



ISSN Print: 2394-7500
ISSN Online: 2394-5869
Impact Factor: 8.4
IJAR 2020; 6(12): 352-356
www.allresearchjournal.com
Received: 06-10-2020
Accepted: 13-11-2020

Dr. Abhishek Kumar Singh
Ph.D., Research Scholar, Univ.
Department of Commerce &
Bus. Admin, Tilka Manjhi
Bhagalpur University,
Bhagalpur, Bihar, India

Globalization of Indian economy: A critical study on the performance of LIC in India

Dr. Abhishek Kumar Singh

Abstract

A very much created insurance industry is basic for financial advancement as it gives long haul assets to foundation improvement simultaneously reinforcing the danger taking capacity of the nation. The danger assimilation part of back up plans advances monetary strength in the monetary business sectors and gives a "feeling of harmony" to financial elements. The business world without protection is impractical since dangerous business might not have the ability to hold a wide range of dangers in this steadily changing and dubious worldwide economy.

In this paper an endeavour is made to examine the monetary execution and speculation execution of LIC during the globalization period. To analyze monetary execution pay, outgo and their sub-parts are picked. All things considered area savvy, instrument-wise and furthermore their subcomponents are taken. The examination uncovered that, among the private area life safety net providers, the normal net premium throughout the previous long term was discovered the most noteworthy if there should be an occurrence of ICICI prudential observed by HDFC Standard and SBI Life though the least premium was prepared by IDBI Federal followed, in potential gain, by Exide life.

Keywords: Financial, business sectors, LIC, globalization, premium

Introduction

The genuine push to the globalization was given by the financial changes of 1991 started by Government of India. The time frame 1980-81 was set apart by extreme equilibrium of instalment troubles. The subsequent oil stun pushed up the import bill generously while sends out lingered extensively behind. Consequently import/export imbalance rose to galactic statures. During seventh arrangement, private settlements additionally demonstrated an inclination of straightening out. Thus, net invisibles could back just 24 percent of import/export imbalance in the seventh arrangement. The issues were compounded by inlet battle in 1990-91. The import/export imbalance in this year took off to Rs. 16,934 cr. and invisibles additionally recorded negative income.

Accordingly, current record shortage was as extensive as Rs 17,369 cr. in 1990-91. The issue got additionally complemented by India's expanded dependence on significant expense outside ads borrowings and non-inhabitant stores all through the 1980s as the progression of concessional help was extensively not exactly the necessities. Capital was streaming out of the nation and nation was near defaulting advances. Alongside these bottlenecks at home, numerous unforeseeable changes cleared the economies of countries in western and Eastern Europe, South East Asia, Latin America and somewhere else around a similar time.

Life Insurance

Extra security is an agreement for instalment of entirety guaranteed to the safeguarded or the candidate. The policyholder gets a sum during development or at indicated dates at intermittent spans or the candidate in case of death. The commitment with respect to the policyholder is the instalment of fixed sum known as the "premium" occasionally to the partnership. Disaster protection is a cycle by which sureness for vulnerability is guaranteed. So, disaster protection is the result of the monetary development and improvement of any country which is acknowledged as a strategy to defend monetary vulnerabilities brought about by inauspicious passing.

Corresponding Author:
Dr. Abhishek Kumar Singh
Ph.D., Research Scholar, Univ.
Department of Commerce &
Bus. Admin, Tilka Manjhi
Bhagalpur University,
Bhagalpur, Bihar, India

Scope of Insurance in India

Protection is an elective choice for venture yet individuals don't know about its favorable circumstances. It additionally fills in as an incredible assessment saving instrument. It is said that by purchasing life coverage, clients purchase significant serenity. Disaster protection items convey tax reductions changing over the aggregated assets into gainful resources. The protection area has opened up for private insurance agencies with the authorization of Insurance Regulatory Development Authority (IRDA) Act, 1999. Countless organizations are contending under both general and life coverage. A portion of the significant parts in extra security area are Life Insurance Corporation (LIC) of India, Max New York Life Insurance, SBI Life Insurance, Bajaj Allianz, ICICI Prudential, HDFC Standard Life, MetLife Insurance, Birla Sun Life Insurance, and so forth Different sorts of instruments and arrangements are coming up in the market to draw in more customers.

