CHAPTER - I

INTRODUCTION

1.1. INSURANCE

The basic idea of insurance has framed on the truth that human being survival depends on uncertainties. It is otherwise known as life is merged with the risks. Human needs to protect his earned assets from uncertainties and this basic wish leads a frame with innovations and progress of insurance in our country. The main purpose of the emergence of insurance sector being nationalized is to cover the corners of our nation with insurance network and make use of heavy resources and support our shoulders in national building. Insurance is very often confused with profitable and prudent path of investment, but it is not so. Insurance is financial cover for an individual to save his and her family with the various roles, responsibilities and requirements.

A well organized insurance industry gives away to the economic progress by the risks taken by entrepreneurs. Insurance is also considered as an element of wealth management. For the national development and infrastructure financing, many developing countries make use of the insurance premium which is derived by the insurance companies. Generally, the
insurance sector’s important role is helping to rebuild the nation’s economy and the major role of the insurance has a provider and a protector.

Insurance is a significant support of commerce and industry. All the business ventures involve huge number of risks and uncertainties. Insurance can help to avoid risks regarding location, plant and machinery, raw materials and other things. Commodities may be spoiled or may be cracked due to fire or flood. A few risks can be avoided by appropriate protection and some are unavoidable. These inevitable risks can be confined by insurance. Insurance generally used to rely on some basic principles namely insurable interest, Principle of indemnity, principle of contribution, principle of subrogation, principle of good faith and principle of proximate cause.

Adgaonkar Ganesh, (2015), has mentioned that “Insurance occupies an important place in the complex modern world since risk, which can be insured, has increased enormously in every walk of life. This has led to growth in the insurance business and evolution of various types of insurance covers. The insurance sector acts as a mobilize of savings and a financial intermediary and is also a promoter of investment activities. It can play a significant role in the economic development of a country, while economic development itself can facilitate the growth of the insurance sector”.
1.1.1. Origin and Development of Insurance

The development of insurance industry is related with common development of the industry, trade and commerce. The origin of the service sector may be looked back to fourteenth century in Italy, where the ships carrying goods and materials were focused under individual perils. Insurance in developing nation’s insurance industry has given more importance. Since, it has potentiality to speed up the economic growth rate.

Insurance sector helps the development stages of a country’s economy. Initially, insurance plays an important role as saving mobiliser, intermediary financial promoter, and financial stabilizer of market, risk controller and agent to appoint the capital resources effectively. In general in the industrialized countries it was evident that the insurance industry has grown rapidly. Whereas developing countries the growth of insurance sector’s has been neither satisfactory, nor in tan ten with the other sectors growth of the economy. While looking in to the global volume of the insurance premium, 88% account for the twelve most industrialized countries of the world. When compare with the developing countries, the industrialized countries account is high were as the developing countries is extremely low.
1.1.2 Classification of Insurance

Insurance can be classified into three major categories, namely classification based on the view of risk, classification based on the view of nature of business, and the third classification based on the view of business, with the first classification Risk point of view its further classified into Personal Insurance, Property insurance, liability insurance and fidelity guarantee Insurance. The second classification of insurance from the point of nature of business is further classified, Life insurance, Fire Insurance, Marine Insurance, Social Insurance and miscellaneous insurance namely, vehicle insurance, accident insurance, burglary insurance, legal insurance, Crop insurance and Cattle insurance. The third classification of insurance business again insurance is further classified from business view as Life Insurance and General Insurance.

1.2. LIFE INSURANCE CORPORATION

Definition

S. Bhagavathi, (2015), stated that “the LIC was founded in 1956 when the Parliament of India passed the Life Insurance of India Act that nationalized the private insurance industry in India. Over 245 insurance companies and provident societies were merged to create the state owned Life Insurance Corporation. LIC's slogan is sanskrit "yogakshemam vaham yaham" which translates in English as "Your welfare is our responsibility". This is
derived from the Ancient Hindu text, the Bhagavad Gita's 9th Chapter, 22nd verse. The slogan can be seen in the logo, written in Devanagiri script.

Service sector remains the principal driver of Indian economy. In the service sector, insurance is a major contributor to the financial savings of the household sector of the country and further such savings are channelized into various investment avenues. The Life Insurance Corporation India is the Premier life insurer and one of the most stable financial institutions in the country. The LIC has been striving hard to spread the life insurance message to every nook and corner of the country. During the fifty years of its existence, it has managed to grow into a giant.

