

**RURAL MARKETING-
Tapping The Non-urban Consumer- Life Insurance –
(A Research Study Of Village Balipur, Shall & Chandpur
Dist. Mathura U.P)**

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Abstract:

As far as the Indian context is concerned the Government has not been able to provide the basic needs to the citizens of India across the boundaries. In view of the same there is an urgent need of Life Insurance penetration in the remote / rural areas. Most of them are not aware of the same and its benefits to their family as a whole. The growth of Post office and mostly Public Sector Banks have taken place in some of the rural areas but as far as the Life Insurance is concerned the rural sector has been ignored and not much effort has been done by the government and private agencies to penetrate the life insurance for the needy Indians.

KEYWORDS:

Rural insurance penetration, Social security, Rural Expectation.

INTRODUCTION

URGENT NEED OF THE HOUR

Social protection: - Social protection refers to a set of benefits available (or not available) from the state, market, civil society and households, or through a combination of these agencies, to the individual/households to reduce multi-dimensional deprivation. This multi-dimensional deprivation could be affecting less active poor persons (e.g. the elderly, disabled) and active poor persons (e.g. unemployed). Besides, in developing countries, the state's capacity to reach the vast majority of the poor people may be limited because of its limited resources. In such a context, multiple agencies that could provide for social protection is important for policy consideration. The framework of social protection is thus capable of holding the state responsible to provide for the poorest sections by regulating non-state agencies. Social protection fall into two broad categories: 'instrumentalists' and 'activists'. 'Instrumentalists' argue that extreme poverty, inequality and vulnerability, is dysfunctional in the achievement of development targets. In this view social protection is about putting in place risk management mechanisms that will compensate for incomplete or missing insurance markets, until a time that private insurance can play a more prominent role in that society. 'Activist' arguments view the persistence of extreme poverty, inequality and vulnerability, as symptoms of social injustice and structural inequality and see social protection as a right of citizenship. Targeted welfare is a necessary step between humanitarianism and the ideal of a 'guaranteed social minimum' where entitlement extends beyond cash or food transfers and is based on citizenship, not philanthropy.

Social security may also refer to the action programs of government intended to promote the welfare of the population through assistance measures guaranteeing access to sufficient resources for food and shelter and to promote health and wellbeing for the population at large and potentially vulnerable segments such as children, the elderly, the sick and the unemployed.

Presently, India is globally the fifth largest life insurance market in the emerging insurance economies, and its insurance market is growing at 32–34 per cent annually.

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RURAL MARKETING-Tapping the Non-Urban Consumer.....

According to a report, 'Insurance in Next 2 Years', by ASSOCHAM, in May 2008, the insurance sector size was estimated at US\$ 12.8 billion, and it is likely to see an unprecedented growth of 200 per cent, touching US\$ 51.2 billion by 2009–10. Rural India may offer a business opportunity worth US\$ 23 billion for the insurance companies if the segment can be wooed with innovative saving schemes at affordable premiums. Indian Context:- Presently, India is globally the fifth largest life insurance market in the emerging insurance economies, and its insurance market is growing at 32–34 per cent annually.

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The various programs of the government promoting agriculture and tiny industries, the scientific agricultural practices, the agrarian reforms, the empowerment of village panchayats and such other activities have created reasonable disposable incomes in the hands of the rural folk. At the same time we find the rural economy dependent on vagaries of monsoons. The existence of Below Poverty Line (BPL) families, the stark illiteracy, and the low levels of awareness are the major stumbling blocks to protect themselves against risks. The life insurance penetration in rural areas as percentage of Gross Domestic Product (GDP) is around 2.8% as at 2005 and again the so called penetration is catering to the needs of rural rich. The distribution costs, product designing to the needs of the rural people, the viability of opening offices in rural areas are preventing major life insurance companies to opt out of this market. In this thesis an effort is made to study the rural life insurance market and try to identify the major factors inhibiting the insurance companies leading to ignore this market.