Literature Review

Ranade and Ahuja (1999) in their article "Extra security in India - arising Issues" introduced a review of disaster protection activities in India, and have distinguished the arising vital issues in the light of advancement and the looming private area section into protection. The need of having private guarantors has been advocated on the grounds of expanding the productivity of activities, achieving a more noteworthy thickness and infiltration of extra security, and for long haul reserve funds.

Peter Rastogi S and Sarkar R (2006) in the exploration paper "Upgrading intensity: The instance of the Indian disaster protection industry", distinguishes the causes and the targets with which the area was improved in 2000. The investigation was an exertion in contemplating the patterns arising inside this area and an endeavor has been made to examine whether the business has profited by the administrative changes.

Drucker (1999) in his article "Improve or Die" unveiled that during eighteenth and nineteenth century, life coverage turned into the biggest monetary industry by guaranteeing monetary insurance.

Mundra Yogesh (2000) "Protection Prospective" communicated, through his article, the dread in the brains of the contenders and the potential procedures to confront them. The fundamental worry of the public area organizations, as indicated by him, is that the private players, particularly unfamiliar ones, will overwhelm the market and snatch an enormous portion of it.

C.S. Rao (2007) in the article detailed that protection is a crucial financial movement and there is a phenomenal extension for its development in the developing business sectors. There has been a hopeful methodology among the individuals about the establishment of the protection area.

Sinha and Chatterjee (2007) in their article featured the development of the Indian protection industry and investigated the cost efficiencies of the existence guarantors which included LIC and the private players. The commitment of the paper is to for all intents and purposes apply the model on the protection business concerning India.

Arunajatesan (2002) in his article "Protection in India and future possibilities", endeavors to discover the explanations behind helpless entrance of protection. The discoveries of the examination were that 70% of the populace knows about

protection through TV, papers and specialists and among them just 24 percent are guaranteed. With respect to information on plans, under 15 percent know about it.

Kundu (2003) in the article named "What's next in India's Insurance market" talked about the progressions in different issues of protection industry after the section of new players. Notwithstanding having gigantic populace, India actually has a low protection infiltration.

G. Gopalakrishna (2008) in his article "Security of the monetary estimation of resources through life coverage" sets out that all resources including the human existence has financial worth. Protection is an instrument that gives pay to pre-monetary estimation of the resource if there should be an occurrence of misfortune and harm. It doesn't get back and supplant the resource, it just makes up for the misfortune endured.

G. Raju (2009) in his article "Elements deciding disaster protection buy: An investigation of the client conduct", prompted that protection is a significant portion under monetary administrations which gives long haul assets to different necessities. Be that as it may, the degree of infiltration is less when contrasted with the world normal and numerous different nations.

Objective

- To study the concept of Life insurance.
- To study the scope of insurance in India.
- To analyze the financial performance of LIC in Indian context.

Need of the study

The presentations of New Economic Policy and ensuing monetary area changes have gotten radical changes the structure of the administration area all in all and the protection area specifically. The arrangement of Insurance Regulatory and Development Authority (IRDA), organization with protection business and banking business, and the presentation of miniature protection have given new push to this area. This area until now claimed by the LIC of India and other general insurance agencies of the Government of India has been opened to private accomplices. It is, subsequently, important to contemplate the presentation of LIC of India as it has gone into the second decade of rivalry after the progression strategy system. Thus, it gets basic to assess the exhibition of LIC of India during the globalization.