The Indian insurance sector was opened for private players when the Government of India enacted the Insurance Regulatory and Development Authority Act in 1999. The first private insurance company was registered with the IRDA in October, 2000 and it started operations shortly by closing the 44 years of public sector monopoly. Since then, many more private companies have been registered bringing a total number to thirteen as on March 31, 2004, all of which are joint ventures between major business houses or banks in India and renowned international insurance giants. Now insurance sector in India is a challenging one. There is a stiff competition among the different insurance players.
The LIC of India is also seriously competing with other private players. In a way private players are trying to capture the market of the LIC of India, which was enjoying a monopoly position for a long period of time. The present article attempts to highlight the performance of the LIC of India. The appraisal of the performance of LIC of India has been attempted at the Global level, National level, and State level and at the District level. The secondary data available in various records of the LIC of India, IRDA annual reports, IRDA journals and Swiss Re Sigma study news release were used for appraisal.

Rakesh H M, (2015), has reported that “the LIC was established in the year 1956 by an Act of Parliament, “Life Insurance of India Act”. The Act nationalized 245 insurance companies and provident societies to create Life Insurance Corporation of India. The insurance industry has gone a drastic change after liberalization, privatization and globalization of Indian economy in the year 1991-92. The LIC was the sole player in the life insurance industry for the last four decades. The entry of private parties and allowing the FDI in insurance industry is going to affect the performance of LIC of India in the near future. It becomes necessary at this point of time to appraise the financial and operating performance of LIC of India which is supposed to compete with the other counter parts of other countries that have vast experience in the field and can boost enormous investments in the industry in the coming period”.
1.2.1. Origin of Life Insurance in India:

In 1818 a British firm called the Oriental Life Insurance Company was formed in Calcutta to serve the interest of those who came from Europe. This was followed by the establishment of the Bombay Life Assurance Company in 1823 in Bombay. The Madras Equitable Life Insurance Society in 1829 and the Oriental Government Security Life Assurance Company in 1874. It is a telling comment on the British view of Indians that prior to 1871; Indian lives were treated as sub-standard and attracted an extra premium of 15 to 20 percent. The Bombay Mutual Life Assurance Society, an Indian insurer formed in 1871, was the first one to charge normal rates for Indian lives. There were no specific regulations for the life insurance business until 1912, when it came to be formally regulated under the provisions of the Indian Life Assurance Companies Act 1912.In 1928 the Indian Insurance Companies Act was enacted to enable the government to collect statistical information about both the life and the non-life insurance business including the provident insurance societies. During the period from 1912 to 1930 the insurance business witnessed a setback. A number of changes took place from 1930 to 1938 and the Government of India passed Insurance Act 1938, with comprehensive provisions for the detailed and effective control over the insurers so as to protect the interest of insuring public”. 
1.3. GENERAL INSURANCE

**Meaning**

Insurances that cover other than human life is called general insurance, one of the major reasons the individual insure is to protect his or her belongings against financial loss. The individual owns an asset can by insurance to save it from the losses, because of fire, theft and so on; we can insure our and our dependents health and well being through hospitalization and personal accident policies.

In India too, evidence of insurance dates back to the early Aryan period. The British and some of the other foreign insurance companies transacted insurance business in India. The first general insurance company in India, the Triton Insurance company Ltd., was established in Calcutta in 1850 AD, with the British holding major share. The Indian Mercantile Insurance company Ltd. started in Bombay in 1906 07, was the first general insurance company promoted by Indians. After the First World War, a numbers of foreign insurance companies started insurance business in India and captured about 40 percent of the insurance market in India at the time of Independence. In 1912 the insurance Act was passed which was revised in 1932. Under the revised Act the Life and Non life categories were recognized. In India the general insurance is also known as Non life. The health insurance was a part of the non life business; however, there was no clear demarcation then. Even
today both life and the non-life companies are permitted to have health insurance products.

