Chapter – 2

LIC OF INDIA – ORGANISATION, WORKING AND ITS EVALUATION
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LIC OF INDIA:– ORGANISATION, WORKING AND ITS EVALUATION

2.1 ORIGIN OF LIC:

Till January 1956, the life insurance business was carried on by a large number of private insurance companies. The entire life insurance business in India was nationalized in January 1956 and was transferred (together with all assets and liabilities) to the government owned Life Insurance Corporation of India with effect from 1st September 1956.

The setting up of the Life Insurance Corporation, as a part of the deliberate and conscious attempt to remould the financial segments to the requirements of planned development, has been a notable feature of the evolution of the post 1951 organization of Industrial Financing system in India. This was so not only because it transferred from private to public ownership, an important savings institutions, but also because it brought a concentration of funds which has led the Life Insurance Corporation to grow into truly massive funds.
Established in 1956 as a public sector undertaking by merging about 245 private insurance and provident insurance companies, LIC enjoys a monopolistic position in offering Life Insurance services in the country till recently when the door were opened for private companies. Being monopolistic public sector organization, it has a great responsibility to look after the insurance requirements of millions of people in India. Apart from covering the life risk of millions of people, LIC is endowed with the task of meeting various social and economic obligations for the development of the country. However, its main task is to provide efficient Life Insurance services to its customers.

2.2 THE ORGANIZATION OF LIC:

The Life Insurance Corporation collects and accelerates the savings of the people through a well organized administrative network established through out the country. Since it is the very huge institution for collection of Life Insurance premium with its wide covering area in the country, it is quite impossible for it to collect funds by operating through one large office. For facilitating the promotion of savings it has divided its activities into five zones, viz. the north, south, east, west and central. The Head Office of LIC is in Mumbai which lies in central zone and is
Corporation opened 33 Divisional Offices (operating on the Head Office Pattern) spread all over the country. In addition, the concept of multiple branches in large cities was also introduced, so that a manageable team of development officials and agents could intensively garner new business.

As on 31st December 1956, Life Insurance Corporation was able to establish 33 Divisional Offices and 216 branches which were operating from 172 centres. The network of Life Insurance corporation has grown into 42 Divisional Offices and about 826 Branch Offices operating from more than 324 centres in the year 1980-81 and 7 Zonal Offices, 101 Divisional Offices and 2048 Branch Offices as on 31st March 2005 operating through out the country.¹

**Foreign Offices:** The Life Insurance Corporation opened a new office in May 1998 at Loutoka in Western part Fiji. This is the second office in Fiji islands, the earlier one being at Suva, the capital of Fiji. The corporation has its own offices at Mauritius

¹ Source: Annual Report of LIC.
and U.K. also the new business is transacted in all these four foreign offices.

**ORGANISATION CHART OF LIFE INSURANCE CORPORATION**

As on 31st March, 2005

LIC Head Office
(Mumbai)

---

**Northern**
DO (15)
BO (320)

**Central**
DO (7)
BO (140)

**South Central**
DO (16)
BO (314)

**Western**
DO (22)
BO (403)

---

**North Central**
DO (11)
BO (247)

**Eastern**
DO (18)
BO (363)

**Southern**
DO (12)
BO (261)

DO – Divisional Offices
BO – Branch Offices

As on 31st March, 2005 the corporation had

- 7 Zonal Offices
- 101 Divisional Offices
- 2048 Branch Offices

Until 1982, LIC was purely a sales organization and approach of LIC to the market was more oriented to the need of
the corporation than the need of the consumers the branch offices were acting as merely business procreation centres, while serving as pet was left to the Divisional Offices, as a result, there was delay in serving the policy-holder. There was no clear-cut market segmentation policy in LIC to look after the specific needs of various customer groups.

