CHAPTER - I

INTRODUCTION
1.1 LIFE INSURANCE – A SKETCH

Human civilization has been undergoing steady and systematic changes over the years. As the social and political desiderata change, economic contours also change. Change has become an inevitable aspect of modern living. Any dynamic society accept willingly changes and generate the necessary potential to promote them further as C.P. Kindleberger\(^1\) aptly puts “Growth means changes, without changes growth is not possible”. Such changes provide man with opportunities as well as changes. Human life is conditioned by the impacts of opportunities and challenges.

The problem of insecurity and uncertainty also has been getting magnified in the modern world. Naturally people become more and more anxious to meet such problems.

The insecurities associated with human life have been largely safeguarded by the insurance schemes. Life insurance has been regarded as the most certain method of tackling the uncertainties of life. All sections and strata of the population are interested with confidence and optimism in the several schemes of life insurance.

Modern life has been more complex, faster, richer and varied in character. The resources available and the constraints which challenge also have grown in number and character. A number of risks and uncertainties chase every individual at all stages and levels of life.

As F.H. Knight has differentiated risks are foreseeable – or predictable and so insurable but uncertainties are unpredictable or unforeseeable. And hence suitable safeguards are not available against them always. At the same time, these risks and uncertainties are responsible for benefits and profits. They can not be ignored totally. Suitable steps and schemes will have to be formulated for that purpose.

Popular economists like Daniel Bernoulli, Joh von Neumann and Oskar Morgenstern\(^3\) have offered certain theoretical explanations in this area.

They have discussed the paradoxes associated with the pattern of behaviour of the people when they evince interest in gambling and at the same time they go for safe insurance plans. J.G. Gurley and E.S. Shaw have laid stress on the role played by certain non-banking financial institutions like insurance companies in addition to the government activities in making life more secured and tension-free throughout the world.

The feelings of assurance and insurance had been as old as man himself. Yet the schemes relating to life insurance have an interesting evolution. References to insurance could be traced in the Biblical stories also. The early men had practiced the habit of reserving a portion of his produce for a future rainy day. Information about the elementary forms of insurance can be seen in the scriptures of other religion also\(^4\).

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Marine insurance was the first kind of insurance to appear on the sea. The traders were protected by devices of rudimentary insurance in the event of accrual of specified contingencies.

Likewise the Romans with their highly developed social structure and commercial and social needs were familiar with complementary forms of insurance⁵.

In the middle ages, the Gilds or Craft Unions undertook relied measures chiefly with social and political objectives. Their cautious care for the families or the members continued even after the death of the members⁶.

Life Insurance is universally acknowledged substituting certainty for uncertainty and comes to the aid of the family in the unfortunate event of death of the breadwinner. By and large, life insurance is civilization’s partial solution to the problems caused by death.

5. Ibid, p. 3.

Life Insurance companies have many objectives and forms. They include protection or security to individuals and firms and the promotion of small savings by the people at large.

Insurance is a contract by which the insurer in consideration of the payment of a sum of money called premium, agrees to pay a specified sum to the insured on the happening a certain event. The insurer undertakes to indemnify the assured for the consideration in the form of money (premium).

The grand philosophy of Life Insurance Corporation is built on the bedrock of social security, harmony and welfare. As modern thinkers comment ee-fare has been enchantingly linked with the elegance of affluence and peace. It is so because the weaker sections, the common men and women are provided with a cover of safety and security leading to plenty and prosperity. The philosophy of Life Insurance Corporation has been pregnant with certain immediates and ultimates. Every immediate is a considered contraction of an ultimate and every ultimate is a continuous culmination of many immediates. Promoting saving may be a small immediate but making prosperous is a grand ultimate.
Similarly imparting a sense of security in the minds of individuals is a solacing immediate and introducing elements of adequate wealth in case of unforeseen events is a cautious ultimate. Inviting an individual into the national stream of saving and investment in his or her own way is an immediate. But strengthening the spectrum and base of the nation towards healthier directions is an ultimate. Essentially, the pace and pattern of the progress of the nation are being accelerated by the environment of thrift and prudence coupled with protection and peace generated by the Life Insurance Corporation considerably.

