CHAPTER 1
DESIGN OF THE STUDY

1.1 INTRODUCTION

Arunachal Pradesh is the eastern most state of north-east frontier. It is the 24th state of the Union of India which came into existence in 1914 as North East Frontier Tract. The same was renamed as North East Frontier Act in 1954 and declared as a Union Territory on 20th January, 1972 and thereafter attained full fledged statehood on 20th February, 1987. The total geographical area of the state is 83,734 sq km and lies in the Himalaya region between 26 28’N latitude and 90 31’E longitude.

Arunachal Pradesh has 1030 Km long national and international boundary. It borders the state of Assam to the south and Nagaland to the southeast. Myanmar lies in the east of the state, Bhutan in the west while the Line of Actual Control separates it from China in the north. Itanagar is the capital of the state. As per the 2011 census is concerned, Arunachal Pradesh is divided into 16 districts (presently 20) and is totally dominated by the tribal people. The state has 25 major tribes and more than 100 sub-tribes are living with a population of 13.84 lakh (as per 2011 census). The state can be demographically divided into three regions i.e. the Western region, the Central region and the Eastern region.

The economy of the state and the people is mainly based on agriculture. The nature of the terrain has compelled the people to follow slash and burn
method of cultivation popularly called as jhum cultivation but there are also certain regions where permanent cultivation is practiced. The agricultural sector provides an employment to the tune of 63.29% of the total workforce of the state. Besides agriculture, other allied activities like plantation and horticulture, sericulture, forestry, fisheries etc are also practiced by the people of the state and they also play a great role in maintaining the livelihood of the state. These sectors also help to cover wastelands, reduce shifting cultivation, improve environmental opportunities and help in increasing the per capita income.

Arunachal Pradesh is one of the most industrially backward states in the country. The tribal people of the state are self reliant and are associated with their own culture and activities. So, to boost up the economic development of the state as a whole, various sectors like Financial, Insurance, Small Industries etc will have to come forward for providing financial credit, insure the life of the common people as well as providing saving opportunities for the hard earned money of the people of the state.

Insurance sector can play a positive role in economic development of a nation. Nowadays it is not only limited to insurance business but has also extended in the field of term deposits and investment schemes. In an industrially backward state like Arunachal Pradesh, the role of Life Insurance Corporation Ltd of India (LIC) in the economic development cannot be ignored. LIC provides financial credit, insures the life of common people as
well as allow saving opportunities for hard earned money of the people of Arunachal Pradesh

The parliament of India passed the LIC Act on 19th June, 1956 and its first office was established at Mumbai on 1st September 1956 with the objective of spreading life insurance much more widely particularly to the rural areas and also with a view to reach all insurable persons in the country by providing adequate financial coverage at a reasonable cost. At present LIC of India is functioning with 2048 fully computerized branch offices, 108 divisional offices, 8 zonal offices and 992 satellite offices all over India.

In Arunachal Pradesh the first LIC of India branch office was established on 27th June, 1981 at Itanagar, Papumpare District with an appointment of 10 employees only. Later on, another branch office at Pasighat, East Siang District was established on 23rd March 1993. The third LIC office was established at Itanagar which is the extension branch of Naharlagun LIC branch office. At present LIC of India has total number of three (3) offices functioning in state including two in Papumpare district and one in East Siang district of Arunachal Pradesh.

From the establishment of LIC office in the state of Arunachal Pradesh, it has been working as a single insurance sector and thus, enjoys the characteristics of monopoly especially in the field of life insurance. It was only in the year 2004; many insurance sectors like Aviva life insurance, Reliance life insurance, Met life insurance, Bajaj alliance insurance, etc have started their business in the state of Arunachal Pradesh. Due to emergence of these
new trade blocs in the recent past. competition has increased. Therefore, a proper management becomes mandatory for coping up with its competitors. It is felt that the entire management is depending upon the efficient and effective human resource management of the organization.

