CHAPTER - 5

CONCLUSION AND SUGGESTIONS
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5.1 INTRODUCTION AND INTERPRETATION

This chapter, being the final chapter of this report, the findings from the analysis and interpretation of the survey and research work needs to be summarized in order to derive meaning out of the research activity and to understand the extent to which bancassurance has reserved a place in the lives of people. After conducting an exercise in analyzing and interpreting the data collected during the course of this study, the following conclusions pertaining to the impact of bancassurance product on banking business in India are being presented in this chapter.

The researcher has come out with various findings and has made certain recommendations or suggestions based on the conclusions derived for an efficient and effective management of bancassurance business in India.

The Interpretation and conclusion drawn from the following tables showing growth in the Net Profit, Income from Life Insurance and General Insurance Business, Proportion of insurance income with Net Profit of eight selected banks reveal that bancassurance has paved a way for banks to grow. Although there are number of other factors which have contributed to the growth of banks, the researcher wanted to know whether bancassurance is the only reason for these changes or there are other factors also involved.
Table - 5.1.1 Net Profit of selected Banks.

(In Crores)

<table>
<thead>
<tr>
<th>Year</th>
<th>ANDHRA BANK</th>
<th>CANARA BANK</th>
<th>CORPORATION BANK</th>
<th>HDFC BANK</th>
<th>ICICI BANK</th>
<th>IDBI BANK</th>
<th>OBC</th>
<th>SBI</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-09</td>
<td>653</td>
<td>2,072</td>
<td>893</td>
<td>2,245</td>
<td>3,758</td>
<td>859</td>
<td>758</td>
<td>9,121</td>
</tr>
<tr>
<td>2009-10</td>
<td>1,046</td>
<td>3,019</td>
<td>1,170</td>
<td>2,949</td>
<td>4,025</td>
<td>1,031</td>
<td>1,135</td>
<td>9,166</td>
</tr>
<tr>
<td>2010-11</td>
<td>1,267</td>
<td>4,025</td>
<td>1,413</td>
<td>3,926</td>
<td>5,151</td>
<td>1,650</td>
<td>1,503</td>
<td>8,265</td>
</tr>
<tr>
<td>2011-12</td>
<td>1,345</td>
<td>3,282</td>
<td>1,506</td>
<td>5,167</td>
<td>6,465</td>
<td>2,032</td>
<td>1,142</td>
<td>11,707</td>
</tr>
<tr>
<td>2012-13</td>
<td>1,289</td>
<td>2,872</td>
<td>1,435</td>
<td>6,726</td>
<td>8,325</td>
<td>1,882</td>
<td>1,328</td>
<td>14,105</td>
</tr>
</tbody>
</table>

Table 5.1.1 shows that the Net profit of Andhra Bank increased registering a strong growth by 60.15% to Rs. 1,046 crores in 2009-10 from Rs. 653 crores in the previous year 2008-09. It increased by 21.15% from Rs. 1,046 crores in 2009-10 to Rs. 1,267 crores of 2010-11. It has grown by 6.1% to reach Rs. 1,345 crores in the year 2011-12. Net profit for the year 2012-13 stood at Rs. 1,289 crores. It reduced by showing a loss of -4.16%.

Net profit of Canara Bank increased registering a strong growth by 45.2% to Rs. 3,019 crores in 2009-10 from Rs. 2,072 crores in the previous year 2008-09. It increased by 33.2% from Rs. 3,019 crores in 2009-10 to Rs. 4,025 crores of 2010-11. In the year 2011-12 it has reduced by -18.49% and earned a profit of Rs. 3,281 crores as compared to previous year’s profit of Rs. 4,026 crores. Net profit for the year 2012-13 stood at Rs. 2,872 crores. It reduced by -12.49%.

Net profit of Corporation Bank increased registering a strong growth by 31.08% to Rs. 1,170 crores in 2009-10 from Rs. 893 crores in the previous year 2008-09. It increased by 20.77% from Rs. 1,170 crores in 2009-10 to Rs. 1,413 crores of 2010-11. In the year 2011-12 it has shown a moderate growth of 6.58% and earned a profit of Rs. 1,506 crores as compared to previous year’s profit of Rs. 1,413 crores. Net profit of the bank has marginally decreased from Rs. 1,506 crores in previous year 2011-12 to Rs 1,435 crores during the year 2012-13. It reduced by -4.71%.
Net profit of HDFC Bank increased registering a strong growth by 30.2% to Rs. 2,949 crores in 2009-10 from Rs. 2,245 crores in the previous year 2008-09. It increased by 33% from Rs. 2,949 crores in 2009-10 to Rs. 3,926 crores of 2010-11. In the year 2011-12 it has shown a significant growth of 31.6% and earned a profit of Rs. 5,167 crores as compared to previous year’s profit of Rs. 3,926 crores. Net profit of the bank increased by 30.17% during the year 2012-13.

Net profit of ICICI Bank increased registering a strong growth by 7.10% to Rs. 4,025 crores in 2009-10 from Rs. 3,758 crores in the previous year 2008-09. It increased by 27.98% from Rs. 4,025 crores in 2009-10 to Rs. 5,151 crores of 2010-11. In the year 2011-12 it has shown a significant growth of 25.51% and earned a profit of Rs. 6,465 crores as compared to previous year’s profit of Rs. 5,151 crores. Net profit of the bank has increased by 28.77% from Rs. 5,151 crores in previous year 2011-12 to Rs. 8,325 crores during the year 2012-13.

Net profit IDBI Bank increased registering a growth by 20.20% to Rs. 1,030 crores in 2009-10 from Rs. 856 crores in the previous year 2008-09. It increased by 60.04% from Rs. 1,031 crores in 2009-10 to Rs. 1,650 crores of 2010-11. In the year 2011-12 it has shown a significant growth of 23.15% and earned a profit of Rs. 2,032 crores as compared to previous year’s profit of Rs. 1,650 crores. Net profit of the bank has decreased as compared to the previous years of Rs. 2,032 crores and earned a profit of Rs. 1,882 crores during the year 2012-13. It has reduced by -7.38%.

Net profit of OBC Bank increased registering a growth by 49.61% to Rs. 1,135 crores in 2009-10 from Rs. 758 crores in the previous year
2008-09. It increased by 32.45% from Rs. 1,135 crores in 2009-10 to Rs. 1,503 crores of 2010-11. In the year 2011-12 it has shown a reduction of -24.04% and earned a profit of Rs. 1,142 crores as compared to previous year’s profit of Rs. 1,503 crores. Net profit of the bank has increased by 16.29% as compared to the previous years of Rs. 1,142 crores and earned a profit of Rs. 1,328 crores during the year 2012-13.

Net profit of SBI increased registering a growth by 0.49% to Rs. 9,166 crores in 2009-10 from Rs. 9,121 crores in the previous year 2008-09. It decreased by -9.83% from Rs. 9,166 crores in 2009-10 to Rs. 8,265 crores of 2010-11. In the year 2011-12 it has shown an increase of 41.66% and earned a profit of Rs. 11,707 crores as compared to previous year’s profit of Rs. 8,265 crores. Net profit of the bank has increased by 20.48% as compared to the previous years of Rs. 11,707 crores and earned a profit of Rs. 14,105 crores during the year 2012-13.
Table - 5.1.2 Income of the selected Banks derived from its Life Insurance Business.