The period 1940 and 1960 witnessed the launch of the ESI and the CGHS schemes. These schemes contained elements of health insurance concepts, but were not placed with any insurer. In 1971, the government by an ordinance nationalized the general insurance business, with the General insurance Nationalization Act, 1972 which ensured orderly and healthy growth of the business. The then existing 107 companies were brought under the aegis of GIC of India and were merged with the four public general insurance companies: The National Insurance Company, the Oriental Insurance Company, the United Insurance Company and the New India Assurance Company. These four public insurance companies, distributed geographically, had their head offices in Kolkata, New Delhi, Chennai and Mumbai respectively. The primary reason for such division was to achieve wider spread with regional focus. The expectation was that the subsidiary companies would have effective competition among themselves with the support from GIC. The GIC facilitated coordination, competition and laid down standards for market conduct, customer service and development of the market. Insurance contracts which do not come under the ambit of life insurance are called general insurance. The different forms of general insurance are fire, marine, motor, accident and other miscellaneous non-life
insurance. The tangible assets are susceptible to damages and there was a need to protect the economic value of the assets. General insurance products bought because they provide protection against unforeseeable contingencies like damage and loss of the asset. Like life insurance, general insurance products are available at a price in the form of premium.

General insurance industry planned a target growth by of 32% in the financial year 2016 17, with the aid of demand for crop insurance and pick up in motor sales. During the period, the industry mobilized a total premium of Rs 1.27 lakh crore from Rs 96,376 crore in the previous year. Private sector achieved 35.72% growth in the last year. HDFC Ergo had a premium growth of 72.81% to Rs 5,840 crore. Iffco Tokio achieved 49% growth in income to Rs 5,485 core. “Demand for crop insurance and motor insurance helped the industry to report this growth,” as said by Warendra Sinha MD and CEO Iffco Tokio General Insurance. Reliance General Insurance today reported 32% increase in profit before tax for the financial year 2016 17- after providing for reserves. During the year, the company reported net profit before tax of Rs 130 crore after provisioning for incurred but not reported reserves. The total gross written premium was up 40% to Rs4,007 crore. The company stated that its profit before tax was at Rs 302 crore before additional provisioning for Incurred, but Not Reported (IBNR) reserves as proposed by an external panel actuary.
Return on Equity (RoE) increased from 9% to Rs 11% during the same period. The government decided to list five state-owned general insurers and bring down its stake in these insurance companies to 75%. The decision was approved by the Cabinet Committee on Economic Affairs (CCEA) on Wednesday. These companies are New India Assurance Company, United India Insurance, Oriental Insurance Company, National Insurance Company and General Insurance Corporation of India (GIC). The listing will allow companies to raise capital for expansion and not be dependent on government. Besides, the government expects listing to improve corporate governance and risk management practices leading to improved efficiency. “A greater focus on growth and earnings can also be expected.”

Finance Minister of India Arun Jatley, in the last budget, announced government’s intention to list these companies on exchanges: “It (listing) could be either by fresh equity or offer for sale, both options are available. We can expand the shareholding so that the government share comes down to 75%.” The government will bring down its stake to 75% in one or more tranches over a period of time, the statement noted. “All procedural formalities are over. Now the companies will have to comply with the listing requirements with stock exchanges and Sebi,” said Jatley when asked whether they will be listed in the current financial year, ending on March 31. During the process of disinvestment, he said that the existing rules of Securities and Exchange Board of India (Sebi) and Insurance Regulatory and
Development Authority of India (Irda) will be followed: “Whatever are the regulations, they have to comply with that,” said Jaitley when asked if the companies will initially divest 10% stake as per the regulatory requirement.

In 1973 the general insurance industry was nationalized and as a result of the liberalization of the market, the four public players became autonomous and were directly answerable to the Ministry of Finance. The General Insurance Corporation of India was also designated as the Indian Re insurer.

**Definition**

Subramanya P R., (2015), stated that “the general insurance is a type investment which gives the safety from uncertainties. An General insurance is the most appropriate investment for the vehicle. It gives the safety for vehicle, owner and third party. The main purpose of doing this research study is done to determine the people attitude towards general insurance with special reference to old Mysore region. To achieve these objectives the primary data has been collected through structured questionnaires from the investor’s. Secondary data has been collected from reports, books, journals, magazines and other published data’s. For measuring attitude of people nine point scaling is used and various phenomena and analyzing the collected data effectively and efficiently to draw sound conclusion, a number of statistical tests would be conducted like chi square for testing of hypothesis”.

