the largest

capitalized insurance companies of Nepal. The journey of L.I.C. Nepal had its genesis in 2000

when global insurance behemoth, Life Insurance Corporation of India, joined hands with Vishal

Group, a dominant player of Nepal. 55% of ownership of the Company is held by L.I.C. of India,

25% by Vishal Group and 20% by public in the form of equity. This way the essence of L.I.C.

Nepal can best be described by the word "Global" i.e. a unique combination of global experience

with local expertise.

**LIC Sri-Lanka -**

LIC (Lanka) Ltd. is a joint venture of LIC India, a global giant in providing life insurance, and the

Bartleet Group of Companies, one of the leading financial conglomerate in Sri Lanka with

diversified interest in Financial Services, Information Technology, Money brokering and Stock

Brokering (Lanka) Ltd. has completed more than 15 years in Sri Lanka, and has 30 branches across

the Island and has the vision to “ emerge as the premier provider of Life Insurance in Sri Lanka”.

**LIC Singapore –**

Incorporated as a direct life insurer in Singapore in 2013, we are a fully owned subsidiary of the

LIC of India. Established in 1956, LIC is owned by the Government of India. It is one of the largest

insurance companies in the world with over 300 million policies in force and over USD 400 billion

in assets.

Products offered

1. LICs Grow smart endowment plan
2. LICs wealth plus v endowment plan
3. Direct – LICs new secure future term plan
4. LICs new secure future term plan

**LIC Bangladesh –**

It is a new entrant in life Insurance Industry of Bangladesh. Insurance Development and

Regulatory Authority has approved the license on 20.12….. LIC shall played a significant role in

Spreading life insurance among the masses and mobilization of people’s money for people’s

Welfare.

Products offered –

1. Nabo Jibon Anando Plan
2. Jibon Rakkhak Plan
3. Single Premium Endowment Plan
4. New Money Back Plan (20years)
5. New Money Back Plan (25 years)
6. Group Insurance Plan
7. LIC’s BIMA Diamond
8. LIC’Ss Young Citizen (education policy foe child)
9. LIC’s Pension Plan
10. LIC’s Grow Fast