(In Crores)

<table>
<thead>
<tr>
<th>Year</th>
<th>ANDHRA BANK</th>
<th>CANARA BANK</th>
<th>CORPORATION BANK</th>
<th>HDFC BANK</th>
<th>ICICI BANK</th>
<th>IDBI BANK</th>
<th>OBC</th>
<th>SBI</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-09</td>
<td>-</td>
<td>18</td>
<td>18</td>
<td>327</td>
<td>-780</td>
<td>6</td>
<td>-</td>
<td>-26</td>
</tr>
<tr>
<td>2009-10</td>
<td>16</td>
<td>53</td>
<td>20</td>
<td>534</td>
<td>258</td>
<td>21</td>
<td>37</td>
<td>276</td>
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<td>2010-11</td>
<td>47</td>
<td>51</td>
<td>23</td>
<td>670</td>
<td>808</td>
<td>33</td>
<td>19</td>
<td>366</td>
</tr>
<tr>
<td>2011-12</td>
<td>23</td>
<td>26</td>
<td>43</td>
<td>456</td>
<td>1,384</td>
<td>31</td>
<td>14</td>
<td>556</td>
</tr>
<tr>
<td>2012-13</td>
<td>28</td>
<td>26</td>
<td>45</td>
<td>472</td>
<td>1,496</td>
<td>45</td>
<td>13</td>
<td>622</td>
</tr>
</tbody>
</table>

Table - 5.1.2.1 Growth Rate of income from Life Insurance Product of the selected Banks.

(In %)

<table>
<thead>
<tr>
<th>Year</th>
<th>ANDHRA BANK</th>
<th>CANARA BANK</th>
<th>CORPORATION BANK</th>
<th>HDFC BANK</th>
<th>ICICI BANK</th>
<th>IDBI BANK</th>
<th>OBC</th>
<th>SBI</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-09</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2009-10</td>
<td>-</td>
<td>194.44%</td>
<td>11.11%</td>
<td>63.30%</td>
<td>250%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2010-11</td>
<td>193.75%</td>
<td>-3.77%</td>
<td>15.00%</td>
<td>25.47%</td>
<td>213.18%</td>
<td>57.14%</td>
<td>-48.65%</td>
<td>32.61%</td>
</tr>
<tr>
<td>2011-12</td>
<td>-51.06%</td>
<td>-49.02%</td>
<td>86.96%</td>
<td>-31.94%</td>
<td>71.29%</td>
<td>-6.06%</td>
<td>-26.32%</td>
<td>51.91%</td>
</tr>
<tr>
<td>2012-13</td>
<td>21.74%</td>
<td>0</td>
<td>4.65%</td>
<td>3.51%</td>
<td>8.09%</td>
<td>45.16%</td>
<td>-7.14%</td>
<td>11.87%</td>
</tr>
</tbody>
</table>

Table 5.1.2 and 5.1.2.1 shows that Andhra Bank along with Bank of Baroda and Legal & General Group of UK has formed a joint venture life insurance company i.e. IndiaFirst Life Insurance Company under bancassurance business. It posted a net profit of Rs. 16 crores in the year 2009-10 and a whopping profit of Rs. 47 crores for the year 2010-11 showing an immense growth of 193.75%. During the year 2011-12, the income from life insurance business dropped down by -51.06% and earned Rs. 23 crores. In the year 2012-13 the bank recorded an income of Rs. 28 crores registering a growth of 21.74%.

The total income of Canara HSBC OBC Life Insurance Co. Ltd has shown a robust growth of 194.44% from Rs. 18 crores in the year 2008-09 to Rs. 53 crores in the year 2009-10. During the year 2010-11 the income from Life Insurance business dropped down by -3.77% and earned Rs. 51 crores. In the year 2011-12, the bank recorded a commission income of Rs.26 crores and there was a decrease in the growth rate by -49.02%. in the year 2012-13, there was no growth as the income remained the same as the previous years i.e. Rs. 26 crores.

Under Life Insurance segment, Corporation Bank has shown a growth of 11.11% from Rs. 18 crores in the year 2008-09 to Rs. 20 crores in the year 2009-10. The bank registered a growth of 15% from Rs. 20 crores in 2009-10 to Rs. 23 crores in 2010-11. Year 2011-12 showed a robust growth of 86.96% i.e. Rs. 43 crores over previous years income of Rs 23 crores. It registered a slight growth of 4.65% for the year ended 2012-13.
In the year 2008-09, under life insurance segment, HDFC Bank earned a commission income of Rs. 327 crore from HDFC Standard Life Insurance Co. Ltd. It showed a strong growth of 63.30% i.e. Rs. 534 crores over previous years income of Rs. 327 crores. The bank registered a growth of 25.47% from Rs. 534 crores to Rs. 670 crores in year 2010-11. Year 2011-12 showed a decrease in the growth rate by -31.94% and earned a commission income of Rs. 456 crores. It registered a moderate growth of 3.51% for the year ended 2012-13.

Under bancassurance business, ICICI Bank has subsidiary named ICICI Prudential Life Insurance Co. Ltd. In the year 2008-09, ICICI Life incurred a loss of Rs. (-780) crores. Profit increased from Rs. 256 crores in the year 2009-10 to Rs. 808 crores in the year 2010-11 showing a robust growth of 213.18%. In the year 2011-12 it earned a profit of Rs. 1384 crores showing a growth of 71.29% from Rs. 808 crores of previous year. In the year 2012-13, the bank registered a growth of 8.08% and recorded a commission income of Rs. 1496 crores.

Under IDBI Federal Life Insurance Co. Ltd., IDBI Bank earned an income of Rs. 6 crores in the year 2008-09. It showed a strong growth of 250% i.e. Rs 21 crores over previous year income of Rs 6 crores. The bank registered a growth of 57.14% from 21 crores in 2009-10 to Rs. 33 crores in the year 2010-11. Year 2011-12 showed a decrease in the growth rate by -6.06% and earned a commission income of Rs. 31 crores. It registered a commission income of Rs. 45 crores and a growth of 45.16% in the year ended 2012-13.

Under bancassurance business, OBC offers life insurance Solutions to various customers through Canara HSBC OBC Life Insurance Co. Ltd. In
the year 2009-10, the bank earned a commission income of Rs. 37 crores from Canara HSBC OBC Life Insurance Co. Ltd. It earned an income of Rs. 19 crores and the growth rate decreased by -48.64% in the year 2010-11. Year 2011-12 also showed a decrease in the growth rate by -26.32% and earned a commission income of 14 crores. Again in the year 2012-13 the growth rate decreased by -7.14% and earned a commission income of Rs. 13 crores.

Under bancassurance business, State Bank of India has subsidiary named SBI Life Insurance Co. Ltd. In the year 2009-10, the bank earned a Net profit of Rs. 276 and against the loss of -26 crores from previous year 2008-09. The bank registered a growth of 22.82% from Rs. 276 crores in 2009-10 to Rs. 339 crores in the year 2010-11. Year 2011-12 also showed a growth of 35.99% and earned profit of Rs. 461 crores. It registered a slight growth of 3.47% for the year ended 2012-13 and earned an income of Rs. 477 crores.
Table - 5.1.3 Income of the selected Banks derived from its General Insurance Business.