Human resource management is people oriented, so success in dealing with people will depend upon the degree to which they are perceived as making realistic contributions to the solution of management problems. Therefore, effective management of human resource is one of the most crucial factors for the success of the organization. If human resource is not properly utilized, there will be wastage of materials, time, effort and energy. Hence, it is essential that right method of recruitment and selection procedure be followed so that right kinds of people are employed. Further, such kind of recruitment and selection must be extended by training and development programs so that the employees may give their best effort towards the organization.

1.2 SIGNIFICANCE OF THE STUDY

The present topic has been selected due to the growing importance of insurance sector which explore and enhance the quality of life of people through financial security by providing products and services of aspired attributes with competitive return, and by rendering resources for development. But to provide all these quality services, the organization needs to have efficient employees. Again to have an efficient employee, the organization must have sound Human Resource Management policy. Therefore, a sound
Human Resource Management policy assumes great significant in a labor intensive industry like insurance sector.

The particular topic has been selected because LIC of India had worked as a monopoly insurance company in Arunachal Pradesh from 1981 till 2004, but due to the emergence of various insurance companies like Aviva life insurance, Reliance life insurance, Met life insurance, Bajaj alliance insurance, etc competition has increased. To survive in such kind of highly competitive arena, manager are being pressurized to improve quality, increase productivity, cut down wastages, increase efficiency and change the old model of Human Resource Management technique. The present study will enlighten the modern technique of Human Resource Management which would increase the efficiency of the employees of LIC of India, Arunachal Pradesh branch office so that they may achieve the overall objective of the organization more efficiently and effectively.

Further, the scholar is associated with the Management department of Rajiv Gandhi University, Doimukh since from the 2008 with specialization in HRM. Therefore, the present topic is more convenient to the scholar for detailed analysis in the area of HRM in public sector undertakings specially LIC of India functioning in the state of Arunachal Pradesh. Beside this, the scholar is also presently residing at Naharlagun town where one of the LIC of India offices is located and is also a native of East Siang District of study state, where another LIC office is located. It is felt that this will provide an advantage
to the scholar to visit the branch offices of LIC of India in any working time for collection of primary and secondary information for the study.

Many scholars have so far completed their research on HRM in public sector undertaking in India. However, it is observed that there is a very limited study done in HRM in insurance sector especially in the field of HRM in LIC of India. Hence the selection of the said topic is an appropriate one to do the research work in the context of present scenario in India in general and Arunachal Pradesh in particular.

1.3 LITERATURE REVIEW

Some research as well as general studies have been conducted over the years relating to the human resource management. However no study pertaining to the human resource management in LIC of India has been made so far. An effort has been made to review some of the important works having a great bearing on the present study.

"The source through which an employee is recruited is strongly related to subsequent job performance, absenteeism & work attitudes" said James A.B in his research on the topic "Relationship between recruiting sources & employee performance, absenteeism, and work attitudes" which was published on the academic of management journal (1981). The finding of the research was that an individual recruited through college placement offices and News papers are inferior in performance with comparisons to those individual who are recruited through journal or conventional advertisement and self-initiated
contact. Thus, the employees which are recruited through better sources will have better performance, less absenteeism and high work attitudes.

Dr. T. Jogaiah in his doctoral research on the topic “Training and development of executive” (1990) has made an effort on managerial aspect of executive training and development under State Electricity Board (SEBs), Jaipur. His research has brought out that the trained executives are more efficient than the untrained executives and hence lead toward more productivity.

Dorfman in his book-“Introduction to Insurance” (1992) explained the fundamentals of insurance and various arms of insurance such as Life, Fire and Marine. All basic aspects of life insurance are discussed in detail to give a very clear idea on life insurance.