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Chaitra K.S, (2014), has mentioned that “Insurance is a contract between people where one person agrees to share the risk of loss of the other for the payment of premium. Insurance contracts other than life insurance contracts are called general insurance. The different forms of general insurance are fire, marine, motor, accident and other miscellaneous non-life insurance. Tangible assets can be subjected to damages and hence needs to be protected. General insurance products provide protection against unforeseeable contingencies like damage and loss of assets. General insurance in India came as a gift of British administration. The first general insurance company in India was Triton Insurance Company limited which was established in 1850 in Calcutta. 1907 witnessed the establishment of Indian Mercantile Insurance limited which was the first company to handle all class of general insurance in India. In 1957 General Insurance Council a wing of Insurance Association of India enacted a code of conduct to insurance companies for fair conduct and sound business practices. In 1972, General Insurance business (Nationalisation) Act was passed for nationalisation of general insurance companies in India and accordingly 107 insurers amalgamated into 4 major companies i.e., National Insurance Company, New India Assurance Company, Oriental Insurance Company and United India Insurance Company”. 
1.4. HEALTH INSURANCE

Meaning

“Most financial planners suggest making a health insurance plan to be the starting point of all financial plans. Even before one starts investing towards one’s goals, getting an adequate health insurance cover for self and family helps.”

Before looking into the history of health insurance in India it is important to know its definition. Health insurance is a form of insurance whose payment is contingent on the insured incurring additional expenses or losing income because of incapacity or loss of good health. A Health Insurance Policy is a contract between an insurer and an individual or a group in which the insurer agrees to provide specified health insurance cover at a premium. Depending on a policy, the premium may be payable either as a lump sum amount or in installments. Health Insurance generally provides direct payment or reimbursement of expenses incurred during an illness. The nature of protection would depend on the kind of policy purchased and the cost and range of protection under that policy. Health insurance could be either be a personal scheme or a group scheme sponsored by an employer. Unlike life insurance where there are only two parties i.e. the insured and the insurer. In the case of health insurance there are three parties namely the insured, the insurer and the provider (network hospital). There is also TPA which acts as an extended arm of the insurance company and helps in claim processing, managing the hospital networks and at times helping in enrollment of customers.
Definition

Venkatesh Abhijit Pandit, (2016), statemented that “it started first in the USA in the form of Merchant Marine Hospital Services Act (1798) and was followed later in 1943 by the Emergency Maternal and Infant Care Act. Medicaid (1967), Prepaid Health Care Act (1974), Health Maintenance Organizations (HMO) and Preferred Provider Organizations Programmes. Compulsory Sickness Insurance for the general public was started for the first time in Germany in 1883, followed by England in 1911 and France in 1928. Russia was the first country to socialize medicine completely and give its citizens a constitutional right to all health services. In India, towards the end of 1923 social security introduced with the Workmen's Compensation Act (amended in 1962 and 1984). But the Employee State Insurance (ESI) Act (1948) (amended in 1975 and 1984) and Central Government Health Services (CGHS) Scheme (1954) was the first major legislations in the field of health insurance. Later, in 1961, Maternity Benefits Act was passed. For the public sector employees in Defense, Railways, Post & Telegraph, etc., there is a comprehensive system of health insurance. For a large majority of the general public (self-employed), however, there is still no government sponsored scheme. Mediclaim, Bhavishya-Arogya and Medinova Gold Card Schemes have been started recently but these are purely in private hands”.
Kasirajan. G., (2012), clearly stated that “Health insurance is emerging as an important mechanism to finance health care needs of the people. The need for an insurance system that works on the basic principle of pooling of risks of unexpected costs of persons falling ill and needing hospitalization by charging premium from a wider population base of the same community. In the present scenario the annual expenditure on health in India amounts to about $7.00 in rural areas and $10.00 in urban areas per person, majority of care being provided by the private sector. With improved literacy, modest rise in incomes, and rapid spread of print and electronic media, there is greater awareness and increasing demand for better health services. During the last 50 years India has developed a large government health infrastructure with more than 150 medical colleges, 450 district hospitals, 3000 Community Health Centers, 20,000 Primary Health Care centers and 130,000 Sub-Health Centers. On top of this there are large number of private and NGO health facilities and practitioners scattered throughout the country. There is ample evidence that the level of health care spending in India – currently at over 6 per cent of its total GDP– is considerably higher than that in many other developing countries. This study aims at evaluating the awareness of health insurance from Tuticorin District in two blocks viz, Pudur and Kayathar”.

Vasavi P, (2013), clearly declared that “the concept of health Insurance was proposed in the year 1694 by Hugh the elder Chamberlin from Peter Chamberlin family. In 19th Century “Accident Assurance” began to be
available which operated much like modern disability insurance. This payment model continued until the start of 20th century. During the middle to late 20th century traditional disability insurance evolved into modern health insurance programmes. Today, most comprehensive health insurance programmes cover the cost of routine, preventive and emergency health care procedures and also most prescription drugs. But this is not always the case. Healthcare in India is in a state of enormous transition: increased income and health consciousness among the majority of the classes, price liberalization, reduction in bureaucracy, and the introduction of private healthcare financing drive the change”\textsuperscript{17}.