Globalization as a Boon

The development pace of GDP of India has been on the expansion from 5.6 percent during 1980-90 to 7 percent in the time of 1993-2001. Over the most recent fifteen years aside from a few years, pace of GDP development was in excess of 7 percent. It was 9.2 percent in 2006-07. At present in 2016 GDP is developing at 7.4 percent appeared by association financial plan 2016-17. The unfamiliar trade holds were \$39 billion (2000-01), \$107 billion (2003-04), \$145 billion (2005-06), and \$180 billion of every 2007. As indicated by hold bank of India, India's unfamiliar trade saves are \$351.83 billion as on 19 Feb, 2016. The combined FDI inflows from 1991 to 2006 were Rs. 81566 cr. (\$43.29 billion). India's rank was fourth in market capitalization in 2005, it was gone before by USA, Germany and China. In any case, at present its rank is ninth, it implies it is currently gone before by eight nations and India's position has

declined however India had the option to join trillion dollar market by experiencing all high points and low points. India's market capital is \$1.6 trillion and it is 2.5 percent of world's capital market.

Measure by Govt of India during the globalization period: Significant measures started as a component of advancement, privatization and globalization in mid nineties incorporated the accompanying

Devaluation: The initial move towards globalization was the cheapening of the cash by 18-19 percent against significant monetary standards in the worldwide unfamiliar trade market. These measures were taken to determine the equilibrium of instalment emergency.

Disinvestment

In request to make the cycle of globalization smooth, under the privatization plot, the majority of the public area endeavours were offered to private area to offer occasion to private parts in the economy.

NRI Scheme

The overall approaches and offices for FDI as accessible to unfamiliar financial specialists and organizations are completely accessible to NRIs too. Furthermore government has expanded a few concessions particularly for NRIs and abroad corporate bodies having in excess of 60% stake by non-Indian occupants.

Critical analysis of Performance of LIC

Table 1: Statistics related to Net Premium of Insurance Companies (2007 to 2011)

Company	2007	2008	2009	2010	2011	Avg(2007-11)
Aviva	1140.06	1885.68	1977.07	2361.50	2326.78	1938.22
Bajaj Allianz	5335.98	9712.04	10601.07	11391.36	9575.18	9323.13
Birla Sunlife	1735.16	3223.07	4516.63	5425.37	5594.56	4098.96
Exide Life	704.02	1153.28	1434.70	1638.56	1705.29	1327.17
HDFC Stand.	2822.62	4817.62	5518.37	6955.63	8954.72	5813.79
ICICI Prud	7896.82	13536.77	15318.19	16475.83	17816.98	14208.92
IDBI Federal	0.00	11.90	318.54	569.02	806.49	341.19
Kotak Mahind	951.34	1662.71	2307.74	2849.85	2940.96	2142.52
Max Life	1485.42	2692.55	3819.03	4800.86	5736.21	3706.81
PNB Metlife	488.32	1148.49	1978.27	2506.21	2468.23	1717.91
Reliance Nipp.	1000.52	3213.26	4915.34	6588.34	6547.86	4453.06
SBI Life	2923.44	5611.20	7202.39	10080.48	12875.52	7738.61
TATA AIA	1355.95	2032.79	2747.50	3493.78	3972.87	2720.58
LIC	127781.17	149702.03	157187.1	185982.39	203354.0	164801.35
others	242.78	620.04	1517.40	3825.99	6303.53	2085.11
Total Industry	155863.59	201023.44	221359.3	264945.17	290979.2	226834.15

Source: IRDA, Annual report

Table 2: Statistics related to Net Premium of Insurance Companies (2012 to 2016)