Mark A.H. on his research topic “The impact of human resource management practice on turnover, productivity & corporate financial performance” published by the Academy of Management, (1995) stated that Human Resource management practice influence employees skills through the acquisition and development of a firm’s human capital. By providing formal and informal training experience such as basic skill training on the job, experience, coaching, mentoring and management development can further influence employee’s development. The research concluded that the effectiveness of even highly skilled employee will be limited if they are not motivated to perform and human resource management practices can affect employee motivation by encouraging them to work both harder and smarter
which will result in low employees turnover, high productivity and more corporate financial performance.

In the year 1997, K. Aswarthappa in his book “Human Resource Management” has written that Indian industry is waking up to the challenges thrown in by market economy. HRM is the integral part of every type of organization and hence a mandatory subject. The development and the growth of an organization are purely depending on the human resource of the organization and therefore require proper attention.

A.J. Singh (1997) in his doctoral research “Human Resource Management” (A case study of Manipur) under State bank of India made an attempt to evaluate importance of human resource in a labour intensive industry like banking. He has tried to emphasis that a good design using Human Resource Development (HRD) system can serve as a mechanism for improving effectiveness of the employees.

Satyanarayana in his thesis - “Marketing of Life Insurance - A Study on LIC of India with reference to Visakapatnam Division” (1998) discussed the marketing practices of LIC of India in terms of product, price, promotion and people. However, the scope of the study is highly limited as it is confined to one of the divisions in North Coastal Andhra Pradesh.

V.D. Dudeja, in his book “Human resource Management” (2006) has stated that the need of the hour for today’s organization is to flourish and to operate with a global perspective in all their activities. HRD provides a detailed analysis of the roles of the global HRD practitioner and responsibilities of HRD
at the individual, group, organization and country level by taking cross cultural factors into account to achieve excellence in HRD. He also highlighted that HRD is a system of developing in a continued and planned way to the competencies of individual employee, dynamic group (superior & subordinate) team and the total organization to achieve organizational goals.

Pravin Kumar Layal and Sugan C. Jain in their book “New Trend in Human Resource Management” (2007) have emphasized on the role of HRM in an organization. They had mentioned that HRM is evolving with the change in competitive market environment and with the realization that HRM must play a more strategic role in the success of an organization. Organization that do not put their emphasis on attracting and retaining talented employees will find themselves in dire consequence as their competitor may be outplaying them in strategic employment of their human resource.

Venkateswara Raote in his thesis,” Marketing of Life Insurance Business in India-A Study on LIC’ (2008) discussed the marketing policies and practices of LIC in detail. He concluded the study with a note that LIC is invincible and indomitable.

Bhanu Kiran in his thesis, “Life Insurance Marketing” (2010) discussed the marketing practices of different players in the industry in India. The study found that the LIC is far ahead of other players in the industry due to its strong marketing network.

Rangachary in his article-“Insurance: Regulators Crucial Role” (The Hindu, Survey of Indian Industry 2001 pp 53-54) examined the major reasons
for the liberalization of insurance sector in India. He also discussed the role of Insurance Regulatory Development Authority (IRDA) in controlling the insurance industry for the benefit of insured public.

Phaneesh in his article-“Investment Regulations for Life Insurers” (Yogakshema, Vol. 46 No. 3 March. 2002, p15) examined the regulations prescribed by IRDA for the investment to be made by insurance companies. He also examined the impact of investment regulations on the profitability of LIC.

Swamaprabha in her article-“Public Relations” discussed the techniques and methods to be employed in public relations so as to retain existing customers and attract new customers. She also discussed specifically about the various public relation programs undertaken by LIC.

Bansal Neera in her article-“Life Insurance Awareness” (Insurance watch, Vol. 2 No. 2, September 2003, pp 57-58) explained the various measures taken by insurance companies to increase insurance awareness among people. She also felt that due to the entry of private players, insurance awareness has increased as a result of which insurance is now bought as well as sold.