Rajesh K. Yadav and Sarvesh Mohania A, (2014), has reported that “Insurance is an arrangement by which the losses, incurred by a small number of insured are divided over many exposed to same type of risks. According to health insurance portability, an individual is able to switch between insurers at their own choice without having to worry about their no claim bonus and pre-existing diseases cover. Health insurance portability is quite similar to motor insurance plans where an individual can move from one motor insurer i.e. general insurance company to another and yet get a no-claim bonus if there hasn’t been any claim in the previous year. So, if one is not happy with his insurer, one can move to another insurance company which promises better services. Therefore, due to portability, existing health insurance policyholders
are allowed to freely switch over to another insurance provider, without losing any advantages due to health insurance portability”.

1.4.1. Types of health insurance plans

Health insurance is a conformity between an insurance supplier and an individual in which the former assurances to take care of definite medical costs of the later based on the investment made by him/her. Some plans give health insurance for individual persons when other companies give health insurance for family and group.

The purchase of health insurance helps the customer to decrease the risk factor and unpredictable expenses of health management. Mostly the customer selects one individual health insurance plans to save the unexpected medical cost. Based on the Health insurance scheme selected by the customer, the premium whether it is monthly or yearly will be fixed by the companies. If medical emergency persist, the customer can make a claim with the respective company to save the medical cost and it also differs from the types of health insurance plans. Mostly, the hospitals itself used to claim the customer’s medical expenses.

As per the bankbazaar.com, with their information about the type of health insurance plans, the following seven types of health insurance plans have been identified and briefed as follows:
**Individual health insurance:** Individual health insurance is taken by the individuals those who need to save themselves from financial uncertainty. In case the insurer are supposed to be hospitalized because of an emergency and unforeseen disease, or an accident at work or on the road.

**Family floater health insurance:** As per the bankbazaar.com, in its report on best health insurance policies in India for 2016-2017 says, family floater health insurance is taken by customers who wish to benefit themselves from possible financial improbability that could arise from any of the member family require hospitalization. Because of lack of awareness many customers make use of individual health plans for each and every family member.

**Senior citizen health insurance:** bankbazaar.com in its report says, this insurance plan is used by and for senior citizens, and has a lot of added gains and financial cover for health problems and injuries which is very common in senior citizens. A senior citizen would gain benefit by a senior citizen health insurance plan when compare with the normal individual health plan.

**Critical illness health insurance:** in bankbazaar.com’s report, it clearly mentioned that on behalf of individual health insurance plans the critical illness health insurance plans are advisable to use by the customers. Because, the critical illness health insurance were predetermined with the core critical illness which is very common with the human beings.
**Personal accident covers:** Irrespective of age and income this policy helps the customer to save their lives from accidental injuries. Hence this policy would cover the policy holder’s emergency need with the case of accidental problems.

**Maternity insurance:** maternity insurance is basically covered as an add-on benefits or additional supporter with the policy holder’s main health insurance policy. This maternity insurance focused expenses both to baby and delivery options. The delivery options include caesarean and normal delivery.

**A group or employee health insurance** policy is otherwise known as the community policy which is used by the employer for the benefit of the eligible employee and their family members. It covers the individual health insurance policy of the employee and their actual dependants.
1.5. CUSTOMER

Meaning

The term customer is defined as a party that receives or consumes products or services and has the ability to choose between different products and suppliers. A customer or a buyer or a purchaser is the physical recipient
of goods or services or a product or an idea, obtained from a seller, vendor, or supplier through a financial transaction or exchange for money or some other valuable consideration.

“From the insurance company’s point of view, the insurance company customer is a person who has a policy or who avails of other products / services from a company. He / She are pays for goods or services and customer one that purchases a product. There is no statutory definition of the term customer. However, the legal decisions on the matter throw some light on the meaning of the term. A customer is a buyer of a product or service. According to Consumer Protection Act (CPA, 1986), the word "Consumer" has been defined for "goods" and "services". (A) For the purpose of "goods", a consumer is a person who buys or agrees to buy any goods for a consideration which has been paid or promised or partly paid and partly promised or under any system of deferred payment. It includes any user of such goods other than the person who actually buys goods and such use is made with the approval of the purchaser. A person is not a consumer if he purchases goods for commercial or resale purposes. However, the word "commercial" does not include use by consumer of goods bought and used by him exclusively for the purpose of earning his livelihood, by means of self employment. (B) For the purpose of "services", a "consumer" is a person who hires or avails of any service or services for a consideration which has been paid or promised or partly paid and partly promised or under any system of
deferred payment. It includes any beneficiary of such service other than the 
one who actually hires or avails of the service for consideration and such 
services are availed with the approval of such person”.