(In Crores)

<table>
<thead>
<tr>
<th>Year</th>
<th>CANARA BANK</th>
<th>CORPORATION BANK</th>
<th>HDFC BANK</th>
<th>ICICI BANK</th>
<th>IDBI BANK</th>
<th>OBC</th>
<th>SBI</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-09</td>
<td>6</td>
<td>-</td>
<td>22</td>
<td>24</td>
<td>2</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2009-10</td>
<td>8</td>
<td>11</td>
<td>54</td>
<td>144</td>
<td>2</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td>2010-11</td>
<td>11</td>
<td>9</td>
<td>78</td>
<td>-80</td>
<td>4</td>
<td>3</td>
<td>-27</td>
</tr>
<tr>
<td>2011-12</td>
<td>12</td>
<td>12</td>
<td>110</td>
<td>-416</td>
<td>3</td>
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<td>-95</td>
</tr>
<tr>
<td>2012-13</td>
<td>13</td>
<td>15</td>
<td>126</td>
<td>3.06</td>
<td>4</td>
<td>6</td>
<td>-145</td>
</tr>
</tbody>
</table>

Table - 5.1.3.1 Growth Rate of income from General Insurance Product of the selected Banks.

(In %)

<table>
<thead>
<tr>
<th>Year</th>
<th>CANARA BANK</th>
<th>CORPORATION BANK</th>
<th>HDFC BANK</th>
<th>ICICI BANK</th>
<th>IDBI BANK</th>
<th>OBC</th>
<th>SBI</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-09</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2009-10</td>
<td>33.33%</td>
<td>-</td>
<td>145.45%</td>
<td>500%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2010-11</td>
<td>37.50%</td>
<td>-18.18%</td>
<td>44.44%</td>
<td>-155.56%</td>
<td>100.00%</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>2011-12</td>
<td>9.09%</td>
<td>33.33%</td>
<td>41.03%</td>
<td>420%</td>
<td>-25.00%</td>
<td>33.33%</td>
<td>251.85%</td>
</tr>
<tr>
<td>2012-13</td>
<td>8.33%</td>
<td>25.00%</td>
<td>14.55%</td>
<td>33.33%</td>
<td>50.00%</td>
<td>52.63%</td>
<td></td>
</tr>
</tbody>
</table>

Table 5.1.3 and 5.1.3.1 shows that Canara Bank has a tie-up arrangement with M/s United India Insurance Company Ltd (UIICL) for General Insurance business. Canara Bank recorded a commission income of Rs. 6 crores during the year 2008-09. It showed a growth of 33.33% i.e. Rs. 8 crores over previous year income of Rs. 6 crores. The bank registered a growth of 37.80% from Rs. 8 crores to Rs. 11 crores in the year 2010-11. Year 2011-12 registered a moderate growth of 9.09% i.e Rs. 12 crores over previous year income of Rs. 11 crores. It registered a slight growth of 8.33% for the year ended 2012-13.

For General Insurance business, the Corporation Bank has a tie-up arrangement with New India Assurance Co. Ltd. from the 2009. Corporation Bank recorded a commission income of Rs. 11 crores during the year 2009-10. It registered a decrease in the growth rate by -18.18% and earned an income of Rs. 9 crores in 2010-11 to Rs. 12 crores in the year 2011-12. It earned a commission income of Rs. 15 crores and registered a growth of 25% for the year ended 2012-13.

Under HDFC Ergo General Insurance Co. Ltd. HDFC Bank recorded a commission income of Rs. 22 crores during the year 2008-09. The bank registered a robust growth of 145.45% i.e. from Rs. 22 crores in year 2008-09 to Rs 54 crores during the year 2009-10. Year 2010-11 also showed a strong growth of 44.44% and earned a profit of Rs.78 crores. The bank registered a growth 41.03% from Rs. 78 crores in 2010-11 to Rs. 110 crores during the year 2011-12. It earned a commission income of Rs. 126 crores and registered a growth of 14.55% for the year ended 2012-13.
Under ICICI Lombard General Insurance Co. Ltd. the bank made a profit of Rs. 24 crores during the year 2008-09. In the year 2009-10, the bank earned an income of Rs 144 crores and showed a very high growth of 500%. The bank incurred a loss of Rs. -80 crores in the year 2010-11 as compared to the previous year’s profit of Rs. 144 crores and the growth decreased to -155.55%. Net loss increased from Rs. -80 crores in the year 2010-11 to Rs. -416 crores during the year 2011-12 and the growth rate of loss further increased by 420%. In the year 2012-13, the bank recorded a profit of R. 3.06 crores as compared to the loss of Rs. -416 crores in the previous year 2011-12.

Under bancassurance business, IDBI Bank has a corporate agent, Bajaj Allianz General Insurance Co. Ltd which offers General Insurance to various customers. The bank recorded an income of Rs. 2 crores during the year 2008-09 which remained the same for the year 2009-10 and there was no growth. Year 2010-11 showed a robust growth of 100% from Rs. 2 crores in the year 2009-10 to Rs. 4 crores during the year 2010-11. During the year 2011-12, the growth rate decreased by -25% and earned an income of Rs. 3 crores for the year 2011-12. The bank earned a commission income of Rs. 4 crores and registered a growth of 33.33% for the year ended 2012-13.

Under Oriental Insurance Co. Ltd. the OBC Bank recorded a commission of Rs. 3 crores during the year 2009-10 which remained the same for the year 2010-11. During the year 2011-12, the bank’s profit increased to Rs. 4 crores and there was a growth of 33.33%. The bank recorded a commission income of Rs. 6 crores and a growth of 50% for the year ended 2012-13.
SBI General Insurance Co. Ltd. completed its third year in full operation in the financial year 2012-13. Under SBI General Insurance Co. Ltd, the bank recorded a net loss of Rs. -27 crores during the year 2010-11. Net loss increased from Rs. -27 crores in the year 2010-11 to Rs. -95 crores and the growth rate of loss increased to 251.85% for the year 2011-12. Again during the year 2012-13, the net loss increased to Rs. -145 crores and the growth rate of loss further increased by 52.83%.
Table - 5.1.4 Income of the selected Banks derived from its Total Insurance Business (Life Insurance + General Insurance).