In the year 1982, LIC has started adopting decentralization of its operations up to branch level. As a result of decentralization, almost all aspects of policy servicing were entrusted to the Branch office. This has enabled in avoiding delays in policy servicing and moving closer to the customers. Most of the functions like, identifying the prospective customers and motivating them to take policies, policy registration, policy servicing, sales force management, settlement of claims etc. are now entrusted to Branch office. However, the functions like market research advertising and publicity, market planning are reserved to corporate office.

In the present organisation set up, Branch office is the basic unit responsible for mobilization of LIC business, policy servicing and settlement of claims, under the re-organisation
Scheme 1982, the Branch office is given freedom to look after almost all aspects of policy servicing.

In addition, the life insurance corporation makes exclusive use of films and exhibition to spread the message of life insurance. There has been an extensive drive for collection of funds through Life Insurance Corporation.

**Agent (overall position):**

The Life Insurance Corporation employs agents to sell security to life. These agents can work on a freelance basis or a full time basis. There were 10,41,737 agents with the corporation as on 31st March, 2005. The average productivity per active agent of LIC amounted to Rs. 17,39,047 in terms of sum assured on 31st March, 2005.

Agents who take up Life Insurance Agency as a carrier are recruited, given specialized training and are groomed and supervised in exclusive branches to facilitate their growth as career agents – Professional Agents. Urban Career Agents secured a new business of Rs. 3276.80 crores under 6,56,475 policies during the year ending 31st March, 2005. Rural Career Agents
secured a new business of Rs. 3045.71 crores under 7,15,056 policies in the year 31st March 2005.²

Thus, it can be said that greater decentralization of operating powers, simplification of procedures, increased emphasis on training, introduction of more modern office equipments and effective supervision have contributed to the improvement in productivity levels of Life Insurance Corporation in recent years.

2.3 OBJECTIVE OF LIFE INSURANCE CORPORATION:

The Life Insurance Corporation of India made its bow on the national stage on 1st September, 1956. And today, after 49 years, with sense of fulfillment and calm confidence, it steps into the fifth decade of its progress, expansion and continuation of myriad services to the nation, as the premier public sector financial institution of the country.

The then finance Minister Mr. C.D. Deshmukh while piloting the bill for nationalization outlined the objectives of LIC thus-

“To conduct the business with utmost economy with the spirit of trusteeship; to charge premium no higher than warranted by strict actuarial considerations; to invest the funds for obtaining maximum yield for the policy holders consistent with safety of capital; to render prompt and efficient service to policy holders thereby making insurance widely popular”.

To day, although that objective remains same, the vision of LIC is to become ‘A trans-nationally competitive financial conglomerate of significance to societies and pride of India’.

The main objectives of Life Insurance Corporation of India are as follows:-

(i) To spread life insurance much more widely and in particular to the rural areas and to the socially and economically backward classes with a view to reacting all insurable persons in the country and providing them adequate financial cover against death at a reasonable cost.

(ii) To maximize mobilization of people’s savings by making insurance linked savings adequately attractive.
(iii) To conduct business with utmost economy and with the full realization that the money belongs to the policyholders.

(iv) To act as trustees of the insured public in their individual and collective capacities.

(v) To meet the various life insurance needs of the community that would arise in the changing social and economic environment.

(vi) To involve all people working in the corporation to the best of their capability in furthering their interests of the insured public by providing efficient service with courtesy.

(vii) To promote amongst all agents employees of the corporation a sense of participation, pride and job satisfaction through discharge of their duties with dedication towards achievement of corporate objectives.

Thus, we can say that Life Insurance Corporation acts as a mobilizer of savings. On the face of it, evaluation of the performance of the corporation in relation to the objective of
mobilization of savings appears to be simple. There is a single representative measure of success achieved by Life Insurance Corporation mobilizing the savings of the community and, that is, the premium income it has been able to graver. In keeping with the growth of the business, the premium income has also grown, more specifically, from about Rs. 89 crores in the first year of its operation to Rs. 964.32 crores in the year ending 31\textsuperscript{st} March, 1981, that is, nearly eleven times. And in the year ending 31\textsuperscript{st} March 2005, this has touched Rs. 31,786.40 crores, i.e., three hundred and fifty seven times when compared with the premium income of the first year of operation and more than thirty two times when compared with the premium income of 1980-91. The motto of Life Insurance Corporation of India is aptly mentioned as "YOGAKSHEMAM VAHAMYAHAM" meaning "your welfare is my responsibility".

