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## *MICROINSURANCE: Prospects and Problems with reference to Nagpur Peripherals*

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### I. INTRODUCTION

India is enjoying rapid growth and benefit from a young population. Its middle class is growing rapidly but 70 percent of the population is still rural, often very poor as well as handicapped by poor health and health services. The literacy rate is even low in rural areas. Although the type of risks faced by the poor such as that of accident, demise, illness and injury are not different to those faced by others.

Insurance can play a positive role in meeting the financial needs of the poor. In our country more than two-third of the population lives below poverty line and thus need of micro insurance is inevitable.

Micro insurance aims to safeguard the interest of these low earning people. Micro insurance is the protection of low income people against specific threats in consideration for premiums matching the likelihood and cost of the risk involved. It aims to shield the low income people against perils with affordable insurance products which help them to recuperate from common uncertainties.

The study intends to find out the awareness level of micro insurance among people. The study aims to find the opinion of people in regard to various policies and reasons for not taking micro insurance. The study also reveals satisfaction level of people in regard to various attributes of micro insurance.

### II. OBJECTIVES

1. To study the vulnerabilities faced by the people.
2. To find the awareness of micro insurance among the people and to know whether they are willing to take micro insurance policy
3. To identify the preferred micro insurance policy by people.
4. To know the premium payment frequency and amount preferred by the respondents
5. To know the reason for low penetration level of micro insurance.
6. To understand the satisfaction level of respondents in regard to attributes of micro insurance.

### III. BASIC OF SAMPLING

The sample size consists of 350 people. During the data collection it has been aimed to cover people of all age groups. It has been also intended to include people of various occupations. The universe of the study is peripherals of Nagpur. The information has been collected with the help of suitable questionnaire. The respondents have been bifurcated on the basis of

their occupation and they are farmers, retailers and labourers. This classification has been done so as to find out if any differences of opinion exist among respondents on the basis of occupation.

#### IV. DATA ANALYSIS AND INTERPRETATION

##### Risks and vulnerabilities being faced by farmers, retailers and labourers.

**Table No 1 Risks and vulnerabilities being faced by farmers**

Farmer				
RISK AND VULNERABILITIES FACED	always	mostly	sometimes	never
Death of family member	2%	8%	66%	24%
Expenditure on sickness or illness	3%	15%	41%	41%
Loss of crop	25%	21%	34%	20%
Disease or death of livestock	8%	30%	40%	23%
Loss of business	4%	15%	40%	41%
Natural disaster	12%	26%	35%	27%
Theft/ robbery	3%	9%	41%	46%

##### Interpretation

From the table above, it is inferred that 25% of the farmers always face risk and vulnerability of loss of crop, 21 % of the farmers mostly and 34% of the farmers sometimes face the same issue.

30% of the farmers mostly face risk and vulnerability of disease or death of livestock whereas 40% of the farmers sometimes face the same issue.

**Table No 2 Risks and vulnerabilities being faced by retailers**

Retailer				
RISK AND VULNERABILITIES FACED	always	mostly	sometimes	never
Death of family member	7%	10%	38%	45%
Expenditure on sickness or illness	2%	23%	31%	44%
Loss of crop	4%	18%	32%	46%
Disease or death of livestock	7%	17%	32%	44%
Loss of business	17%	23%	27%	33%
Natural disaster	8%	17%	32%	43%
Theft/ robbery	10%	14%	30%	46%

##### Interpretation

From the table above, it is inferred that 17% of the retailers always face risk and vulnerability of loss of business, 23 % of the retailers mostly and 27% of the retailers sometimes face the same issue.

10% of the retailers always face risk and vulnerability of loss of theft/robbery, 14 % of the retailers mostly and 30% of the retailers sometimes face the same issue.

**Table No 3 Risks and vulnerabilities being faced by labourers**

Labour				
RISK AND VULNERABILITIES FACED	always	mostly	sometimes	never
Death of family member	3%	3%	36%	58%
Expenditure on sickness or illness	3%	20%	39%	37%
Loss of crop	3%	10%	54%	32%
Disease or death of livestock	2%	17%	49%	32%
Loss of business	3%	7%	51%	39%
Natural disaster	8%	14%	44%	34%
Theft/ robbery	2%	3%	47%	47%

**Interpretation**

From the table above, it is inferred that 20% of the labourers mostly face risk and vulnerability of Expenditure on sickness or illness and 39 % of the labourers sometimes face the same issue.