(In Crores)

<table>
<thead>
<tr>
<th>Year</th>
<th>ANDHRA BANK</th>
<th>CANARA BANK</th>
<th>CORPORATION BANK</th>
<th>HDFC BANK</th>
<th>ICICI BANK</th>
<th>IDBI BANK</th>
<th>OBC</th>
<th>SBI</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-09</td>
<td>-</td>
<td>24</td>
<td>18</td>
<td>349</td>
<td>-758</td>
<td>8</td>
<td>-</td>
<td>-26</td>
</tr>
<tr>
<td>2009-10</td>
<td>16</td>
<td>61</td>
<td>31</td>
<td>588</td>
<td>402</td>
<td>23</td>
<td>40</td>
<td>276</td>
</tr>
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<td>2010-11</td>
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<td>339</td>
</tr>
<tr>
<td>2011-12</td>
<td>23</td>
<td>38</td>
<td>55</td>
<td>566</td>
<td>968</td>
<td>34</td>
<td>18</td>
<td>461</td>
</tr>
<tr>
<td>2012-13</td>
<td>28</td>
<td>39</td>
<td>60</td>
<td>598</td>
<td>1499</td>
<td>49</td>
<td>19</td>
<td>477</td>
</tr>
</tbody>
</table>

Table - 5.1.4.1 Growth rate of the Income derived from its Total Insurance Business of the selected Banks (Life Insurance + General Insurance)

(In %)

<table>
<thead>
<tr>
<th>Year</th>
<th>ANDHRA BANK</th>
<th>CANARA BANK</th>
<th>CORPORATION BANK</th>
<th>HDFC BANK</th>
<th>ICICI BANK</th>
<th>IDBI BANK</th>
<th>OBC</th>
<th>SBI</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-09</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2009-10</td>
<td>-</td>
<td>154.17%</td>
<td>72.22%</td>
<td>68.48%</td>
<td>187.50%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2010-11</td>
<td>193.75%</td>
<td>1.64%</td>
<td>3.22%</td>
<td>27.21%</td>
<td>81.09%</td>
<td>60.87%</td>
<td>-</td>
<td>- 45.00% 22.8%</td>
</tr>
<tr>
<td>2011-12</td>
<td>-51.06%</td>
<td>-38.71%</td>
<td>71.87%</td>
<td>-24.33%</td>
<td>32.97%</td>
<td>-8.11%</td>
<td>-</td>
<td>-18.18% 35.99%</td>
</tr>
<tr>
<td>2012-13</td>
<td>21.74%</td>
<td>2.63%</td>
<td>9.09%</td>
<td>5.65%</td>
<td>54.86%</td>
<td>44.11%</td>
<td>5.56%</td>
<td>3.47%</td>
</tr>
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</table>

Table 5.1.4 and 5.1.4.1 shows that Andhra Bank along with Bank of Baroda and Legal & General Group of UK has formed a joint venture life insurance company i.e. IndiaFirst Life Insurance Company under bancassurance business. Andhra Bank only offers life insurance has not yet started dealing with general insurance segment. It posted a net profit of Rs. 16 crores in the year 2009-10 and a whopping profit of Rs. 47 crores for the year 2010-11 showing an immense growth of 193.75%. During the year 2011-12, the income from life insurance business dropped down by -51.06% and earned Rs. 23 crores. In the year 2012-13 the bank recorded an income of Rs. 28 crores registering a growth of 21.74%.

The Canara Bank has joint venture with Canara HSBC OBC Life Insurance Co for life insurance business and a tie-up arrangement with M/s United India Insurance Company Ltd (UIICL) for General Insurance business. The total insurance income of Canara HSBC OBC Life Insurance Co. Ltd and M/s United India Insurance Company Ltd (UIICL) has shown a robust growth of 154.17% from Rs. 24 crores in the year 2008-09 to Rs. 61 crores in the year 2009-10. During the year 2010-11 the total insurance income business slightly increased by 1.61% and earned Rs. 62 crores. In the year 2011-12, the bank recorded a commission income of Rs.38 crores and there was a decrease in the growth rate by -38.71%. In the year 2012-13, there was a growth of 2.61% the total insurance income was Rs. 39 crores for the year ended 2012-13.

Corporation Bank has a tie up arrangement under bancassurance segment for both life insurance and general insurance through Life Insurance Corporation of India and New India Assurance Co. Ltd. It
HDFC Bank started its Bancassurance business in the year 2008 for life insurance and for general insurance from the year 2009. Corporation Bank total insurance income (life insurance + general insurance), has shown a growth of 72.22% from Rs. 18 crores in the year 2008-09 to Rs. 31 crores in the year 2009-10. The bank registered a growth of slight 3.22% from Rs. 31 crores in 2009-10 to Rs. 32 crores in 2010-11. Year 2011-12 showed a robust growth of 71.87% i.e. Rs. 55 crores over previous years total insurance income of Rs 32 crores. It registered a moderate growth of 9.09% for the year ended 2012-13.

Under bancassurance business, HDFC Bank has a joint venture named HDFC Standard Life Insurance Co. Ltd. and HDFC Ergo General Insurance Co. Ltd. HDFC Standard Life Insurance Co. Ltd. was established in the year 2000 and HDFC Ergo General Insurance was started in the year 2002. In the year 2008-09, the total insurance income (life insurance + general insurance) of HDFC Bank was Rs. 349 crore. In the year 2009-10, it showed a strong growth of 68.48% i.e. Rs. 588 crores over previous years income of Rs. 349 crores. The bank registered a growth of 27.21% from Rs. 588 crores to Rs. 748 crores in year 2010-11. Year 2011-12 showed a decrease in the growth rate by -24.33% and earned a commission income of Rs. 566 crores. It registered a moderate growth of 5.65% for the year ended 2012-13.

Under bancassurance business, ICICI Bank has subsidiary named ICICI Prudential Life Insurance Co. Ltd. and ICICI Lombard General Insurance Co. Ltd. In the year 2008-09 the total insurance income (life insurance + general insurance) of ICICI Bank incurred a loss of Rs. -758 crores. During the year 2009-10 the total insurance income of ICICI Bank
increased to Rs. 402 crores from the loss of Rs. -758 crores in the year 2008-09. Profit increased to Rs. 728 crores in the year 2010-11 from Rs. 402 crores in the year 2009-10 showing a growth of 81.09%. In the year 2011-12 it earned a profit of Rs. 968 crores showing a growth of 32.97% from Rs. 728 crores of previous years. In the year 2012-13, the bank registered a growth of 54.86% and recorded a commission income of Rs. 1499 crores.

Under bancassurance business, IDBI Bank offers life insurance solution to various customers through IDBI Federal Life Insurance Co. Ltd and also has a corporate agent Bajaj Allianz General Insurance Co. Ltd for general insurance. In the year 2008-09, the total insurance income (life insurance + general insurance) of IDBI Bank was Rs. 8 crores. It showed a strong growth of 187.50% i.e. Rs 23 crores over previous year income of Rs 8 crores. The bank registered a growth of 60.87% from Rs. 23 crores in 2009-10 to Rs. 37 crores in the year 2010-11. Year 2011-12 showed a decrease in the growth rate by -8.11% and earned a commission income of Rs. 34 crores. It registered a commission income of Rs. 49 crores and a growth of 44.11% in the year ended 2012-13.

Under bancassurance business, OBC offers life insurance solutions to various customers through Canara HSBC OBC Life Insurance Co. Ltd. and for general insurance products through Oriental Insurance Co. Ltd. It started its Bancassurance business from the year 2009. In the year 2009-10, the total insurance income (life insurance + general insurance) of OBC Bank was Rs. 40 crores. It earned an income of Rs. 22 crores and the growth rate decreased by -45% in the year 2010-11. Year 2011-12 also showed a decrease in the growth rate by -18.18% and earned a
commission income of 18 crores. In the year 2012-13 the growth rate increased by 5.56% and earned a commission income of Rs. 19 crores.