The Life Insurance Corporation has the much needed trait of a socialist organisation. Equality is the corner stone of the scheme. Convenience and certainty follow suit. Economy also is there. Almost all the cannons of taxation prescribed by Adam Smith, the Father of Economics seemed to be applicable to the proposals and plans of the Life Insurance Corporation.

It is interesting to note that the cannons advanced by Adam Smith, as early as in 1776 for taxation seemed to stand a testimony to salvation of the ironies of life even in 1998.
Another significant aspect relating to the insurance programme is the elements of familiarity and cordiality with which transactions are being carried out. Every policyholder is given the signal significance and the worthy warmth with which he can thrive and feel easily elated. It is said that the convenience of the body is converted into the comfort of the mind and ultimately the conquest of the soul. This is rated to be the surpassingly supreme goal of the insurance programmes. In the words of D.S. Narain, \textsuperscript{7} “there is no substitute for Life insurance in India”.

1.2 **HIGHLIGHTS OF LIFE INSURANCE CORPORATION OF INDIA**

Considerable and unprecedented changes are taking place all over the world. These changes are affecting the social, political and economic orders. Every individual on this planet earth is affected by these changes either directly or indirectly.

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Successful organisations are striving hard to face the newer challenges in maintaining their effectiveness and in responding to the customers where expectations and demands are increasing day by day. Life Insurance Corporation as a dynamic organisation, has also felt the need to take concrete steps to meet the growing challenges.

Insurance may be described as a social device whereby a large group of individuals, through a system of equitable contributions may reduce or eliminate certain measurable risks of economic loss common to all members.

Life insurance, in the casual sense, means the business of issuing policies of insurance on human life has been defined as any instrument by which the payment of money is assured on death or the happening of any exigency or contingency dependent on human life.

India has been a pioneer in many fields. In the formulation and implementation of social security measures also, India is able to enjoy a significant place among the comity of nations. Just like other institutions like democracy, insurance schemes in India have also been modeled on the western lines.
But 'life insurance' in its rudimentary form has a very early start in the Indian soil.

"The present day life insurance system suitably adjusted to the concept of individual enterprise, industrial growth, trade and commerce began in the West European Countries, Canada and America. It was introduced by the British for the benefit of their countrymen who came to India to promote the interests of the East India Company".

In the 19th century, there were a number of insurance companies owned and managed by private individuals and firms. Profit consideration naturally did dominate their activities at that time. The foreign government did not seem to have been interested in the welfare of the masses then. The rulers were much interested in the welfare of their own chosen classes. So a perfect type of insurance system was not there. The transition from traditional joint family system to the nuclear family system also warranted the services of the insurance companies.

On a wider scale all public conscious men and women understood the imperative need for insurance and welcomed them. The well insured man, has a certain peace of mind. He can feel secured in the knowledge that neither he nor his family will have to bear the entire loss of any sudden misfortune. Without insurance, a man may lose all his earning power by a sudden injury.

Insurance against misfortune was once a societal function. The family or the village and/or the community took care of the old and the deprived. The joint family system, as it evolved, provided a measure of security to all its members. Such systems are disappearing fastly these days.

Life insurance business grew steadily in India in the first half of the 20th century. In 1938, a new Insurance Act was passed. It was a comprehensive law governing not only life but also non-life branches of insurance and provided strict State Control over the insurance business. But lack of awareness about life insurance restricted the business to cities and certain segments of society. By 1955, over 245 insurance companies, both Indian and foreign were operating in India.
C.D. Deshmukh, the then Finance Minister pithily pat, "Insurance is an essential service which a welfare state must make available to its people. It is a measure conceived in a genuine spirit of service to the people".

Life insurance, in short, is concerned with two hazards that stand across the life-path of every person; that of dying prematurely leaving a dependent family to an end for itself and that of living to old age without visible means of support. Life Insurance Corporation of India has been nationalised only to take the benefit of life insurance to weaker sections of the Indian population at a reasonable cost.

Life Insurance Corporation of India is consistently fulfilling its mission of socio-economic development with a steady growth in the annual business over the years, the number of policies serviced have been steadily increasing and the number of offices have also considerably been increased.