10% of the labourers mostly face risk and vulnerability of loss of crop and 54 % of the labourers sometimes face the same issue.

**Are you aware of micro insurance?**

**Table No 4 Awareness regarding micro insurance**

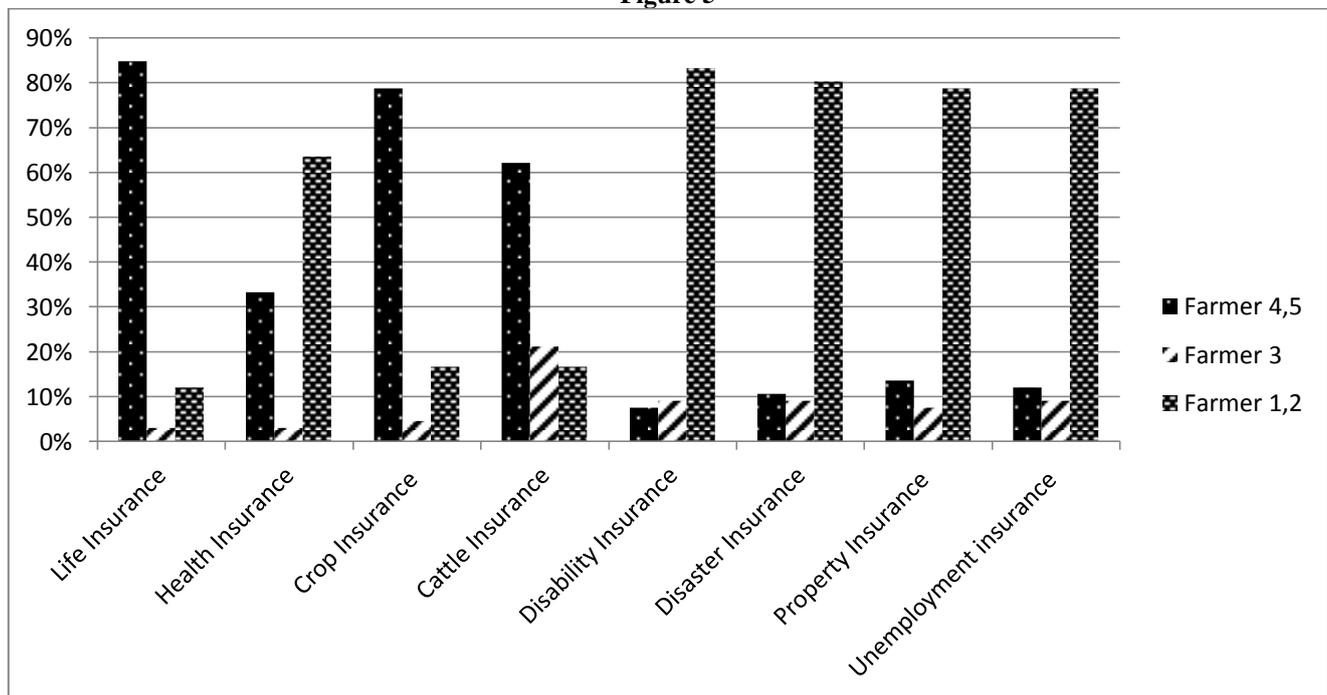
Are you aware of micro insurance	No. Of respondents	Percentage
yes	116	36%
no	208	64%

**Interpretation** From the above table and figure it is clearly understood that still 64% of respondents are not aware of micro insurance and only 36% of people are aware of it.