2.4 ADVANTAGES OF LIFE INSURANCE:

Among the various forms "insurance", Life assurance occupies the most important place in the world of insurance. A contract of life insurance can be defined as a contract by which one party called "the assuror" agrees to pay a certain sum of money in consideration of a payment called "the premium", on the
happening of a certain event, viz., death or reaching a certain age. A life assurance contract is a long-term contract and the assured must pay all the premiums agreed at stated intervals. The assuror will then pay the amount of policy either on death or on the maturity of the policy.

The various advantages of life insurance are:-

(i) A life policy consistently builds up a fund for the benefit of the assured or his successors. The life policy gives financial protection to the dependents to the extent of the assured sum in case of death of the assured who may be the only bread-winner in the family. This is the greatest advantage of a life policy. In fact, it is the greatest buying motive for any person to go in for life insurance.

(ii) There are policies for specific purpose, e.g., children’s education, daughters marriage, owning a house etc. The policy amount can be planned in advance for utilization in future for pre-determined objects. In this way, we can provide for our future by creating assets out of our current income.
(iii) Payment of premium is compulsory. We have to pay a certain sum of money regularly and punctually, preferably out of our saving and if necessary, even by borrowing. Thus, Life Insurance is a compulsory form of savings for the rainy day. For persons of limited means, there is no other alternative substitute of savings. In a sense, there is no substitute for life insurance.

(iv) Life policy is a valuable asset and one can raise an emergency loan against it. In case of need, the Life Insurance Corporation itself gives a loan against the policy to the insured at a lower rate of interest, lower than the rate of interest on bank loans.

(v) The policy-holder enjoys peace of mind, since his future is financially secured and he can enjoy economic independence during his retirement period, i.e., when he wants to retire from active life.

(vi) In the case of partnership firm, joint-life-policy on the lives of all partners can easily provide financial stability and continuity of partnership, even when one of the partners dies. The surviving partners are the beneficiaries
and they can easily pay the capital contribution of the dead partner to his successor.

(vii) Life insurance gives a double advantage, viz., protection against death and source of investment for the future. As insurable interest is unlimited in one’s life and the loss due to death is not measurable, one can have multiple insurance policies. In other insurances, double or multiple insurance is not possible as they are based on the principle of indemnity.

(viii) As life insurance is a good means of promoting thrift, increasing saving and preventing extravagance, it can act as a check on inflation. If a person locks up 15% of his current income in life policies, his liquid purchasing power is naturally reduced to that extent. Income tax relief on life insurance premium is an incentive for buying life insurance.

(ix) Many housing societies now insist that mortgages must be backed by life insurance, so that eviction of a family will not necessarily on the death of the mortgager who is the bread-winner of the family.
Thus, Life Insurance Corporation renders a valuable service to the individual as well as society as a whole. It plays a vital part in the life of the individual citizen as well as in the economy of the nation.

2.5 ANALYSIS OF INSURANCE CUM SAVING POLICIES OF LIC OF INDIA:

All contracts of life insurance involve some elements of protection and investment, but each of them has certain special saving features. Basically there are ten (10) type of policies:-

(i) Term policy
(ii) Whole-life policies
(iii) Endowment policies
(iv) Annuities
(v) Joint-life policies
(vi) With-profit and without profit policies
(vii) Children life policies
(viii) Janta policies
(ix) Pension policies
(x) Money back policies.
The nature and function of the different policies are discussed below:-

(i) **Term Policy:**

The term policies is designed to protect the life of the insured for a limited span of time and the face value of amount is payable only to the beneficiary after the death of the insured, on his survival. Although insurance protection of this type is hardly of any benefit to the insured himself, it appeals to the relatively small investors because premiums are very low in this form of policy. In addition, the term policy also lends liquidity to the funds of the insured by giving loans on policies to the insured.