Under bancassurance business, State Bank of India has subsidiary named SBI Life Insurance Co. Ltd. which was launched in the year 2001 and SBI General Insurance Co. Ltd was launched in the year 2010. In the year 2008-09 the total insurance income (life insurance + general insurance) of SBI bank was Rs. -26 crores. In the year 2009-10, the bank earned a Net profit of Rs. 276 against the loss of -26 crores from previous year 2008-09. The bank registered a growth of 32.61% from Rs. 276 crores in 2009-10 to Rs. 366 crores in the year 2010-11. Year 2011-12 also showed a strong growth of 51.91% and earned profit of Rs. 556 crores. It registered a growth of 11.87% for the year ended 2012-13.
Table - 5.1.5 Net Profit from Banking Business and Income from Bancassurance Business.

(In Crores)

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<thead>
<tr>
<th>YEAR</th>
<th>ANDHRA BANK</th>
<th>CANARA BANK</th>
<th>CORPORATION BANK</th>
<th>HDFC BANK</th>
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<td>N.P</td>
<td>IF LIC</td>
<td>N.P</td>
<td>CH O LIC</td>
<td>UIIC GEN</td>
<td>N.P</td>
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<tr>
<td>2012-13</td>
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<td>26</td>
<td>13</td>
<td>1,435</td>
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Abbreviations:
*N.P. = Net Profit
*IF LIC = IndiaFirst Life Insurance Co.
*CH O LIC = Canara HSBC OBC Life Insurance Co. Ltd.
*UIIC = United India Insurance Co. Ltd.
*LIC = Life Insurance Corporation of India
*HS LIC = HDFC Standard Life Insurance Co. Ltd.
*HE GIC = HDFC Ergo General Insurance Co. Ltd.
*I P LIC = ICICI Prudential Life Insurance Co. Ltd.
*I L GIC = ICICI Lombard General Insurance Co. Ltd.
*I F LIC = IDBI Federal Life Insurance Co. Ltd.
*OIC = Oriental Insurance Co. Ltd.
*SBI LIC = SBI Life Insurance Co. Ltd.
*SBI GIC = SBI General Insurance Co. Ltd.
*NIAC = New India Assurance Co. Ltd.
*BA GIC = Bajaj Allianz General Insurance Co. Ltd.
<table>
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<th>YEAR</th>
<th>ANDHRA BANK</th>
<th>CANARA BANK</th>
<th>CORPORATION BANK</th>
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<td>C H O LIC</td>
<td>UII LIC</td>
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<td>LIC</td>
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<tr>
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<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
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<td>-4.71</td>
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Abbreviations:

*N.P. = Net Profit
*I F LIC = IndiaFirst Life Insurance Co.
*C H O LIC = Canara HSBC OBC Life Insurance Co. Ltd.
*UII LIC = United India Insurance Co. Ltd
*LIC = Life Insurance Corporation of India

*HS LIC = HDFC Standard Life Insurance Co. Ltd.
*HE GIC = HDFC Ergo General Insurance Co. Ltd.
*I P LIC = ICICI Prudential Life Insurance Co. Ltd.
*I L GIC = ICICI Lombard General Insurance Co. Ltd
*I F LIC = IDBI Federal Life Insurance Co. Ltd.

*OIC = Oriental Insurance Co. Ltd.
*SBI LIC = SBI Life Insurance Co. Ltd.
*SBI GIC = SBI General Insurance Co. Ltd.
*NIA = New India Assurance Co. Ltd
*NIA = New India Assurance Co. Ltd
Table 5.1.5 and 5.1.5.1 shows Net profit of Andhra Bank increased registering a strong growth by 60.15% to Rs. 1,046 crores in 2009-10 from Rs. 653 crores in the previous year 2008-09. It increased by 21.15% from Rs. 1,046 crores in 2009-10 to Rs. 1,267 crores of 2010-11. It has grown by 6.1% to reach Rs. 1,345 crores in the year 2011-12. Net profit for the year 2012-13 stood at Rs. 1,289 crores. It reduced by showing a loss of -4.16%. Under bancassurance business, for life insurance business, it posted a net profit of Rs. 16 crores in the year 2009-10 and a whopping profit of Rs. 47 crores for the year 2010-11 showing an immense growth of 193.75%. During the year 2011-12, the income from life insurance business dropped down by -51.06% and earned Rs. 23 crores. In the year 2012-13 the bank recorded an income of Rs. 28 crores registering a growth of 21.74%.

Net profit of Canara Bank increased registering a strong growth by 45.2% to Rs. 3,019 crores in 2009-10 from Rs. 2,072 crores in the previous year 2008-09. It increased by 33.2% from Rs. 3,019 crores in 2009-10 to Rs. 4,025 crores of 2010-11. In the year 2011-12 it has reduced by -18.49% and earned a profit of Rs. 3,281 crores as compared to previous year’s profit of Rs. 4,026 crores. Net profit for the year 2012-13 stood at Rs. 2,872 crores. It reduced by -12.49%. The total income of Canara HSBC OBC Life Insurance Co. Ltd has shown a robust growth of 194.44% from Rs. 18 crores in the year 2008-09 to Rs. 53 crores in the year 2009-10. During the year 2010-11 the income from Life Insurance business dropped down by -3.77% and earned Rs. 51 crores. In the year 2011-12, the bank recorded a commission income of Rs. 26 crores and there was a decrease in the growth rate by -49.02% in the year 2012-13, there was no growth as the income remained the same as the previous
years i.e. Rs. 26 crores. The Canara Bank has a tie-up arrangement with M/s United India Insurance Company Ltd (UIICL) for General Insurance business. Canara Bank recorded a commission income of Rs. 6 crores during the year 2008-09. It showed a growth of 33.33% i.e. Rs. 8 crores over previous year income of Rs. 6 crores. The bank registered a growth of 37.80% from Rs. 8 crores to Rs. 11 crores in the year 2010-11. Year 2011-12 registered a moderate growth of 9.09% i.e. Rs. 12 crores over previous year income of Rs. 11 crores. It registered a slight growth of 8.33% for the year ended 2012-13.

Net profit of Corporation Bank increased registering a strong growth by 31.08% to Rs. 1,170 crores in 2009-10 from Rs. 893 crores in the previous year 2008-09. It increased by 20.77% from Rs. 1,170 crores in 2009-10 to Rs. 1,413 crores of 2010-11. In the year 2011-12 it has shown a moderate growth of 6.58% and earned a profit of Rs. 1,506 crores as compared to previous year’s profit of Rs. 1,413 crores. Net profit of the bank has marginally decreased from Rs. 1,506 crores in previous year 2011-12 to Rs 1,435 crores during the year 2012-13. It reduced by - 4.71%. Under Life Insurance segment, Corporation Bank has shown a growth of 11.11% from Rs. 18 crores in the year 2008-09 to Rs. 20 crores in the year 2009-10. The bank registered a growth of 15% from Rs. 20 crores in 2009-10 to Rs. 23 crores in 2010-11. Year 2011-12 showed a robust growth of 86.96% i.e. Rs. 43 crores over previous years income of Rs 23 crores. It registered a slight growth of 4.65% for the year ended 2012-13. For General Insurance business, the Corporation Bank has a tie-up arrangement with New India Assurance Co. Ltd. from 2009. Corporation Bank recorded a commission income of Rs. 11 crores
during the year 2009-10. It registered a decrease in the growth rate by -18.18% and earned an income of Rs. 9 crores in 2010-11 to Rs. 12 crores in the year 2011-12. It earned a commission income of Rs. 15 crores and registered a growth of 25% for the year ended 2012-13.