Company	2012	2013	2014	2015	2016	Avg(2012-16)
Aviva	2389.69	2097.87	1829.55	1742.38	1440.18	1899.93
Bajaj Allianz	7433.62	6835.06	5776.03	5948.03	5831.72	6364.89
Birla Sunlife	5747.77	5051.75	4644.85	5068.37	5411.74	5184.89
Exide Life	1673.04	1736.72	1824.47	2014.21	2016.24	1852.93
HDFC Standard	10149.87	11258.63	11976.43	14762.45	16178.78	12865.23
ICICI Pruden	13927.88	13417.24	12282.65	15160.45	18998.70	14757.38
IDBI Federal	731.16	798.00	817.72	1060.71	1230.82	927.68
Kotak Mahin	2892.92	2723.99	2650.94	2980.79	3913.29	3032.39
Max Life	6320.84	6570.30	7211.81	8105.15	9138.93	7469.40
PNB Metlife	2625.32	2375.04	2175.26	2365.54	2727.23	2453.68
Reliance Nipp.	5470.25	4015.32	4256.75	4591.67	4370.64	4540.92
SBI Life	13080.84	10382.11	10657.11	12780.00	15665.45	12513.10
TATA AIA	3618.25	2746.04	2311.79	2106.45	2435.80	2643.67
LIC	202804.15	208589.72	236798.1	239482.77	266225.4	230780.02
Others	286308.48	286166.53	313212.6	326925.20	365440.1	315610.59
All firms	286308.48	286166.53	313212.6	326925.20	365440.1	315610.59

Source: IRDA, Annual report

Table 3: Statistics related to financial performance of LIC

Category	Item	Mean	S.D	C.V	G.R
Income	Premium for Life Insurance and Annuities/ single	337354	221009	65.51	19.4
	First Year's	230046	97817	42.52	8.2
	Renewal	970655	449626	46.32	11.8
	Net Interest, Dividends and Rents	785693	503404	64.07	14.7
	Other receipts	4651	4134	88.90	2.4
	Total	2328393	1219001	52.35	13.3
Outgo	Claims by death	64571	33084	51.24	12.6
	Claims by survival	442949	262766	59.32	14.6
	Surrenders including Bonus in reduction of premium	248079	214745	86.56	25.9
	Annuities less re-insurance	36058	22297	61.84	14.3
	Transfer of Reserve	18190	26817	147.43	-9.3
	Expenses of management – Commission to Insurance agents	105858	41993	39.67	9.7
	Expenses of management - Other Expenses	117983	66671	56.51	13.2
	Indian Dominion and Foreign taxes	38516	16288	42.29	9.5
	Miscellaneous	11012	5504	49.98	9.7
	Increase to Life Insurance Fund	1245177	625029	50.20	12.3

Source: CSO

Table 4: Statistics related to investments made by LIC

Category	Item	Mean	S.D	C.V	G.R
Sector-wise	Public	5989	3835	64.04	15.7
	Private	1659	1214	73.15	21.4
	Joint	5	6	119.97	-22.4
	Co-operative	24	12	50.60	-4.3
	Total	7676	5009	65.25	16.6
Instrument-wise	Stock Exchange Securities	7291	4965	68.09	17.6
	Loans	394	57	14.53	2.5
	Total	7685	4999	65.04	16.4

Source: CSO

Table 5: Sector-wise Investment of Life Insurance Corporation on Total Income (Regression analysis)

Model	(Total Income) $Y = \alpha + \beta$ (Public/Private/Joint/Co-operative/Sector-wise Total Investment)								
Parameters	α	t (α)	Sig (α)	β	t (β)	Sig (β)	R ²	F	Sig (F)
Public	3.172	20.096	0.000	0.849*	19.876	0.000	0.968	395.055	0.000
Private	4.451	48.557	0.000	0.604*	20.349	0.000	0.970	414.076	0.000
Joint	6.430	129.254	0.000	-0.375*	-4.865	0.000	0.645	23.666	0.000
Co-operative	6.558	18.495	0.000	-0.198	-0.743	0.471	0.041	0.551	0.471
Sector-wise Total Investment	3.263	24.750	0.000	0.803*	23.120	0.000	0.976	534.513	0.000

Source: CSO

Table 6: Instrument-wise Investment of Life Insurance Corporation on Total Income (Regression analysis)

Model	(Total Income) $Y = \alpha + \beta$ (Stock Exchange Securities/Loans)								
	α	t (α)	Sig (α)	β	t (β)	Sig (β)	R ²	F	Sig (F)
Stock Exchange Securities	3.459	27.625	0.000	0.757	22.773	0.000	0.975	518.601	0.000
Loans	-1.850	-1.094	0.294	3.146	4.820	0.000	0.641	23.231	0.000
Instrument-wise Total Investment	3.233	24.149	0.000	0.810	22.985	0.000	0.976	528.302	0.000