(ii) **Whole-Life Policy:**

The whole-life policy provides permanent protection to the policy holders at a moderate cost and appeals to an average man of moderate income. It effects permanent protection because its payment is certain in the event of death whether it occurs early or late and is purchasable at a moderate premium which remains uniform throughout the life. The rate of the premium is usually lower under this kind of policy. At present, rich persons prefer to
take kind of policy to make provisions for the payment of death
duty. Ordinary whole life policy makes no provisions for old age.

(iii) **Endowment Policy:**

   The endowment policy promises to pay to the insured the
   full face value of the amount at the end of a fixed number of years
   and is payable to the insured he survives during the period or his
   beneficiary in the event of death of the insured. This kind of
   policy is the most popular one as only a limited number of
   premiums are payable. The rate of premium is slightly higher than
   that on a whole life policy.

(iv) **Annuities:**

   The purpose of annuities is to protect against the risk of
   cultivating ones income. While life insurance protects against the
   absence of income in the event of premature death or disability,
   annuity ensures against the absence of income in the part of those
   afflicted with under longevity. Both are affording protection, one
   to persons dying and the other living too long.

(v) **Joint-Life Policies:**

   When one insurance contract is applicable on the lives of
   more than one person, it is called joint life policy. Under this
policy, the full policy amount becomes payable, in the event of death of any one insured, to the other persons who survive. A married couple also takes a joint life policy or even a partnership firm can take a joint life policy.

(vi) With-Profit and Without Profit Policies:

With-profit policy gives an-added advantage to the insured. The policy-holder or his nominee is allowed a share in the profits of corporation in the form of bonus. It is added to the total sum assured, payable at the time of maturity of the policy. The rate of premium is somewhat higher in this kind of policy.

Whereas, in case of without-profit policy, insured does not get any benefit in terms of bonus as a share in the profit of the corporation. That's way the rate of premium is lower than the rate of premium of with-profit policy.

In spite of higher rate of premium, with-profit policy accounts for a major share, i.e., 96.75% of total business done by Life Insurance Corporation whereas without-profit policies are not so popular.
(vii) **Children Life Policies:**

Children life policy enables parents to provide insurance cover to a child on payment of a very low rate of premium for an insurance of a large sum at a specific age. These policies are offered to the children for future education or marriage. The sum assured together with bonus shall be payable at the option of the life assured either in lump sum or in annuity installments to be calculated at the rate declared by the Life Insurance Corporation from time to time.

(viii) **Janta Policies:**

Janta policy, started in 1957, gives special protection to labourers, villagers and other poor persons. This policy is specially meant for very poor people. In this policy, any poor person can take this policy between the age of 45-60 years. Minimum policy amount is Rs. 200. Premium rate is very – very low for this policy.

(ix) **Pension Policies:**

These policies are designed to cater the needs of retired people. Under this policy, the policy holder has to pay premiums for selected period after which he will be paid pension every
month. The pension is assured throughout life but ceases, of course, on the death of insured. Pension policies are meant for employees who retire without pension benefits/inadequate pension benefits and who wish to make pension arrangements.

In addition to the above policies, Life Insurance Corporation also started Double Accident Policy, Deposit Linked Policy and Unit Linked Policy. These policies are also popular amongst the policy-holders.

Life Insurance may, therefore, be said to be the only known method of guaranteeing the capitalized economic value of human life and identifying loss in the event of Premature death or disability.