Net profit of HDFC Bank increased registering a strong growth by 30.2% to Rs. 2,949 crores in 2009-10 from Rs. 2,245 crores in the previous year 2008-09. It increased by 33% from Rs. 2,949 crores in 2009-10 to Rs. 3,926 crores of 2010-11. In the year 2011-12 it has shown a significant growth of 31.6% and earned a profit of Rs. 5,167 crores as compared to previous year’s profit of Rs. 3,926 crores. Net profit of the bank during the year 2012-13 was Rs. 6,726 crores, increased by 30.17%. In the year 2008-09, under life insurance segment, HDFC Bank earned a commission income of Rs. 327 crore from HDFC Standard Life Insurance Co. Ltd. it showed a strong growth of 63.30% i.e. Rs. 534 crores over previous years income of Rs. 327 crores. The bank registered a growth of 25.47% from Rs. 534 crores to Rs. 670 crores in year 2010-11. Year 2011-12 showed a decrease in the growth rate by -31.94% and earned a commission income of Rs.456 crores. It registered a moderate growth of 3.51% for the year ended 2012-13. Under HDFC Ergo General Insurance Co. Ltd. HDFC Bank recorded a commission income of Rs. 22 crores during the year 2008-09. The bank registered a robust growth of 145.45% i.e. from Rs. 22 crores in year 2008-09 to Rs 54 crores during the year 2009-10. Year 2010-11 also showed a strong growth of 44.44% and earned a profit of Rs.78 crores. The bank registered a growth of 41.03% from Rs. 78 crores in 2010-11 to Rs. 110 crores during the year 2011-12. It earned a commission income of Rs. 126 crores and registered a growth of 14.55% for the year ended 2012-13.
Net profit of ICICI Bank increased registering a strong growth by 7.10% to Rs. 4025 crores in 2009-10 from Rs. 3,758 crores in the previous year 2008-09. It increased by 27.98% from Rs. 4,025 crores in 2009-10 to Rs. 5,151 crores of 2010-11. In the year 2011-12 it has shown a significant growth of 25.51% and earned a profit of Rs. 6,465 crores as compared to previous year’s profit of Rs. 5,151 crores. Net profit of the bank has increased by 28.77% from Rs. 6,465 crores in previous year 2011-12 to Rs. 8,325 crores during the year 2012-13. Under bancassurance business, ICICI Bank has subsidiary named ICICI Prudential Life Insurance Co. Ltd. In the year 2008-09, ICICI Life incurred a loss of Rs. (-780) crores. Profit increased from Rs. 256 crores in the year 2009-10 to Rs. 808 crores in the year 2010-11 showing a robust growth of 213.18%. In the year 2011-12 it earned a profit of Rs. 1384 crores showing a growth of 71.29% from Rs. 808 crores of previous years. In the year 2012-13, the bank registered a growth of 8.08% and recorded a commission income of Rs. 1496 crores. Under ICICI Lombard General Insurance Co. Ltd. the bank made a profit of Rs. 24 crores during the year 2008-09. In the year 2009-10, the bank earned an income of Rs 144 crores and showed a very high growth of 500%. The bank incurred a loss of Rs. -80 crores in the year 2010-11 as compared to the previous year’s profit of Rs. 144 crores and the growth decreased to -155.55%. Net loss increased from Rs. -80 crores in the year 2010-11 to Rs. -416 crores during the year 2011-12 and the growth rate of loss further increased by 420%. In the year 2012-13, the bank recorded a profit of Rs. 3.06 crores as compared to the loss of Rs. -416 crores in the previous year 2011-12.
Net profit of IDBI Bank increased registering a growth by 20.20% to Rs. 1,030 crores in 2009-10 from Rs. 859 crores in the previous year 2008-09. It increased by 60.04% from Rs. 1,031 crores in 2009-10 to Rs. 1,650 crores of 2010-11. In the year 2011-12 it has shown a significant growth of 23.15% and earned a profit of Rs. 2,032 crores as compared to previous year’s profit of Rs. 1,650 crores. Net profit of the bank has decreased as compared to the previous years of Rs. 2,032 crores and earned a profit of Rs. 1,882 crores during the year 2012-13. It has reduced by -7.38%. Under IDBI Federal Life Insurance Co. Ltd., IDBI Bank earned an income of Rs. 6 crores in the year 2008-09. It showed a strong growth of 250% i.e. Rs 21 crores over previous year income of Rs 6 crores. The bank registered a growth of 57.14% from 21 crores in 2009-10 to Rs. 33 crores in the year 2010-11. Year 2011-12 showed a decrease in the growth rate by -6.06% and earned a commission income of Rs. 31 crores. It registered a commission income of Rs. 45 crores and a growth of 45.16% in the year ended 2012-13. Under bancassurance business, IDBI Bank has a corporate agent, Bajaj Allianz General Insurance Co. Ltd which offers General Insurance to various customers. The bank recorded an income of Rs. 2 crores during the year 2008-09 which remained the same for the year 2009-10 and there was no growth. Year 2010-11 showed a robust growth of 100% from Rs. 2 crores in the year 2009-10 to Rs. 4 crores during the year 2010-11. During the year 2011-12, the growth rate decreased by -25% and earned an income of Rs. 3 crores for the year 2011-12. The bank earned a commission income of Rs. 4 crores and registered a growth of 33.33% for the year ended 2012-13.
Net profit of OBC Bank increased registering a growth by 49.61% to Rs. 1,135 crores in 2009-10 from Rs. 758 crores in the previous year 2008-09. It increased by 32.45% from Rs. 1,135 crores in 2009-10 to Rs. 1,503 crores of 2010-11. In the year 2011-12 it has shown a reduction of -24.04% and earned a profit of Rs. 1,142 crores as compared to previous year’s profit of Rs. 1,503 crores. Net profit of the bank has increased by 16.29% as compared to the previous years of Rs. 1,142 crores and earned a profit of Rs. 1,328 crores during the year 2012-13. Under bancassurance business, OBC offers life insurance Solutions to suit various customers segments through Canara HSBC OBC Life Insurance Co. Ltd. In the year 2009-10, the bank earned a commission income of Rs. 37 crores from Canara HSBC OBC Life Insurance Co. Ltd. It earned an income of Rs. 19 crores and the growth rate decreased by -48.64% in the year 2010-11. Year 2011-12 also showed a decrease in the growth rate by -26.32% and earned a commission income of 14 crores. Again in the year 2012-13 the growth rate decreased by -7.14% and earned a commission income of Rs. 13 crores. Under Oriental Insurance Co. Ltd. the OBC Bank recorded a commission of Rs. 3 crores during the year 2009-10 which remained the same for the year 2010-11. During the year 2011-12, the bank’s profit increased to Rs. 4 crores and there was a growth of 33.33%. The bank recorded a commission income of Rs. 6 crores and a growth of 50% for the year ended 2012-13