Rajesham and Rajender in their article, “Changing Scenario of Indian Insurance Sector” (Indian Journal of Marketing, Vol. No., July 2006, PP 9-15) highlighted the developments of insurance sector in India in a phased manner. They also discussed the reasons for the entry of private and foreign insurance players into the Indian Insurance market. Further, they suggested strategies that
need to be adopted by Indian Insurance companies in the light of global scenario.

Rama chandran in his article, "Issues of Insurance Industry in India". (Infiniti Journal of Management, Vol.1. No.2, March 2007, PP 27-30) felt that the competition in the industry would ensure reduction of insurance premium rates and efficiency in service delivery. Further, he felt that consolidation of industries through mergers and acquisitions is inevitable as only a few business houses would be able to survive the competition.

1.4 OBJECTIVES OF THE STUDY

The study has been undertaken with the following objectives:

1. To know the scenario of Human Resource Management in Public Sector Undertakings in general and LIC of India in particular.
2. To study the Recruitment and Selection procedure of LIC of India, functioning in state of Arunachal Pradesh.
3. To know the Training and Development methods used by the LIC of India for their employees in Arunachal Pradesh.
4. To study the Promotion system followed by the LIC of India.
5. To know the Performance appraisal system followed by LIC of India for its existing employees of Arunachal Pradesh.

1.5 HYPOTHESIS OF THE STUDY

1. The use of proper recruitment sources do not lead to mass attraction of prospective candidates.
2. Imparting of training and development programs for existing employees does not help in developing skills and attitudes.

3. Out of turn promotion for outstanding performing employees do not have positive impact on the performance of employees.

4. Implementations of performance appraisal within the organisation do not encourage employees to perform their duties efficiently and effectively.

1.6 LIMITATIONS OF THE STUDY

As per the limitation of the study is concerned, it deserves to mention here that an attempt has been made to study the HRM of LIC with reference to Arunachal Pradesh and not the other states of India. Accordingly both primary and secondary data from the employees of LIC were collected. As in this area, earlier only few studies have been conducted and therefore secondary information was not sufficiently available for reference. Thus, the study is mainly based on primary data collected during the field study.

On the other hand, in collecting primary data from the employees, it was found difficult to meet each and every employee more particularly on the part of an individual researcher because of certain unavoidable constraints and also the employees were not much in a position to spare more time as they were busy with their assigned duties. In this context, it may be mentioned here that the primary data have been collected on the basis of convenience sampling. Further, though the scholar proposed to cover all the aspects of study objectives connected with HRM aspects of Arunachal Pradesh LIC offices but few of
them could not be accomplished because of lack and absence of proper recorded data in the concerned offices.

Though the present study has some limitations, utmost care has been taken by the researcher to make the study an empirical one. Thus, the findings and suggestions of the study bear great importance in understanding and improving the HRM practices of LIC in Arunachal Pradesh in particular and other states of India in general.

1.7 METHODOLOGY

While conducting the present study, efforts have been made to make the study more empirical. For the same, both primary and secondary data have been used for descriptive and analytical analysis of the research work.

The following shall be the sources of data for present study:-

Collection of primary data:-

The collection of primary data has been done through Personal interview with a sample of 60 permanent employees (both Male & Female) of LIC of India, Arunachal Pradesh branch office Viz, Papumpare and East Siang District on convenience sampling basis. This was also followed by formal and informal discussions with the branch manager and other officials as well as other non-official staffs of Papumpare and East Siang District offices of LIC of India.

For the collection of primary data, a structured questionnaire has been framed, administered and collected after the interview and discussion.

Collection of secondary data:-
To study the Human Resource Management of LIC of India, Arunachal Pradesh, the researcher has consulted and collected information from secondary sources like LIC Journals, LIC of India report, Year book of LIC, published books, research papers etc. Existing data from both Papumpare and East Siang district offices of LIC were also consulted.