(x) Money Back Policies:

The nominee receives money immediately on death of the insured. On survival the insured received money at regular intervals during the term. These policies cost more than endowment with profit policies. This policy can be availed of for terms 20 or 25 years.
2.6 ROLE & IMPORTANCE OF LIC OF INDIA IN CAPITAL MARKET:

Life Insurance Corporation is of special importance in India because of its unique position. In September 1956, 245 insurance companies were amalgamated and unified into one single organization. This was birth of 'Life Insurance Corporation of India'. The nationalization of life insurance was another milestone on the road, the country had chosen in order to reach its goal of socialistic pattern of society. Into the lives of millions in rural areas, it introduced a new sense of awareness of building for the future in the spirit of calm confidence which insurance alone can give. It is a measure conceived in a genuine spirit of service to the people. It is for the people to respond, confound the doubters and make it a resound success.

The Life Insurance Corporation of India made its how on the national stage on 1st September 1956. And today on 1st September 2005, with a sense of fulfillment and calm confidence, it stepped into the fifth decade of its progress, expansion and continuation of myriad services to the nation, as a premier public sector financial institution of the country. During the four decade of its existence, Life Insurance Corporation has striven hard to
meet its obligations to further the people's welfare—by mobilization of savings and investment of funds for development of the nation within the framework of given guidelines and to spread the protection of life insurance for and wide. It can confidently claim that it has registered substantial growth in all directions since nationalization, has acquired its own personality and individuality and has emerged as a live wire institution seeking out and trying to meet the life insurance needs of the people whenever and however they are placed.

The various principles of Life Insurance Corporation are:-

(i) Life Insurance Corporation has been playing a trully dominant role in capital market dealing with corporate financing, through understanding as well as direct purchase of industrial securities.

(ii) It collects and accelerates the saving of the people. Though a well organized administrative network established throughout the country.

(iii) Its primary aim is to spread the message of life insurances and while pursing the objectives, the premium
from policy holders are received which are in the nature of trust funds and are invested and administered in the best interest of the policy-holder.

(iv) It has given various incentives acted as a motivational factor and instilled a desire in the people to save.

(v) It has emerged as a leading underwriter of and corporate issue of capital and shareholders of massive and pervasive importance.

(vi) Its investment operations have a beneficial effect on the functioning of the financial system, its purchase of corporate securities have a price stabilizing effect on the market particularly during the downswing of the market and strengthen the influence of investment considerations relatively to speculative considerations in the determination of market prices.

Life Insurance Corporation, thus, is basically an investment institution and not a development institution. The nature of Life Insurance Corporation can, therefore, be said to be
social. It is one of the ideal savings institutions especially in a developing economy.

The setting up of the Life Insurance Corporation as a state owned monolithic institution, thus, may be regarded as the culmination of long overdue need of the industrial financing organization in India. Presence of such a large institutional shareholder as the Life Insurance Corporation is bound to have the effect of promoting greater discipline among corporate management and add a new dimension to public control of private enterprises.

Life Insurance Corporation occupies a notable position among the saving institutions of India. This is because it is able to collect small savings from innumerable individuals. Life Insurance Companies are eminently suited in terms of their ability to create the desire to save, an important element in the saving process.

The contractual nature of life insurance also contributes to the mobilization of savings. The contractual nature of life insurance tends to cause the policy-holders, particularly after few years, to continue more firmly in their resolution to save than do
most of the other agencies designed for the inclusion of thrift. Regular premium payments tend to strengthen individual's ability to save in a systematic manner. The total net savings in the life insurance is represented by the term- 'Life fund'. This may be defined as the excess of income over expenditure. The volume of life fund is a correct indicator of the financial resources of the Life Insurance Corporation and it is mainly through this fund that it makes itself felt as a large financier in the Indian Capital Market.

At the time of nationalization in 1956-57, the life fund stood at Rs. 410.41 crores and in 1983-84 it was 24 times more than the figure in 1956-57 and showed an amount Rs. 9800.38 crores. And from Rs. 9800.38 crores as on 31st March, 1984 it increased to Rs. 385639.07, i.e., nearly 39 fold increase from 1983-84 to 2004-05.