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Life insurance in India not only touches the daily lives of millions of people but at the same time, is a great force for economic and social betterment. It helps to keep countless homes together, to educate children, to provide comfortable retirement incomes for men and women in their later years.

One of the objectives of nationalisation of Life Insurance Corporation of India was channelising of its funds for the benefit of the community at large. It has been investing a major part of its funds primarily in the socially oriented sectors.

Being sensitive to the changing needs of the insuring public, Life Insurance Corporation has introduced many new plans during the recent years like Whole Life Assurance Plan, Endowment Assurance Plan, Two years Temporary Assurance Plan, Convertible Term Assurance Plan, Bima Sandesh, Bima Kiran, Jeevan Balya, Jeevan Kishore, Jeeven Sukanya – a plan especially designed for girls, pension plans, Jeevan Sarita, Jeevan Griha, Mortgage Redemption, Bhavishya Jeevan, Jana Raksha, Double Endowment, Fixed Term Endowment, Convertible Whole Life, Money Back Plan, Jeevan Surabhi, Joint Life Policies, Jeevan Chhaya, Jeevan
Mitra, Jeevan Shree, Asha Deep, Jeevan Aadhar, Jeevan Suraksha, Jeevan Sanchay, and Jeevan Sneha. Types are ever increasing innovatingly.

Life Insurance Corporation offers life insurance protection under group policies to various groups such as employer, employee, professionals, co-operatives and weaker sections of the society also.

The Life Insurance Corporation’s Mutual Fund was set up in June 1989 as a separate trust by Life Insurance Corporation with a view to providing accessibility of various investment media including the stock markets to all sections of investors, particularly the small investors in rural and semi-urban areas.

Life Insurance Corporation’s Housing Finance Limited was also incorporated under the Companies Act, 1956, on 19th June 1989. They are providing long term finance for purchase or construction of houses, particularly to policyholders of Life Insurance Corporation of India.

Life Insurance Corporation (International) E.C, was established in July 1989 at Bahrain with the objective of providing insurance services to holders of Indian Register Policies of Life Insurance Corporation of India Currently residing in the Gulf.
1.3 **Women and Human Resource Development**

Modern economists give much importance to Human Resource Development. As far as economic growth and development are concerned, the contributions made by human beings are significant. In a highly progressive country like Japan, human capital is regarded as a the real asset. This fact is true to the developing economies also.

To remove economic backwardness and instill the capacities and motivations to progress it is necessary to increase the knowledge and skills of the people.

In fact, without an improvement in the quality of human factor, no progress is possible in an under developed country.\(^{10}\)

The quantitative and qualitative ingredients of human resources have positive and promotive proliferating benefits so far as economic advancement is concerned.\(^{11}\)

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According to T.W. Schultz,\textsuperscript{12} "There are five ways of developing human resources i) health facilities and services broadly conceived to include all expenditure that affect the life expectancy, strength and stamina, and the vigour and vitality of the people ii) On-the-job training, including old type apprenticeships organised by firms iii) Formally organised education at the eliminatory, secondary and higher levels. iv) Study programmes for adults that are not organised by firms including extension programmes notably in agriculture v) migration of individuals and families to adjust the changing job opportunities".

It is an accepted fact that a woman plays a matchless role in the progress of a man and the family. She is the 'Jevan Sakthi', of the family. She assumes multifaceted roles like daughter, sister, wife, mother, grand-mother and above all an enlightened leader of the society frequently. The family, the society and even the country can draw valuable benefits from a woman.

For long, the status of women was different from that of men in terms of their roles and responsibilities both in family and the society. Many of their tasks and responsibilities as well as their needs and constraints had been seriously undervalued. They have to spend excessive amounts of time and energy in unpaid domestic work such as child care and agricultural work.

The cultural environment, social values and legal systems are often biased against women. In contrast, a male is considered as a guarantee of power, prestige, authority and responsibility in the family and society. This discrimination against women adversely affect the distribution of economic, social and political power throughout the world, not just in the developing countries.

A woman assumes the roles of the leading force and a balancing factor in the society. She works; she teaches; she feeds; she saves; she enlightens and she uplifts her family. She is a sure and veritable source of strength and inspiration to her family and friends.
The fraternal fragrance which emanates from a woman is endowed with the propensity to make her dependents dynamic and economically prudent.