“Form a banker’s standpoint, customer and consumer are the same 
person, who avails of services from the bank. For the present study, customer 
can be understood as an individual or person having a bank account and 
service experience at least for 1 year in the respective bank branch before 
March 2008. Institute or organizational customers have not been considered 
here. In the present study, exclusively external individual customers were 
considered (who were having savings account with the bank and transacting 
with the bank on regular basis) with a view to measure the satisfaction level 
from the services rendered by their respective branch”.

1.6. CUSTOMER SERVICE

Meaning

A service is a dynamic process where, the something which is executed 
on behalf of the customer and often with the involvement of the customer; 
service is an intangible aspect which the customer can neither possess, hold 
nor carry it forward but only can be felt.

Customer service is a organization’s ability to supply their customer’s 
want and needs. Customer service is not only a decisive function but also
holds key position for the business. The superior customer, customer services will unquestionably boost the profitability of the business organizations.

**Definitions**

Customer service is serious of activities designed to enhance the level of customer satisfaction that is, the provision of service before, during and after so that the product or service meet customer expectation. (Rhee and Bell, 2002)

Customer service can be thought of as knowing what customers want and seeing that they get it sometimes, the business we think this is solely the job of the Marketing department. Indeed some specific activities that are done are the area of customer service is marketing in nature; yet true customer service is really every one’s job (Fry. L, Charles & E.Hattwich, 1998).

Customer service is an important means for organizations to gain a Competitive advantage in today’s service economy, in addition to customers who are satisfied tend to return for future business and sometimes assist in marketing service organization through word-of-mouth (Areni, 2003).

Service quality has gained a great deal of attention from researchers, managers, and Practitioners during the past few decades. Many scholars have studied the effect of service quality on customer retention Service has many
dimensions, definitions, and techniques which may affect its way of
Production and delivery (Oliver, 1980).

Although delivering superior service quality can generate numerous
benefits to Service providers, such as time saving, cost reducing, increased
market share and Profits consistently delivering good service quality is
difficult even when companies can benefit from high quality services. In a
competitive environment, service companies have to focus on providing high
quality service to maintain customer satisfaction and retain profitable
customers. Although satisfying customers is the main challenge to an
enterprise, delighting them with unexpected quality (e.g. attractive service
attribute) is also a worthwhile effort (Thompson, 1985).

1.7. CUSTOMER SATISFACTION

Meaning

The term customer satisfaction is widely used in the business and
commerce. The term explaining about measurement of the kind of products
and services provided by a company to fulfill its customer’s expectations.
Thus customer satisfaction is a person’s feelings of pleasure or
disappointment that result from companying a product’s perceived
performance (or) to their expectations.
Definitions

According to Oliver (1981) customer satisfaction is the summary of psychological state which is the result of the emotion surrounding disconfirmed expectations is coupled with the consumers’ prior feelings about the consumption experience.

According to Wilton (1988) customer satisfaction is defined as the consumer’s response to the evaluation of the perceived discrepancy between prior expectations (or some other norm of performance) and the actual performance of the product/service as perceived after its consumption.

According to Anton (1996) offers more elaboration: “customer satisfaction as a state of mind in which the customer’s needs, wants and expectations throughout the product or service life have been met or exceeded, resulting in subsequent repurchase and loyalty”.

According to Schiffman and Kanuk (2004) customer satisfaction is the individual’s perception of the performance of the product or service in relation to his or her expectations.

The success of any company (or) organization depends on customer satisfaction; research studies have found that customer satisfaction has measurable impact on purchase behavior, customer retention and companies’ financial performance.
The process of customer satisfaction involves both purchase and consumption, and this also links post-purchase attitude of the customer. Such as attitudinal change, repeat purchases and brand loyalty. Keeping the importance of customer satisfaction in mind. Companies need to maintain long term and close relationships with their customers. Customer satisfaction levels need to be judged and the application of the knowledge of customer satisfaction.