**Most preferred micro insurance policy among farmers, retailers and labourers**

Most preferred micro insurance policy among farmers

**Figure 5**

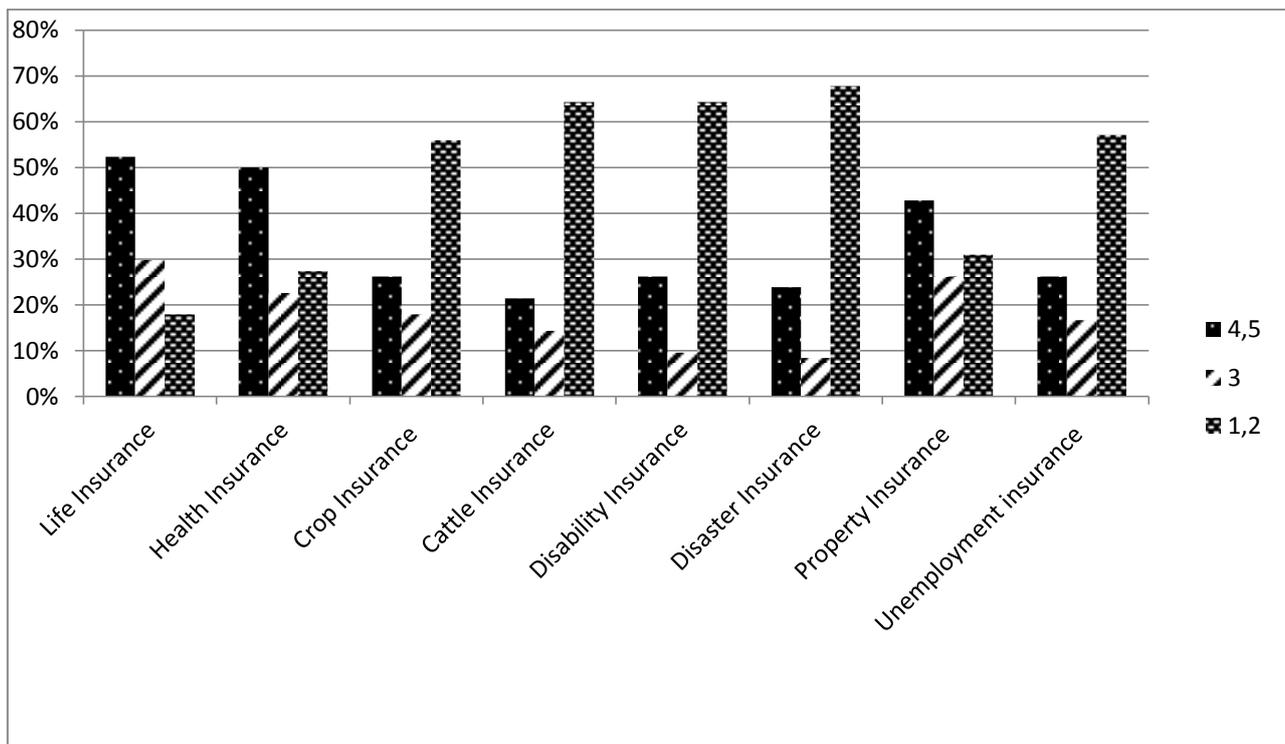


**Interpretation**

From the above table it is evident that 85% of farmers prefer life insurance, 79% prefer crop insurance and 62% prefer cattle insurance.

Around 80% of the respondents haven't preferred disability insurance, disaster insurance, property insurance and unemployment insurance