It is not what is earned by a family that makes it affluent but what is saved is a significant to make it rich and prosperous. The economic role of a woman is well established at all stages of development.

The development efforts made by many economies for long resulted in a growth rate too low to have an impact on the levels of living and human development of the large number of poor. Even the economies that achieved an average growth rate of about six percent failed to trickle down benefits or administratively redistribute welfare to the poor, in a satisfactory manner. As a result, the magnitude of poverty remained unacceptably high. The inadequacy of the past development response indicated that economic development strategies should be geared towards promoting broad based and suitable development that improves the lives of the greatest number of people.
Women are the main source that provides for two-thirds of the poorest households in the development world. On November 1, 1995, the world Poverty Day, it is estimated that women comprise almost 70 percentage of the more than 1.3 billion poor in the world.

So any economic upliftment programme or policy that targets the poor, has to specifically target women.\textsuperscript{13}

In September 1995, the fourth world women's conference was held in Beijing. This was one of the biggest global women's conferences that took off towards the end of the century. It is said that while women represent half the global population and one third of the labour force, they receive only one tenth of the global income and less than one percentage of world property. They are also responsible for two thirds of all working hours.\textsuperscript{14}

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In the past, poor women’s lives were nothing but the stories of pain, suffering, humiliation and broken dreams. The recent and rapid change in women’s roles and responsibilities has shown that if women are properly guided towards productive and useful skills, they can be a formidable resource for national development. But the last hundred years may rightly be called ‘the age of woman’s awakening’ in this world.

The agreed fact is growth with equity and participation, policies and initiatives need to be focussed on woman among the poor. But in any case of sustained improvement in the health and well being of the poor as a whole is inconceivable without the active participation of women, who are responsible for a substantial proportion of economic production besides family health, care and nutrition.

Very often, a woman shoulder’s responsibilities and burdens but rarely enjoys rights and privileges in the correct measure.
Functional difference may be there between a man and a woman. So, there are wage differentials but in very many areas small discriminations lead to considerable exploitation. Thus an exploited society needs urgent correction.

In view of the limited scope of the personnel function to face the challenges of the changing times, the new concept Human Resource Development has emerged in the Indian context. The term Human Resource Development was first coined in 1963 at George Washington University. In 1969, it was introduced at the ‘American Society for Training and Development Conference in Miami’ by Nadler.\(^1\)

Weaker sections should not be converted into tortured pockets. The status of a better half is met not just socially but also emotionally and economically. To use a small example, a coin has two sides and a scissor has two blades.

A coin is valid only when both sides are good and a scissor is effective only when both blades are fine. Otherwise erosion and ineffectiveness are the result.

In the same manner, in life, the contribution of a woman is both valuable and almost inevitable. In some societies, the same becomes venerable.

Mahatma Gandhi 16 said, “the salvation of women lay in their own hands. But it has required a free nation to give Indian women the opportunities they have so richly deserved”.

It is through systematic and effective Human Resource Development system that ‘ordinary’ women can be converted into ‘extraordinary’ performers. So, investment in human resources should be viewed as a long term investment and not as a short term expenditure because investment in Human Resource Development will yield rich dividends in the long run, unlike other investments which depreciate in value over time.

Human Resource Development is not only an end in itself but only alternative to deal with all problems involving the human element is universal, Human Resource Development undoubtedly an universal Panacea.\textsuperscript{17}

In recent days, the proportion of women in the work force is increasing. In areas like electronics, garments, banks, insurance, communications, healthcare, the majority of the employed is the women. Labour experts call this as ‘Feminisation of Labour’.\textsuperscript{18}

Women have claimed every height. The hand that rocks the cradle rule the entire world. She has become a scientist, a police commissioner, a great doctor, an able administrator, a cosmonaut and a Prime Minister. But to increase the quality of their workforce Human Resource Development programmes should be designed for women. Women employees have their own unique problems.

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\item \textsuperscript{18}Lakshmi menin, \textit{Women of India}, Publications Division Ministry of Information and Broadcasting, Government of India, 1947, p. 127.
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In developing countries like India female work participation rates are very low because of factors such as religion, tradition, cultural values, colonial ideology and evolution of social institutions. They can be eliminated by education but the educational level among women is insignificant. According to 1991 census, the female literacy rate was one 39.49 per cent.

