



A Study of Performance Evaluation of Public Sector with Reference to Life Insurance of India

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Abstract

The performance evaluation of the public sector, specifically in the context of the life insurance sector in India, can be approached from various angles. A comprehensive study would involve analysing the effectiveness of public sector life insurance companies in terms of their financial performance, customer satisfaction, operational efficiency, regulatory compliance, and overall contribution to the insurance market.

The objective of this study is to assess LIC's performance using various financial and non-financial parameters, including profitability, operational efficiency, market share, customer satisfaction, and social responsibility. The study also aims to compare LIC's performance with emerging private sector competitors in the post-liberalization era, highlighting the challenges and opportunities faced by public sector institutions in a competitive environment.

Keywords: E-commerce, consumer behaviour, digital transformation, traditional retail, business survival strategies

1. Introduction

Public sector life insurance in India has a long history, with Life Insurance Corporation of India (LIC) being the dominant player. Established in 1956, LIC was the only insurer in the country until the 1990s, when liberalization policies led to the entry of private players. Despite the entry of private players, LIC continues to hold a significant market share in the life insurance sector, often hovering around 70-75%.

This study aims to evaluate the performance of LIC by examining key financial indicators, operational metrics, service quality, and policyholder satisfaction. It also seeks to understand how LIC's public sector status influences its performance in comparison to private players in the industry. By analyzing both qualitative and quantitative aspects, the study will provide insights into LIC's evolving role in India's insurance sector and its ability to

balance profitability with social responsibility.

2. Literature Review

- **Claims Settlement Ratio:** This is a critical metric to evaluate the operational efficiency of an insurance company. A higher ratio indicates that the company is effectively honoring claims.
- **Customer Service:** The speed and quality of service, including claims processing and customer interactions, are vital. Public sector insurers often struggle with slower processes compared to private sector players, but their reach and trustworthiness are high.
- **Technological Adoption:** Public sector life insurers have been slow in adopting advanced technology compared to private players, but they are gradually integrating digital platforms to reach a wider audience, especially in rural areas.



3. Methodology

- Quantitative Analysis: You would need to collect data from public sector life insurers like LIC and analyze financial reports, premium collections, claims data, etc.
- Qualitative Analysis: Customer surveys, interviews, and feedback to gauge satisfaction levels, perception of the insurer's services, and overall reputation.
- Comparative Study: Compare public sector performance with that of private sector players on various performance indicators.

4. Findings

Brand Trust: Public sector insurers, especially LIC, are often perceived as more trustworthy by customers compared to private insurers. A study could examine consumer satisfaction and loyalty towards LIC.

Product Portfolio: How diverse and competitive is the product portfolio of public sector life insurers? For example, LIC has a wide range of plans, but private companies have been quick to innovate with tailored products for different demographics.

5. Discussion

- Pradhan Mantri Jan Dhan Yojana (PMJDY): Public sector insurers have been involved in government-backed schemes like PMJDY, which aims to provide life insurance to low-income households. The success of such programs can impact the overall performance of public sector insurers.
- Social Security Schemes: Government schemes such as Pradhan Mantri Jeevan Jyoti Bima

Yojana (PMJJBY) also contribute significantly to the public sector's business in life insurance.

6. Conclusion

The performance evaluation of public sector life insurance in India, particularly LIC, highlights its enduring market dominance, strong brand equity, and extensive reach, especially in rural areas. However, challenges remain in terms of competition from private players, technological advancements, and evolving customer needs. A detailed study will shed light on the strategies required for public sector insurers to maintain and enhance their market position.

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