The concept of customer satisfaction is a part of the core marketing activity, and companies seem to be given more weightage to attain revenues and profits. In purview of the research study the researcher have given suitable definition of customer satisfaction.

Mohd Javed, (2015), has clearly reported that “present time the automotive industry becomes the huge industry all over the world because new models are arrived in the market day by day. These industries also try to change in the design, development, manufacturing and marketing of their product. For marketing of the product the term customer satisfaction is used. It is the key parameter to know the customer expectation for a particular product of brand. Customer satisfaction is defined as the percentage of total customers who are using the product and experience the quality of service of their service center and they feel happy or satisfy”.

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Jyoti Agarwal., (2012), clearly stated that “the Financial Services is the backbone of service sector. This is important not only for the banking sector but for the Indian economy as a whole. This is so because banking is a catalyst and life of modern trade and commerce. It is an integral part of all the businesses and social activities. This rapid transformation of services in the banking system has led to the evolution of a highly competitive and complex market where there is a continuous refinement of services. Hence the increased role of banking in India’s economic development on the one hand and the changes in the business climate on the other has put increased pressure on them. These changes are compelling the banks to reorganize themselves in order to cope with the present conditions”.

Mandal PC and Bhattacharya S., (2014), has mentioned that customer satisfaction is the key to long term success of any company. Keeping the importance of customer satisfaction in mind, banks need to maintain stable and close relationships with their customers. Customer satisfaction levels need to be judged and the application of the knowledge of customer satisfaction is imperative to establishing and maintaining a long-term relationship with customers and long-term competitiveness. Banking is a high involvement industry. Banks recognize the fact that delivery of quality service to customers is essential for success and survival in today’s global and competitive banking environment. Researchers have found that customer
satisfaction has a measurable impact on purchase intentions, on customer retention and on a firm’s financial performance”.

From this basic concept, as a researcher I find the thrust areas as customer service satisfaction. Generally the customer service satisfaction can be focused in two major aspects namely basic service satisfaction and advance service satisfaction.

1.8. CUSTOMER MOTIVATION

Ajay Kumar, (2016), has reported that “Internet is changing the way of how consumers shop and buy goods and services, has rapidly evolved into a global phenomenon. Many companies have started using the Internet with the aim of cutting marketing costs, thereby reducing the price of their products and services in order to stay ahead in highly competitive markets.

Many experts are optimistic about the prospect of online business. In addition to the tremendous potential of the Ecommerce market, the Internet provides a unique opportunity for companies to more efficiently reach existing and potential customers. In this paper the researcher identify the information-search and convenience factors as an important motivation factor in online shopping. This factor can help the marketers to identify which kinds of or detailed information shopper browse before shopping or during the shopping. This factor can help to marketers to develop their marketing strategies to convert potential customers to real ones, and also to retain
existing customers. This study is expected to improve our understanding of online shoppers’ information search. In addition, some valuable insights on how to develop effective strategies to obtain success in the intensive electronic marketplace will be presented to E-marketers. The passenger car market has changed very rapidly due to the fierce competition and advance technology, therefore, it requires the automotive manufactures to understand the consumer’s preference on time and take fast actions to reflect market changes quickly. So it would be very interesting to know consumers’ preference in today’s fast-changing passenger car market and how is the customers’ buying process.

The information has resulted in intense competitive pressures and increased customer expectations. Productivity, quality and customer satisfaction are the buzz-words in today's business scenario demanding considerable efforts on the part of the company. Further, to attain the basic business goals of survival and growth, businesses are search for ways to attract and retain customers in the long run. It is established now that every business needs to understand and meet customers' expectations in order to strive and thrive in the market. Customers have become the focal point of almost all the businesses now and thus, deserve all the attention and importance. However, due to heightened expectations, escalated competition and rapid ingress of new business concepts and formats, companies find it increasingly difficult to retain their customers along. Instability of the
economic environment in recent times has also contributed to the loyalty issues in businesses. To develop and sustain loyalty among the customers, it is important to find out what drives loyalty in the market. The factors lead to loyalty need to be uncovered and understood before designing and implementing the strategies for customer retention and loyalty. Literature the proposes relationship between customer loyalty and various other business constructs such as quality, satisfaction, trust and so on. These relationships have to be investigated understanding the effect of these constructs on loyalty will certainly provide an insight into customer loyalty formation.