In India 90 per cent of the total employment is in the unorganised sector. 97 per cent, of women workers are engaged in this sector. In organised sectors, women's share of employment is only 12 per cent. According to the 27th round of National Sample Survey, 4.3 per cent of women were working in enterprise / profession as regular salaried employees or wage labourers. There is a high concentration of women in occupations characterised by low skill requirement, low productivity, low income, less stability and less security.

Female work participation increased from 23.10 per cent in 1981 to 27.0 per cent in 1991. The increase was 4 per cent between 1981 and 1991.
Educated working woman has her own problems of role conflicts. It does not emerge as long as the woman agrees to subordinate all other roles to the dominant family roles as housewife, wife and mother.\textsuperscript{19}

It is this unique/distinctiveness of the problems of the women worker that will call for a greater need and urgency for evolving and designing special programmes of Human Resource Development for women.

It is said that a good family is a university. Making a family good or bad is mostly the function of the woman concerned. Modern days are becoming harder and harder. The earnings of men may not be sufficient enough to make life comfortable and the status of the family respectable.

Under such circumstances some supplemental income is needed and that could be easily provided by the employment of women. The incremental income can easily facilitate the achievement of certain dreams even. Nutritious food, decent clothing, adequate shelter, higher education, a life free from stress and strain and pleasing aspects of independence, and reciprocal obligations with self-respect and social esteem become easily possible.

Trends and tempos of women participation in economic endeavours have been changing for the better these days. Social recognition also has created a congenial climate for greater participation. The same can not be said for all the sections of the society in India today. In some areas, certain conventions do not permit women to come out of the dark past. Prevention and even punishment are made under the shadow of caste and religion. In such cases, the cruel poverty is not curable. Already some people live below the poverty line. When they are not allowed to exert and earn legally, they are doomed.
In sum, women contribute towards the advancement of education capabilities, physical resourcefulness. Psychological strength, environmental enchantment, channelising wealth and income and above all the disciplined style of living of their family members.

Economically, families, societies institutions and the entire network of civilised human living get benefited by the sensible, rational and dedicated contribution of duty conscious women. Above all, women keep a balanced attitude and approach towards authorities. They do not cross the limits even if they resort to militant trade union activities.

1.4 WOMEN IN LIFE INSURANCE CORPORATION OF INDIA

(The Government of India is favouring the development of woman folk in the country by readily implementing many projects through which it can improve their status. Today, women are employed in all sectors. With the growth of population, the women labour force has increased.)
But the educational level among women is insignificant. According to 1991 census, the female literacy rate was only 39.49. Percent of women’s work participation rate also has been lower than that of men.

Majority of the urban women workers of developing countries are employed in the informal sector. Since the days of nationalisation of insurance, the socio-economic as well as general health condition of women have undergone a vast change. Things changed slowly but surely towards better condition.

More and more women were educated and many women sought and succeeded in getting employment. Today, every field of activity is rich in private and public sectors. Thousands of women are employed and they render praiseworthy services.

Today, there is hardly no sector in the society without women. Our society has changed vastly with women competing on equal terms with men in all the fields.
Life Insurance Corporation is one of the very successful government sectors which welcomed many number of women in its wings.

The Life Insurance Corporation of India has many features to its credit. The outstanding credit has been its positive, progressive and non-discriminatory policy towards men and women. For all practical purposes, equality is protected and promoted between men and women. There has been no policy oriented or functional or attitudinal discrimination on the ground of gender in Life Insurance Corporation's plans, proposals and performance. Life Insurance Corporation has become an attractive abode for a number of talented, resourceful, cautious and enterprising citizens. The corporation offers security, income, opportunities to earn and save, providing funds to the government and also the public at large in the form of loans and aids and offers employment opportunities to millions. It is a wonderful combination of several desirable socio-economic aspects.

It has not been much infected by political games. It enjoys a rich and varied history marked by many laudable landmarks.
The genesis and growth of Life Insurance Corporation have been promptly punctuated with the objectivity, multi-structuralism and egalitarianism. Many impossibles have become possibles and ideals real under its rewarding roof.