Most preferred micro insurance policy among retailers



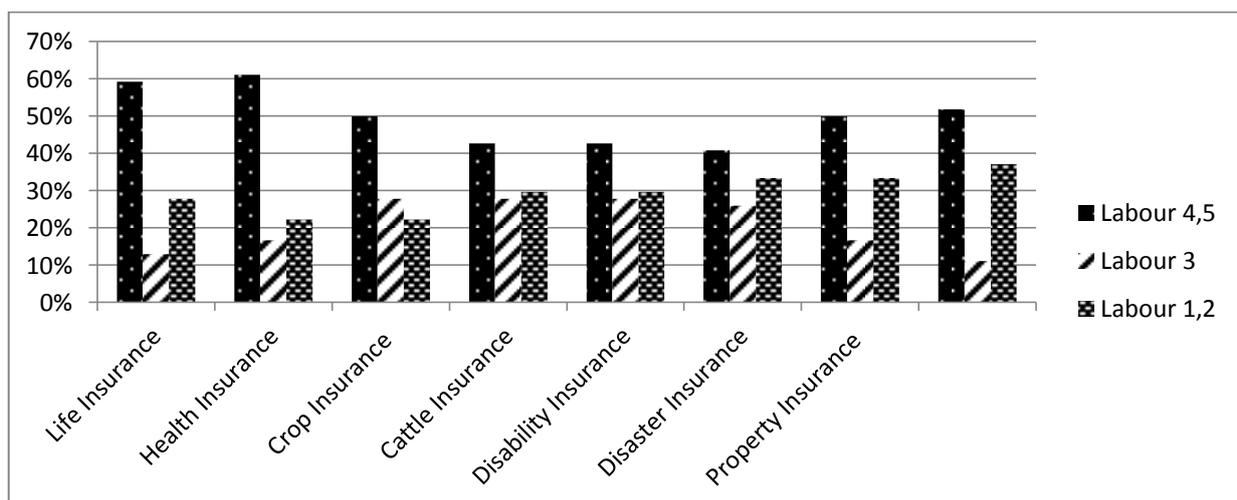
Interpretation

From the above table it is evident that 52% of retailers prefer life insurance and 50% prefer health insurance. Around 65% of respondents haven't preferred cattle, disaster and disability insurance.

Table No 7 Most preferred micro insurance policy among labourers

Labourers			
Most preferred micro-insurance policy. Rate the following in regard to its utility.	4,5	3	1,2
Life Insurance	59%	13%	28%
Health Insurance	61%	17%	22%
Crop Insurance	50%	28%	22%
Cattle Insurance	43%	28%	30%
Disability Insurance	43%	28%	30%
Disaster Insurance	41%	26%	33%
Property Insurance	50%	17%	33%
Unemployment insurance	52%	11%	37%

Figure 7



**Interpretation**

From the above table it is evident that 59% of labourers prefer life insurance and 61% prefer health insurance. Around 30% of respondents haven't preferred cattle, disaster and disability insurance.

**Monthly premium affordability of farmers, retailers and labourers for micro insurance.****Table No 8** Monthly premium affordability of farmers

How much premium you can pay per month	less than 300	300-500	500-1000	more than 1000
no of people	40%	48%	9%	2%

**Interpretation**

From the table above, 48% of farmers can afford a premium of Rs 300 to 500 and 40% of farmers can afford a premium below Rs 300

**Monthly premium affordability of retailers**

How much premium you can pay per month	less than 300	300-500	500-1000	more than 1000
no of people	27%	51%	17%	5%

**Interpretation**

From the table above, 51% of retailers can afford a premium of Rs 300 to 500 and 27% of retailers can afford a premium below Rs 300.

**Table No 10** Monthly premium affordability of labourers

How much premium you can pay per month	less than 300	300-500	500-1000	more than 1000
no of people	34%	51%	14%	2%

**Interpretation**

From the table above, 51% of retailers can afford a premium of Rs 300 to 500 and 34% of retailers can afford a premium below Rs 300.

**Reason behind not taking the micro-insurance by the farmers, retailers and labourers****Reason behind not taking the micro-insurance by the farmers**

Reason behind not taken the micro-insurance	4,5	3	1,2
Not enough information	54%	19%	27%
Not able to pay premium	29%	30%	41%
No trust on insurance policy	55%	21%	24%
Not needed	36%	18%	46%
Complicated process and too much documents required	45%	15%	40%

**Interpretation**

From the table above, 55% of the farmers do not take micro insurance as they don't have trust on insurance and 54 % don't take micro insurance as they don't have enough information about it.

**Reason behind not taking the micro-insurance by the retailers**

Reason behind not taken the micro-insurance	4,5	3	1,2
Not enough information	20%	25%	55%
Not able to pay premium	27%	44%	29%
No trust on insurance policy	24%	24%	52%
Not needed	18%	26%	56%
Complicated process and too much documents required	39%	35%	26%

**Interpretation**

From the table above, 39% of the retailers do not take micro insurance as they feel it is a complicated process and too much documents are required whereas 27 % don't take micro insurance as they are incapable to pay the premium.

**Reason behind not taking the micro-insurance by labourers**

Reason behind not taken the micro-insurance	4,5	3	1,2
Not enough information	25%	19%	56%
Not able to pay premium	27%	34%	39%
No trust on insurance policy	31%	36%	34%
Not needed	29%	36%	36%
Complicated process and too much documents required	39%	31%	31%

**Interpretation**

From the table above, 39% of the labourers do not take micro insurance as they feel it is a complicated process and too much documents are required whereas 31% do not take micro insurance as they don't have trust on insurance policy.