Out of 78 per cent households having awareness about life insurance in rural India, only 24 per cent were policy owners. India's untapped rural market holds tremendous growth opportunities for life insurance companies with business worth US\$ 231.67 million for insurance firms. According to international consultancy firm Celent, the rural life insurance market will grow to a potential of US\$ 1.9 billion by 2015 from the current US\$ 487 million.

OBJECTIVE OF THE STUDY:-

The objectives of the study are to study the expectations of the rural customers, to study the levels of insurance awareness, to unearth the reasons for low insurance coverage in rural areas, to study the effects of advertisement and other promotional activities, to study the factors that influence purchase decisions, to study the dimensions of customer satisfaction, to identify the deficiencies in the current marketing techniques and offer suggestions with the objective of mass rural coverage. To understand the perceptions of the customers and the agents for the poor life insurance coverage in rural areas, three rural villages Balipur, Shall & Chandpur dist. Mathura -State UP .Proximity and connected to the Capital of India and is just 80 Km away they come under the District of Mathura, (since it ensures exposure to all private players) and economically poor status (low GDP, reliance on primary sector etc which ensure more rural orientation) are the criterion for selecting these villages which are connected to Yamuna Expressway. The population of 12000 approximately.

During the research /survey through personal discussion with the villagers whom some were the agents of life insurance. We also asked them some basic questions by way of questionnaire to get a first hand information about the general awareness of Life Insurance and income levels of the villagers we had a personal discussion with almost 50 persons of all age group and job profile from all the three villages Chandpur, Shall & Balipur. The situation of each village was slightly different from the other and the population/vote bank was also different. All the three villages are very close to each other and have almost the same distance to the Yamuna expressway.

Compared to Chandpur the awareness and insurance penetration was more in the other two villages. The reason was also found out during the research work .In the other two villages the agricultural land bank per house was more than the Chandpur village. Even 50 % of the persons residing in the Shall & Balipur were of hire age or small children's. Most of the persons have got the job in the nearby cities and towns. They have been a good support to the house hold and as they are residing in the cities their awareness of the Insurance products and Companies was more. (see Table I below):-

Table I

Village	Population	Life Insurance awareness(%)	Total Aware Population	Policy holder (%)
Chandpur	2500	50%	1250	5%
Shall	5000	80%	4000	10%
Balipur	3000	65%	1950	7%
Total	10500		7200	

This has increased the overall house hold income of the persons in the two villages. As there is less pressure on the Agricultural proceeds. It was also found out that the Chandpur village 35% of the population either is a labourer in the field or just have 1 to 4 bigha of land which is hardly sufficient to feed his family and to fulfil day to day requirement of the growing family. (1 bigha is 0.25 hectares)

Village	Land Bank (Bigha) & Labour in %			
	1-4 Bigha	5-35 Bigha	Labourer	Total
Chandpur	60%	5%	35%	100%
Shall	55%	15%	30%	100%
Balipur	57%	10%	33%	100%

The bad image created by few agents who have done miss-selling of the products was also the reason of non interest among a large population for not investing in life insurance products. They were not told about the risk involved in investing into unit linked products. They were also given assurance that the money will double in three years. The investments are mainly bifurcated into LIC, Bajaj Allianz Life, Prudential ICICI Life, Post office Life Insurance and Birla Sun Life.

There is no satellite office or processing branch nearby. The closest office of all the insurance company's is Mathura which is 40 kms from the villages.

This shows that there is a bad image created due to miss-selling and even if some persons have the potential to invest for their safety they are not having trust on the persons selling the products. As they /Agents are the only sources of information in the villages. The Life Insurance companies & the regulators have not done any effort to spread their reach within the real rural masses. Income levels being very low in two villages Chandpur & Balipur and the products of life insurance being not made rural friendly taking their demand supply into picture the penetration is very low.

The population in the village have different source of earning such as Agricultural Income, salaried employees in schools etc., income through cattle field, Labourer in the field etc.

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