The net increase in life fund during the period 1956-57 to 1983-84 was Rs. 9389.97 crores (9800.38 – 410.41) and during the period 1983-84 to 2004-05, the increase was Rs. 375838.69 crores (385639.07 – 9800.38). The total increase for the period 1956-57 to 2004-05 was 385228.66 crores. Thus we can say that
Life Insurance Corporation has grown into massive funds and represents the single largest reservoir of savings in the country.

**Table 2.1**  
**Life Fund, Net Additions and Percentage Increase**

<table>
<thead>
<tr>
<th>Year</th>
<th>Life Fund (Rs. in crores)</th>
<th>Net addition (Rs. in crores)</th>
<th>Percentage increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>1983-84</td>
<td>9800.38</td>
<td>+1168.66</td>
<td>13.54</td>
</tr>
<tr>
<td>1984-85</td>
<td>11191.09</td>
<td>+1325.43</td>
<td>14.19</td>
</tr>
<tr>
<td>1985-86</td>
<td>12665.95</td>
<td>+1474.86</td>
<td>13.20</td>
</tr>
<tr>
<td>1986-87</td>
<td>14502.20</td>
<td>+1836.25</td>
<td>14.50</td>
</tr>
<tr>
<td>1987-88</td>
<td>16631.84</td>
<td>+2129.64</td>
<td>14.68</td>
</tr>
<tr>
<td>1988-89</td>
<td>19568.79</td>
<td>+2944.19</td>
<td>17.66</td>
</tr>
<tr>
<td>1989-90</td>
<td>23471.84</td>
<td>+3903.05</td>
<td>19.95</td>
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<tr>
<td>1990-91</td>
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<td>1991-92</td>
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<td>1992-93</td>
<td>40998.29</td>
<td>+6306.90</td>
<td>18.18</td>
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<td>1993-94</td>
<td>49665.82</td>
<td>+8667.53</td>
<td>21.14</td>
</tr>
<tr>
<td>1994-95</td>
<td>59978.90</td>
<td>+10313.08</td>
<td>20.76</td>
</tr>
<tr>
<td>1995-96</td>
<td>72780.06</td>
<td>+12801.16</td>
<td>21.34</td>
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<tr>
<td>1998-99</td>
<td>127389.06</td>
<td>+21556.17</td>
<td>20.37</td>
</tr>
<tr>
<td>1999-2000</td>
<td>154043.73</td>
<td>+26654.67</td>
<td>20.92</td>
</tr>
<tr>
<td>2000-2001</td>
<td>186024.75</td>
<td>+31981.02</td>
<td>20.76</td>
</tr>
<tr>
<td>2001-2002</td>
<td>232900.94</td>
<td>+46876.19</td>
<td>25.20</td>
</tr>
<tr>
<td>2002-2003</td>
<td>273004.96</td>
<td>+40104.02</td>
<td>17.22</td>
</tr>
<tr>
<td>2003-2004</td>
<td>321753.53</td>
<td>+48748.57</td>
<td>17.85</td>
</tr>
<tr>
<td>2004-2005</td>
<td>385639.07</td>
<td>+63885.54</td>
<td>19.86</td>
</tr>
</tbody>
</table>

*Source: Various Annual Reports of LIC.*
Thus Life Insurance Corporation becomes one of the major state undertakings in India. It has extended its vigilant eye and benevolent care throughout the length and breadth of India.

2.7 ORIGIN OF LIC MUTUAL FUND–AN INTRODUCTION:

Mutual Funds (MF's) are institutions who mobilize resources from the small investors. The savings of small investors are therefore, utilized to purchase the securities of companies and corporations. It is, thus, an institutional arrangement for resources mobilization from small, marginal and household sector investors, for the investment in stock market. Thus, mutual fund is an investment vehicle through which, the investors pool their funds under the direction of an investment manager. These funds are invested in a wide variety of portfolios of securities in such a way as to minimize risk, while ensuring safety and steady return. Mutual Fund is an institutional device to bridge the gap between the supply and demand of capital in the market.³

³ LIC Mutual Fund – Annual Reports.
As part of its multi-dimensional expansion, Life Insurance Corporation launched its Mutual Fund on 19th June 1989. The basic objectives are:

(i) To mobilize savings of people, especially from rural and semi-urban areas.