Net profit of SBI Bank increased registering a growth by 0.49% to Rs. 9,166 crores in 2009-10 from Rs. 9,121 crores in the previous year 2008-09. It decreased by -9.83% from Rs. 9,121 crores in 2009-10 to Rs. 8,265 crores of 2010-11. In the year 2011-12 it has shown a increase of 41.66% and earned a profit of Rs. 11,707 crores as compared to previous
year’s profit of Rs. 8,265 crores. Net profit of the bank has increased by 20.48% as compared to the previous years of Rs. 11,707 crores and earned a profit of Rs. 14,105 crores during the year 2012-13. Under bancassurance business, State Bank of India has subsidiary named SBI Life Insurance Co. Ltd. In the year 2009-10, the bank earned a Net profit of Rs. 276 and against the loss of (-26) crores from previous year 2008-09. The bank registered a growth of 22.82% from Rs. 276 crores in 2009-10 to Rs. 339 crores in the year 2010-11. Year 2011-12 also showed a growth of 35.99% and earned profit of Rs. 461 crores. It registered a slight growth of 3.47% for the year ended 2012-13 and earned an income of Rs. 477 crores. SBI General Insurance Co. Ltd. completed its third year in full operation in the financial year 2012-13. Under SBI General Insurance Co. Ltd, the bank recorded a net loss of Rs. -27 crores during the year 2010-11. Net loss increased from Rs. -27 crores in the year 2010-11 to Rs. -95 crores and the growth rate of loss increased to 251.85% for the year 2011-12. Again during the year 2012-13, the net loss increased to Rs. -145 crores and the growth rate of loss further increased by 52.83%.
### Table - 5.1.6 Proportion of Insurance Income with Net Profit of the selected Banks.

(In %)

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<tr>
<th>Year</th>
<th>ANDHRA BANK</th>
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**Proportion of Insurance Income with Net Profit of the selected Banks** = \[
\frac{\text{Total Income from Insurance}}{\text{Net Profit of the Banks}} \times 100
\]

Where, **Total Income from Insurance** = Life Insurance + General Insurance.
The following table 5.1.6 shows the proportion of insurance income to the net profit of the selected banks.

Andhra banks proportion of insurance income to its net profit was 1.53% for the year 2009-10. It increased to 3.71% in the year 2010-11. It decreased to 1.71% for the year ended 2011-12 and for the year ended 2012-13 the proportion again increased to 2.17%

Canara banks proportion of insurance income to its net profit for the year 2008-09 was 1.16%. It increased to 2.02% in the year 2009-10. It was 1.54% for the year 2010-11 and again 1.16% for the year 2011-12. During the year 2012-13 the proportion of insurance income was 1.36%.

Corporation banks proportion of insurance income to its net profit for the year 2008-09 was 2.01%. It was 2.64% in the year 2009-10. It was 2.26% for the year 2010-11. It increased to 3.65 % for the year 2011-12. During the year 2012-13 the proportion of insurance income was 4.18%.

HDFC banks proportion of insurance income to its net profit for the year 2008-09 was 15.55%. It increased to 19.94% in the year 2009-10. It was 19.05% for the year 2010-11. It decreased to 10.95 % for the year 2011-12. During the year 2012-13 the proportion of insurance income was 8.89%.

ICICI banks proportion of insurance income to its net profit for the year 2008-09 was -20.12%. It increased to 9.98% in the year 2009-10. It again increased to 14.13% for the year 2010-11. It was 14.97 % for the year 2011-12. During the year 2012-13 the proportion of insurance income was 18.01%.
IDBI banks proportion of insurance income to its net profit for the year 2008-09 was 0.93%. It increased to 2.23% in the year 2009-10. It was 2.24% for the year 2010-11. It decreased to 1.67% for the year 2011-12. During the year 2012-13 the proportion of insurance income was 2.60%.

OBC banks proportion of insurance income to its net profit for the year 2009-10 was 3.52%. It decreased to 1.46% in the year 2010-11. It was 1.58% for the 2011-12. During the year 2012-13 the proportion of insurance income was 1.43%.

SBI banks proportion of insurance income to its net profit for the year 2008-09 was -0.28%. It increased to 3.01% in the year 2009-10. It again increased to 4.10% for the year 2010-11. It decreased to 3.93% for the year 2011-12. During the year 2012-13 the proportion of insurance income was 3.38%.

From the above table we can conclude bancassurance is not a significant earner for the banks. Insurance companies are using banks to sell their products because of the wide network of the banks. As bank is an instrument for insurance companies for earning income, insurance companies are taking a huge portion from the profits of the banks for their business. Growth rate of insurance income is remarkable in some of the banks so there is scope of selling bancassurance products by the banks in the long run.
5.2 TESTING OF HYPOTHESIS:

1. \(H_0\) : Majority of the people are not aware of bancassurance as a product.

   Majority of people are not aware of bancassurance as a product is rejected because 60% of the respondents are aware of bancassurance. Hence, \(H_1\) is accepted.

2. \(H_0\) : Customers do not purchase insurance policy from the banks.

   Customers do not purchase insurance policy from bank is rejected as 56% of respondents have purchased insurance policy from their respective banks.

3. \(H_0\) : There is no significant income from bancassurance product to the banks.

   Here \(H_0\) is accepted as proportion of income from bancassurance ranges from 1% to 19% out of total profit which is insignificant. Therefore, \(H_0\) is accepted.
5.3 LIMITATIONS WHILE CONDUCTING THE SURVEY

While conducting the survey for the actual study, the limitations that the researcher came across were:

- Researcher wanted to conduct survey in some more branches of nationalized and private banks but the managers of certain banks did not allow the researcher to conduct the survey.
- The managers of SBI, IDBI, and ICICI banks did not want their names to be revealed.
- Few fake answers were collected in the study as some of the customers felt that the questionnaires are either from the bank or they do not have time to fill the questionnaires correctly.
- Banks were packed most of the time and getting the questionnaires filled from the employees was a difficult task.

5.4 FINDINGS:

While pursuing the research study, the researcher has come across certain finding pertaining to the theory of bancassurance and they are stated as under:

- Quite a few people have a reasonable idea about bancassurance and that their banks vend various insurance products. But still few people do not know about bancassurance as a concept.
- It has been found that banks have many prospects to cross sell insurance products. The insurance companies may seize the
advantage of bank’s wide network and other opportunities to sell their products.

➤ A brand’s name and its image is a very important aspect in marketing a product line. Hence the banks and the insurance companies must tie-up with the right partners which will help them to generate a better image in the minds of the customers.

➤ Customers have abundance of trust on the banks and because of this reliance the customers may obtain insurance products from banks.

➤ Private sector banks and foreign banks have a better future in bancassurance. However the public sector banks are also trying to give a strong competition e.g. SBI Life Insurance Co.

➤ Many people in the rural parts of India are still unaware about insurance so, a huge potential is there before them to be tapped for life insurance business.

➤ Currently banks are trying to offer all kinds of services to its customers. So by providing insurance, banks can include an extra service to their catalog.

5.5 RECOMMENDATIONS OR SUGGESTIONS:

➤ The employees of the banks must be given appropriate training to sell insurance products so that they can respond to any queries of the clients and can supply them with products according to their needs.
➤ The insurance companies need to design products specifically for distributing through banks. Trying to sell traditional products may not work so effectively.