Source: CSO

Key findings

- It can be seen that the complete area shrewd ventures recorded 16.6 percent development rate while the instrument-wise speculation enlisted 16.4 percent development rate during the investigation period.
- Among the sub-segments of area shrewd venture of LIC is concerned private area involved ahead of everyone else with 21.4 percent development rate followed by open area which has enrolled 15.7 percent development rate.
- The public area recorded most noteworthy expansion in absolute pay of 84.9 rates followed by private area (60.4%). Area savvy complete speculation has contributing 2.83 percent expansion in absolute pay of LIC.
- By contrast interest in joint area prompts decline in pay by 37.5 percent followed by Co-usable area that is 19.8 percent. To the extent the noteworthiness of the coefficients of the relapse model is concerned public, private and joint areas are critical at 1 percent level while co-employable areas are discovered to be not huge.
- The R2 esteem uncovers that 95 percent of the complete variety in absolute pay is clarified by open area venture followed by all out speculation (97.6%), private area (97.0%), joint area (64.5%) and co-employable area (just 4.1%).
- It is obvious from the relationship esteems that aside from helpful area all the leftover areas are having high qualities in this manner interest in co-employable area prompts decrease in all out pay.
- It is discovered that both the stock trade protections and credits just as instrument-wise complete speculations are having positive sign other than having high connection esteems. The most elevated expansion in all out pay by contributing 1.0 percent is acquired by credits (314.6%) trailed by absolute speculation (81.0%) and stock trade protections (75.7%).
- All the beta coefficients are huge at 1 percent level. 97.6 percent of variety in absolute pay is clarified by instrument-wise complete venture followed by stock trade protections (97.5%) and credits (64.1%).
- The CAGR of venture pay was discovered the most elevated in the event of ICICI Prudential (87.5%) trailed by Birla Sunlife (63.79%) and Tata AIA (57.9%) during the new 5 years.
- Profit after assessment of LIC has expanded from Rs. 77,362 lakh during 2006-07 to Rs 2,51,784.8 lakh during 2015-16.

Conclusion

It is presumed that private area has enlisted most extreme development (21.4%) as far as area insightful venture by LIC however the expansion in absolute pay of LIC by private area is 60.4 percent. Rather than this the co-employable area diminishes complete pay of LIC by 19.8 percent while it is recorded a pitiful negative development of - 4.3 percent. As to instrument shrewd speculations of LIC is concerned, however stock trade protections got most extreme development (17.6%) and it adds to add up to pay limit is 75.5 percent if put resources into it. Very inverse to it, the development of credits enlisted at 2.5 percent just yet its absolute pay expanding limit is exceptionally high at 314.6 percent if put resources into advances. So that, from this, it is induced that LIC should build its area insightful interest in co-usable area and instrument-wise interest in advances as a result of their expanding limit of all out pay. The future scientists should investigate different markers of benefit especially macroeconomic alongside the firm explicit attributes.

References

1. Ansari VA, Fola W. Financial soundness and performance of life insurance companies in India. *International Journal of Research* 2014;1(8):224-254.
2. Chakraborty J, Sengupta PP. Financial soundness in Indian insurance sector: A comparison between two leading life insurers. In *Business and Information Management (ICBIM)*, 2014 2nd International Conference on. IEEE 2014, 86-90.
3. Kasturi R. Performance management in Insurance Corporation. *Journal of Business Administration online* 2006;5(1):1-15.
4. Kumar MS, Priyan JV. A comparative study of public and private life insurance companies in India. *The Indian Journal of Commerce* 2012;65(1):81-87.
5. Nena S. Performance Evaluation of Life Insurance Corporation (LIC) of India. *International Journal* 2013;1(7):113-118.
6. Sugantha Mani CV. A Study on the Performance Evaluation of Life Insurance Corporation of India during Post Liberalization Period 2017. Retrieved from <http://hdl.handle.net/10603/230549>