(ii) To provide good returns on investment.

(iii) To assure safety, security and liquidity of capital.

(iv) To provide insurance protection.

Other institutions under Mutual Funds offer some combination of liquidity, return and safety. But, LIC Mutual Fund will offer investment option with a fourth dimension, i.e., Insurance Protection. Many of the specific schemes that will be offered by LIC Mutual Fund will offer some life cover.

LIC Mutual Fund has, therefore, been established as a catalytic agent between investors and capital markets. LIC sponsored the LIC-MF. Funds collected under LIC-MF are invested in the light of general guidelines of government and SEBI and the pre-determined objectives of the scheme.
The various types of schemes started by LIC under LIC-MF are as follows-

(1) **Dhanvridhi–1989**: It was launched in June 1989. It is an income-cum-growth scheme. The assured return is 12%. The redemption duration is 7 to 8 years.

(2) **Dhan 80CC (1)**: It was launched in March 1990. It is a growth-cum-tax savings scheme. The redemption duration is 5 years.

(3) **Dhanvarsha (1) Option**—It was launched in February 1990. It is a monthly income scheme. It is a close-ended scheme. The redemption duration is 5 years.

(4) **Dhanvarsha (2) Option**—It was launched in October 1990. It is a growth-cum-income scheme. The assured return was 12.5 percent.

(5) **Dhansahayog**—It was launched in January 1991. It is an income-cum-growth scheme. It is an open-end scheme.

(6) **Dhanshree 1989** – It is an income and growth scheme. It was launched in June 1989. The duration of the scheme is 6 to 7 years. It is a close-ended scheme. The minimum assured return is 12 percent.
(7) **Dhanshree 1990** – It was launched in July 1990. It is growth and income scheme. The duration of the scheme is 6 to 7 years. The assured rate of return is 12.5 percent per annum. It is close-end fund.

(8) **Dhanshree 1991** – It was launched in September 1991. It is an income scheme. It is a close-end scheme. The duration of the scheme is 6 to 7 years. The assured return is 13% per annum.

(9) **Dhanraksha 1989** – It was launched in June 1989. It is a growth-cum-income. It is an open-ended scheme. The duration of the scheme is 10 to 11 years.

(10) **Dhanvidhya** – It was launched in 1992. It is a tax-cum-growth scheme. It is an open-end scheme.

(11) **Dhanlakshmi** – It was launched in February 1992. It is an income scheme. It is targeted to ladies. The assured return is 15 percent.

(12) **Dhan 88(1)** – It was launched in March 1993. It is a tax-cum-growth scheme. The duration of the scheme is 10 years.

(13) **Dhansamriddhi** – It was launched in August 1994. It is a growth scheme. The duration of the scheme is 5 years.
(14) **Dhan Tax-Saver-1995** – It was launched in March 1995. It is a tax-cum-growth scheme. The duration of the scheme is 5 years.

(15) **Dhanvarsha (8) (9) and Dhan-Tax-Saver-1997** – These scheme were launched in 1996-97. These are close-ended scheme.

(16) **LIC MF Bond Fund** – During the year 1998-99, LIC mutual fund launched LIC MF bond fund, an open-ended debt scheme. This scheme has started a new trend by introducing the concept of single window service. Arrangements have been made to provide single window investor service at each of seven area offices where collections are received.

Thus, for improvement in current earnings of an individual in order to improve one's standard of living, the LIC Mutual Fund offers regular income and growth under different mutual fund schemes. Therefore, with the inauguration of the LIC Mutual Fund, LIC of India has provided economic security for an individual.