The administrative, operational and functional avenues of the Life Insurance Corporation are able to accommodate men and women at different capacities and levels.

The Life Insurance Corporation of India has the following administrative and organisational setup. At the top there is the national level central office. There are seven zones such as Central Zone, North-central Zone, Eastern Zone, Northern Zone, South-central Zone, Southern Zone, and western Zone. There are one hundred divisions.

Three clear cut segments can be identified. They are

a. Office or Administrative staff

b. Field staff and

c. Beneficiaries or Policyholders.

The policyholders are central to the birth, central to the life and central to the success of the Life Insurance Corporation.
The entire dynamics of the Life Insurance Corporation revolve round the policyholders or the beneficiaries.

At the officer or administrative level, there is the Divisional Manager, Marketing Manager, Branch Manager, Administrative Officers, Development Officers, Clerks and Sub staff.

In the field, there are development officers, agents, direct agents, career agents. Thirdly, a vast chunk of policyholders or beneficiaries could be rated as the be-all and end-all.

Though male officials, staff, work force and beneficiaries form the majority, the participation and contribution of female members have been consistently expanding over the years.

Realising the importance of women, Life Insurance Corporation has designed many insurance facilities and plans for women. Keeping in view the rapid social changes, medical advancements and other related factors, Life Insurance Corporation has liberalised many procedures so that women are benefited.
There was a time when insurance was considered to be the prerogative of the men who are the family heads. With changing times, these concepts also have changed and many women beneficiaries are there. Life Insurance Corporation has designed several proposals to meet the need of women by way of insurance against the unfortunate event as well as income in the event of a blessed long life thus making them financially independent under all situations.

In any event Life Insurance Corporation’s plans provide women adequate protection and act as a source of mental courage and comfort.

Prior to nationalisation in 1956, many of the private insurance companies used to offer insurance to female lives with some extra premium or on restrictive conditions. After nationalisation of life insurance, the terms under which life insurance is granted to female lives have been reviewed from time to time. At present, women with earned income are treated on par with male lives.

Women constitute a very significant portion of the life insurance market worldwide.
In India also, there is growing trend of economic independence amongst the women. This calls for exclusively designed products for this segment of the society and Life Insurance Corporation of India duly responded by launching Jeevan Sneha on 11th February 1997. It is an exclusive money back plan for the women with attractive new features.

(At the all India level, women have functioned or have been functioning as Divisional Managers, Marketing Managers, Administrative Officers, Development Officer, Agents, Policyholders.)

One can find almost a similar scenario at the zonal levels also. The picture is not different at the divisional and branch levels throughout India. In Tirunelveli division between 1987 and 1997, there was no female Divisional Managers and no female marketing manager.
1.5 OrganisatiON OF CHeAPTERS:

(Chapter 1 - INTRODUCTION - contains Life Insurance a sketch; highlights of Life Insurance Corporation of India; women and human resource development; women in Life Insurance Corporation of India and Organisation of chapters.

Chapter 11- METHODOLOGY carries statement of the problem; justification of the study; objectives of the study; methodology; scope of the study; a few constraints faced (by the researcher) and review of literature.

Chapter 111 – TIRUNELVELI DIVISION –A PROFILE’. It presents the origin Composition, location, area covered, demographic features, rural / urban dichotomy, economic sectors, branch officers, administration, field staff, beneficiaries, volume of business, division’s place in zonal level, and a few creditable points.

Chapter IV ANALYSIS AND INTERPRETATION is a central chapter of the thesis. It consists of the structure, branch expansion, sum assured, staff strength Development officers, agents beneficiaries and the growth of women in Life Insurance Corporation at all levels, views and opinions about women in Life Insurance Corporation, a comparison of men / women in Life Insurance
Corporation a few problems faced by women in Life Insurance Corporation, women and human resource development in Life Insurance Corporation, opportunities for women in Life Insurance Corporation and estimation for AD 2006-’07.

Chapter V FINDINGS AND SUGGESTIONS

A summary of the findings of the study and a few suggestions for the betterment of the performance of women in Life Insurance Corporation in the light of Human Resource Development aspects are presented.