**Satisfaction level of farmers, retailers and labourers in regard to attributes of micro insurance****Table No 14 Satisfaction level of farmers in regard to attributes of micro insurance**

Rate the satisfaction level for the following parameters	4,5	3	1,2
Application process	40%	31%	29%
Options available	40%	34%	27%
Premium amount	51%	29%	20%
Assistance provided before issuing insurance policy.	37%	21%	41%
Claim settlement	42%	22%	36%

**Interpretation**

From the table above, 51% of the farmers are satisfied with the premium amount of micro insurance and 42% are satisfied with the claim settlements whereas 41 % of farmers are not satisfied with the assistance provided before issuing insurance policy to them.

**Table No 15 Satisfaction level of retailers in regard to attributes of micro insurance**

Rate the satisfaction level for the following parameters	Satisfied	Neutral	Unsatisfied
<b>Application process</b>	23%	30%	48%
Options available	15%	44%	40%
Premium amount	30%	40%	30%
Assistance provided before issuing insurance policy.	29%	32%	39%
Claim settlement	38%	37%	25%

**Interpretation**

From the table above, 38% of the retailers are satisfied with the claim settlements and 30% of the retailers are satisfied with the premium amount of micro insurance whereas 48 % of retailers are not satisfied with the application process.

**Satisfaction level of labourers in regard to attributes of micro insurance**

Rate the satisfaction level for the following parameters	Satisfied	Neutral	Unsatisfied
<b>Application process</b>	8%	15%	76%
Options available	14%	46%	41%
Premium amount	24%	31%	46%
Assistance provided before issuing insurance policy.	25%	25%	49%
Claim settlement	27%	39%	34%

**Interpretation**

From the table above, 27% of the labourers are satisfied the claim settlements whereas 76 % of farmers are not satisfied with the application process.

49 % of labourers are not satisfied with the assistance provided before issuing insurance policy to them.

**Which is the most preferred premium cycle?****Most preferred premium cycle by respondents.**

	No of respondents	Percentage
Annually	92	28%
Half yearly	99	31%
Quarterly	79	24%
Monthly	55	17%

**Interpretation**

From the above table, 31% of the respondents preferred half yearly premium payment mode, 28% of the respondents preferred annual premium payment mode, 24% of the respondents preferred quarterly premium payment mode and 17% of the respondents preferred monthly premium payment mode.

**Would you like to buy micro insurance in future?****Opinion of respondents regarding purchase of micro insurance**

	Respondents	
yes	199	61%
no	126	39%

**Interpretation**

From the above table, 61% of the respondents are ready to take micro insurance whereas 39% are not of the opinion to take micro insurance.

**V. CONCLUSION**

1. The major risk and vulnerabilities faced by farmers are loss of crop and disease or death of livestock. Retailers primarily face risk and vulnerability of loss of business and theft/robbery. Labourers face risk in terms of expenditure on sickness or illness
2. From the analysis it has been clear that 64% of the people are not aware of the micro insurance and only 36% of the people are aware of micro insurance.
3. Farmers have preferred life insurance, crop insurance and cattle insurance. Retailers and labourers find life insurance and health insurance most essential.
4. The main reason why farmers do not take micro insurance is that they don't have trust on insurance and they don't have enough information regarding the same.

5. Farmers and retailers are satisfied with the premium amount and claim settlement of micro insurance. Farmers are not satisfied with the assistance provided before issuing insurance policy to them and retailers are unsatisfied with the application process.
6. Labourers are also dissatisfied with the assistance provided before issuing insurance policy to them. Labourers are even not satisfied with the application process.
7. There is no consensus among respondents regarding premium payment mode.
8. More than 60% of the respondents were ready to take micro insurance when its need and importance were communicated them. Thus scope of micro insurance does exist.

## VI. SUGGESTIONS

Awareness programme should be organized to convey about the benefits of micro insurance to poor people such as drama, skit and showing videos by using vehicle for example Bajaj-Allianz Care initiative has implemented a program called the "Mass Awareness and Enrolment Campaign. Monthly seminars can be organized.

The IRDA should make it compulsory for the private insurers to accomplish a definite target every year.

The insurance employees must be given adequate training to provide necessary assistance and information regarding complete procedure and benefits of micro insurance.

To foster trust among people a joint venture with a company which is locally well known and carries a good reputation could be very useful. The micro insurance must be made at places such as post offices and other government depots so as to gain trust of people and maintain transparency.

The micro insurance products must be accessible, affordable and available.

If the people can be made to understand the gravity of micro insurance it will results in financial security of poor people in rural areas thereby even alleviating farmer suicide in vidharbha.

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