➤ Banks should also provide after sales services

➤ In order to increase the sale, they should be more rigid in selling the insurance products.

➤ Banks should also do the settlement of claims which can increase the trust and reliability of the customers on the banks.

➤ Public sector banks are well known for their lethargic attitude and for providing poor quality of customer services. In order to succeed in bancassurance business they should reconstruct their imperfect image.

➤ The bank’s management and the management of the insurance company should amicably be able to resolve any conflicts arising between them in future.

➤ Banks and insurance companies should improve the products frequently according to the needs of the customers.

5.6 CONCLUSION:

The insurance industry in India has been progressing at a rapid speed since the inception of this sector. In a country like India which consists of a diverse set of people combined with problems of connectivity in rural areas makes the insurance selling a very difficult task. So due to this reason, insurance companies require good distribution strength and huge manpower to reach out to such a huge customer base.
The concept of bancassurance in India is still in its emerging stage. But an incredible potential reveals that bancassurance in India has a very bright future. Recently various innovations have taken place in the insurance sector to suit and satisfy the growing needs of various customers. So, there is every reason to be optimistic that bancassurance in India will play a long inning.

However, bancassurance segment is still facing many problems because of poor manpower management, lack of call centers, less personal contact with customers, insufficient incentive to the agents etc.

Following conclusions were drawn from the survey analysis done among 115 customers and 30 bank employees of eight different banks in Vadodara district.

- Among customers who were surveyed, 60% of the respondents were aware that their banks provide bancassurance. They knew with which insurance company their banks have tie-ups. Also they were aware about various policies provided by their banks. However, 40% of the respondents were amused with the term bancassurance and didn’t know anything about it and the services provided by the banks.

- Among the respondents who were surveyed, there were only 56% of the customers who had taken insurance policy from their respective banks. Remaining 44% respondents did not opt to take a policy from their banks.

- More than 80% of the customers have trusted their banks. This shows that there is a huge opportunity for bancassurance business in India.
It is observed that 49% customers preferred agents because they provide personalized services. 24% took insurance from companies because of their trust on the company. 21% said they would buy insurance from banks because of the brands name and their trust on banks. Only 6% said that they would buy insurance from brokers.

We can infer from the survey that 90% respondents said that private sector banks would excel in bancassurance because of their powerful selling policies and they provide quality services to the customers. 70% votes were given to foreign banks because they have proper management and aggressive selling strategies. The public sector banks were given the least votes i.e. 38% because of their laid back attitude towards their work.

90% of the respondents said that they believe that bancassurance has a very bright future because there is an immense potential for the insurance industry in India. But 10% believe that due to the emergence of the new technology the visits in the bank branches are going to be less because of ATM’s and e-banking. So there is not much scope for it.

Out of total 30 bank employees surveyed, 73.3% of employees are involved in the activity of bancassurance and remaining 26.7% employees are not involved in the activity of bancassurance. It is observed that, major portion of the employees area involved in the activity of bancassurance.

Out of 30 employees, 36.4% employees have been given formal training for cross-selling of bancassurance products and the remaining 63.6% have not been given any training for
bancassurance. It has been observed that, maximum number of employees have not been given training for cross-selling of bancassurance products.

- It was observed that major portion i.e. 80% employees told that bancassurance is helping in the diversification of revenue to the bank and the remaining 20% of the employees say that it is not helping in the diversification of revenue to the banks.

- 90% employees told that bancassurance is helping in increasing the customer loyalty to the banks and the remaining 10% of the employees say that it is not helping in increasing the customer loyalty to the banks.

- It was observed that major portion i.e. 70% employees told that bancassurance is helping in increasing the total other incomes of the banks and the remaining 30% of the employees say that it is not helping in increasing the total other incomes of the banks.

- 82% employees told that their work content is enriched by the activity of bancassurance and the remaining 18% of the employees say that it is not enriched by the activity of bancassurance. It is observed that maximum number of employees told that their work content is enriched by the activity of bancassurance.

The figures of net profit, total income generated through life insurance and general insurance business and the proportion of income with net profit of the banks reveal that bancassurance is not a significant
earner for the banks. However, to elaborate on the above, following trends have been noticed:

- Income from life insurance business of banks like Corporation Bank, ICICI Bank, IDBI Bank and SBI has increased significantly. Whereas, insurance income from Andhra Bank, Canara Bank and OBC showed a fluctuating growth trend.

- Income from general insurance business of HDFC bank shows a very successful and a stable growth trend as compared to the other banks. Banks like Canara and OBC has shown a moderate but stable growth in all subsequent years. Whereas, insurance income from Corporation Bank, ICICI Bank and IDBI Bank showed a fluctuating growth trend. The worst affected performance in the general insurance business has been of SBI which has shown a constant loss from their inception.

- The total insurance income (Life insurance + General insurance) of Corporation Bank, ICICI Bank, IDBI Bank and SBI shows a very successful and a stable growth trend as compared to the other banks. Whereas, total insurance income from Andhra Bank, Canara Bank, HDFC Bank and OBC showed a fluctuating growth trend.

- The proportion of insurance income to the net profit of the selected banks ranges from 1% to 19% which proves that banks are not a significant earner of bancassurance products as it contributes a very small amount of profit when compared to its proportion of net profit.

- There is a possibility of progress in future which is indicated by the total insurance income of banks like Corporation Bank, ICICI
Bank, IDBI, and SBI. So in future, bancassurance can be a significant product to earn the income.

Therefore, from the above statements we can conclude that bancassurance is still in its infancy stage and gradually it is gaining recognition in the market. Insurance companies are using banks to sell their products because of the wide network of the banks. As bank is an instrument for insurance companies for earning income, insurance companies are taking a huge portion from the profits of the banks for their business. Growth rate of insurance income is remarkable in some of the banks so there is very good scope for further development in the selling of bancassurance products by the banks in the long run. Hence, it is too early to judge its potential today.

I have covered some of the private and public banks, co-operative and foreign banks are not covered under this study. There is definitely scope for further study on bancassurance in co-operative and foreign sector banks. Moreover, I have undertaken this study from the year 2008 to 2013 and that too covering only eight selected banks in Vadodara district. Therefore there is scope of further study.

In a nutshell it can be said that, a lot of facts could be generated from this study. A mine of information could be elicited from this coverage, though many constraints and difficulties were faced, but having had just a simple idea about bancassurance, a detailed research in this topic helped to find how important bancassurance can be for bankers, insurers as well as the customers. Since very few research and dissemination of bancassurance have reached these areas, this study provided a comprehensive and representative data which is very
challenging for future research. I am satisfied that all my objectives have been met to its fullest.

I strongly feel that though bancassurance is not being utilized to its fullest, it surely has a bright future ahead. India is at the threshold of a significant change in the way insurance is perceived in the country. Bancassurance will positively play a significant role as an alternative distribution channel and will transform the way insurance is sold in India.

The bridge has been built and many have started taking cautious steps across it, now it is a matter of time to see how this progresses. Bancassurance strategy would be win-win situation for all the parties involved - customers, insurance companies and banks. Bancassurance in India has just taken a flying start and it has a long way to go. After all, THE SKY IS THE LIMIT!