The total number of employees including officer in 3 (three) offices of LIC of India in A runachal Pradesh is presently 71 number, out of which there are 31 employees (including all categories) in Naharlagun, 13 in Itanagar and 27 employees in Pasighat. Considering the strength of the employees in each office, a sample of 60 number of employee including subordinate, clerk and officer were selected on convenient sampling basis. The employees sample of each branch were as follows-

<table>
<thead>
<tr>
<th>LIC offices</th>
<th>Subordinate</th>
<th>Clerk</th>
<th>Officer</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Naharlagun</td>
<td>04</td>
<td>14</td>
<td>09</td>
<td>27</td>
</tr>
<tr>
<td>Itanagar</td>
<td>02</td>
<td>05</td>
<td>02</td>
<td>09</td>
</tr>
<tr>
<td>Pasighat</td>
<td>03</td>
<td>14</td>
<td>07</td>
<td>24</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>09</strong></td>
<td><strong>33</strong></td>
<td><strong>18</strong></td>
<td><strong>60</strong></td>
</tr>
</tbody>
</table>

Besides this, various types of statistics tools like average, mean, standard deviation, chi square test etc has been used for analysis and interpreting the data.
1.8 PLAN OF THE STUDY

The entire study has been discussed under eight chapters where each chapter deals with some specific issues relating to the present study and the objectives of the study.

The Chapter-1 is "Design of the study" which includes the introduction, HRM in LIC of India and its importance in the present study. It also includes review of the literature, objective of the study, limitations of the study, methodology and the chapterisation of the study.

The Chapter-2 is "Scenario of Human Resource Management in Public Sector Undertakings in India" which deals with the general concept of HRM, its meaning and definition, objectives, function and scope. This chapter also consists of Scenario of Human Resource Management in public sector undertaking in Indian, major trends of Human Resource in India as well as Emerging Challenges in HRM and important key HRM Practices in India.

The Chapter-3 is "Organisation structure of LIC of India". Here, the organizational structure of LIC of India is being shown and discussed. This chapter also deals with the HRM and functional overview and strategy of HRM by LIC of India.

The Chapter-4 is the "Recruitment and Selection of LIC of India". It deals with the recruitment and selection procedure in general and LIC of India in particular. This chapter also includes the data analysis of field survey result with respect to Recruitment and Selection. The testing of hypothesis-1 has been presented in this chapter.
As per the Chapter-5 "Training and Development in LIC of India" is concerned, it deals with the training and development methods in HRM and LIC practices. This chapter also includes the data analysis regarding training and development of LIC employees. The testing of hypothesis-II of the present study has also included in this present chapter.

The Chapter-6 is "Promotional methods in LIC of India" and it includes the promotion methods of Public Sector Undertakings in general and LIC of India in particular. The present chapter also deals with the data analysis regarding promotion system of LIC employees which were collected during the field survey. The testing of hypothesis-III of the present study is included in this present chapter.

The chapter-7 "Performance Appraisal System of LIC of India" deals with the performance appraisal system and the technique which are being used by the LIC of India for their employees. This also consists of data analysis regarding performance appraisal methods of LIC employees which were collected during the field survey. The testing of hypothesis-IV of the present study has also been included in this present chapter.

The chapter-8 consists of various findings and suggestions of the present study. At the end, a brief conclusion is also given in this chapter.
CHAPTER-2

SCENARIO OF HUMAN RESOURCE MANAGEMENT IN PUBLIC UNDERTAKINGS IN INDIA

2.1 Introduction

2.2 Definition of Human Resource Management

2.3 Objectives of HRM

2.4 Scope of HRM

2.5 Functions of Human Resource Management

2.6 Personnel Management

2.7 Nature of Personnel Management

2.8 Objectives of Personnel Management

2.9 Function of Personnel Management

2.10 Difference between Human Resource Management and Personnel Management

2.11 Emerging challenges in HRM

2.12 Scenario of HRM in public sector undertaking (PSU) in the context of India

2.13 Some of the major trends of HR in Indian PSU

2.14 Important key HRM practices which are observed in India

2.15 HRM concepts and scope of Life Insurance Corporation of India (LIC)