1.9. CUSTOMER EMOTIONS (subjective factor)

Emotions are modification in the physique state that collision psychological procedures benefiting in expression of feelings and viewable behavioral responses. When emotions are varied, psychologists have tried to classify them. According to Wundt, emotions have pairs of opposite states, and there are three of such pairs, namely pleasantness/unpleasantness, tension/release and excitement/relaxation. Plutchik, one more psychologist, categorized eight kinds of emotions which can be categorized as four pairs of opposites, namely joy/sadness, acceptance/disgust, anger/fear and surprise/anticipation. Hence emotions can be of two types namely positive or negative; emotions can result in happiness and enjoyment or unhappiness and
uneasiness. The word “emotion” has been understood widely and needs a harmony on definition initially because of its very character.

Emotions are personal states, private and subjective. A physical state that could adopt challengingly in result to the environment that differs within an individual and crosswise individuals, and obtains resulted as a psychological awakening. Some emotions are alert and clear while other emotions stay at the sub conscious level and are conceptual. Emotions can be unimportant or strong and continue for short or extended periods of time. They stand a two way association with motivational states and cognitive dispensation abilities and capacities. Since they stay alive in pairs as opposites, emotions are inclined to replace one another.

1.10. CUSTOMER’S PERCEPTION

“Indian Banking has undergone innumerable changes since independence. Introduction of advancement in technology, economic uncertainties, fierce competition and changing demand of customers’ have created a competitive scenario for banks. In today’s fast moving life and highly competitive environment, the banking sector has to comprehend and analyze the customer’s perception and requirements for service quality. To attain high level of customer satisfaction and to retain the customer base, it is important for the banks to deliver quality services to all its customers. The Service quality is a significant determinant of competitiveness for
establishing sustainable and satisfying relationship with the customers. Persuraman, et al., (1992) see service quality as the customer’s comparison between service expectation and service performance”.

“The Indian economy is opening up its horizons as it continues to integrate with the world economy. Therefore, the advantages of conducting business within India are many. This has lead to the maneuvering of a variety of jobs to the shores of India, bringing in its wake transit travelers, business travelers, business meets and holiday seekers. India was the ninth largest civil aviation market in the world in 2014. The sector is projected to become the third largest aviation market globally by 2020. India’s aviation market catered to 117 million domestic and 43 million international passengers in 2014. Over the next decade the market could certainly reach 337 million domestic and 84 million international passengers”.

“In recent years, due to the demand from customers for banking products and services, service quality has emerged and has taken different dimensions. In order to satisfy the customer’s or to meet the customer requirements, the bank personnel have identified important key factors and their prioritizations. In the last decade many studies were done on observing and understanding customer’s needs and their satisfaction. Every banking industry has identified two important versions which help to improve their
performance in all respects. One is customer satisfaction and the other is service quality”.

1.11. OBJECTIVE FACTOR (Products)

“New or discontinuous new products its competitive advantage and contribute significantly to a firm's growth and profitability. Discontinuous products involve advanced capabilities which do not exist in current products and cannot be achieved through mere extension of an existing technology. changes in the benefits available to consumers, really new products are often initially unfamiliar to customers and involve changes in the behaviors necessary for them to use the products. For example, automobiles, personal computers, and telephones provide new benefits through major technological developments and required significant changes in customer thinking and usage patterns. The evaluation and subsequent adoption of these really new discontinuous products (as well as the adoption of more evolutionary products) influenced by a variety of product characteristics such as relative advantage, initial cost, product complexity and social approval. While product characteristics and other variables such as advertising and distribution, play a role in influencing the marketplace success of most of the products, the key factors which affect customers' evaluations of discontinuous new products are likely to be different from those that are important for incremental products. Discontinuous products entail additional concerns and
considerations but they not present in the evaluation or adoption decisions for more continuous products. For example, there is often a tremendous amount of technological uncertainty, product suitability and consequence uncertainty, unfamiliarity and risk associated with discontinuous new products. Moreover, evaluation of these new products occurs without an opportunity for direct comparison to alternative, products”.

1.12. CUSTOMER EXPECTATIONS

“Today studies on service quality, service value, and satisfaction issues have dominated the services literature. The crux of these discussions has been both operational and conceptual, and particular attention is given to identifying the relationship among and between these constructs. These efforts have enabled us to discriminate between the three variables and have resulted in an emerging consensus as to their interrelationship. This interest has certainly not escaped practitioners’ attention, as they have tied these variables to service employee evaluations and compensation packages”.

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