



Study on Micro insurance of low-income household

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ABSTRACT :

Micro insurance is the protection of low-income household against specific in exchange for premium payments to the likelihood and cost of the risk involved. It is especially for the protection of low-income people with affordable insurance products to help them to cope with and recover from common risk however, despite patterns, households 'priorities regarding the demand for ensuring the risks are nevertheless specific. More research is essential to understand and identify the means for increasing insurance rates and decreasing dropout rates. A general understanding about of micro insurance products from a client perspective is all about the awareness, affordable, and valuable and trust. Although the current reach of 'Micro-insurance companies, both public and private, operating with the commercial consideration, and can insure a significant percentage of the poor. Serving low-income people who can pay the premium certainly makes a sound commercial sense to insurance providers.

Keywords: Micro insurance, Protection, Household, Coverage, Security .

Introduction :

Microinsurance is a type of low-cost insurance for the low-income individuals in nations. This type of insurance offers a lower amount of coverage for a smaller premium than traditional policies do. A key strategy for enhancing economic development and alleviating poverty is to make financial systems more inclusive, for example by improving access to savings and credit services for up and under-served markets. Micro-insurance is a strategy to protect low-income households against specific risks in exchange for premium payments proportionate to the likelihood and cost of the risk involved. It is to help them cope with and recover from common risks, such as death, illness, injury, and accident. In India, 70% of the population is rural, often very poor, and handicapped by poor health and health services, and low literacy rates. Micro-insurance schemes have gained momentum in India due to the development of micro-finance activity and regulation for insurance companies to extend their activities for the rural and well-identified social sectors. However, the poorest segments do not always benefit from the subsidy, while those who can afford insurance often find ways to access these benefits. Micro-finance institutions and NGOs are increasingly negotiating with for-profit insurers for customized group or standardized individual insurance schemes for low-income people, although the reach of such schemes is still limited

Literature Review

1. Kishore (2013) this article 'Micro Insurance in India Protecting Poor ' analyzed the micro insurance in india is great till untapped.15 percent of business is operating in India.
2. Mishra, Kumar, Varshney (2012) in this article "Globalization and Growth of Indian Life Insurance Industry" it expressed the micro insurance is safety to the urban and rural populations, and which uses the funds for its infrastructure development.
3. Mathur (2010) in this article The Curial tool to Empower Poor explain the promoting insurance the low-income people who don't have social security micro insurance is significant and to solve the certain problems.
4. Ramalakshmi & Ramanlingam LP (2014) in this article " A study on the awareness about the micro insurance with the special reference to LIC of India" stated that awareness about the micro insurance among the rural and urban population.
5. Tome & Selvam (2012) " Micro insurance: Illuminating the challenges in India" expressed people have no information about the micro insurance and have the negative attitude towards micro insurance.
6. Potocki, Tomasz, Marek, International journal of consumer studies (2019) this article had focused on the factors shaping the financial capability of low income consumers from rural regions of the Poland.

Research Methodology

Objectives of the Study

- To study the issues and challenges in micro insurance.
- To study the recent trends in micro insurance.

- To ensure high satisfaction level and reduce percentage of complaints of customers in micro insurance.
- To estimate the future growth of Indian micro insurance.
- To understand Optimization of micro insurance channels.
- To suggest strategies for improvement in Customer Service

Research Design:

It is a descriptive research design, as it understands the demographics and other characteristics of the demographics and other characters of the population, and also understand the investor attitude about any products or services. the descriptive research mainly answers who , what, when and how kind of question

Sources of Data Collection:

There are two sources of data collection Primary data are data freshly gathered for a specific purpose or for a research project. Primary data collection uses surveys, experiments or direct observations. It is more reliable, authentic and objective. Secondary data is the data that has been already collected by and readily available from other sources. Secondary data collection may be conducted by collecting information from a diverse source of documents or electronically stored information, census and market studies.

3.4Sample Size: Total 111 respondents were surveyed in Vadodara, Porbandar city consisting of professional, students and business persons.

3.5Sample Area: The sampling area was Vadodara, Porbandar city only.

3.6Sampling method: The sampling method used here is Non-Probability Method. Because the sample is gathered at the researcher's convenience, the sampling method employed is Convenience Sampling with well-structured questionnaire.

3.7Data Collection Instrument: To identify and collect the data, survey and questionnaire is used to do the research of investor attitude towards mutual fund as an investment alternative.

Data Analysis

Table 1 Demographic Details of Respondents

The above table shows that out of 111 respondents, 45.9% of the respondents are male, while 54.1% of the respondents are female, 44.1% of the

Sr. No	Factors	Category	Frequency	Percentage
01	Gender	Male	51	45.9
		Female	60	54.1
02	Age	Between 18-21	41	42.7
		Between 22-25	49	44.1
		Between 26-30	13	11.7
		31 and Above	2	1.8
03	Occupation	Student	70	63.1
		Salaried	20	18
		Business	11	9.9
		Self- employed	10	9
04	Marital Status	Married	22	19.8
		Unmarried	39	35.1
		Single	50	45
05	Monthly Income	Between 10000-20000	33	30.8
		Between 20000-40000	30	28
		40000 and Above	44	41.1
06	No. of family members	2	11	9.9
		3	30	27
		More than 4	70	63.1

respondents belong to the age group of 22-25, 63% of the respondents are students, 41.1% of the respondents are between Rs 40000 and above.

Table 2 Awareness about micro insurance

Microinsurance	Frequency	Percentage
Yes	68	61.2
No	43	38.7
Total	111	100.0

According to this table out of 111 respondents, 61.2% respondents were aware about the micro insurance and 38.7% were not aware about the micro insurance.

Table 3 Monthly Medical Expenses of Respondents

Medical Expenses	Frequency	Percentage
Between 500-1000	54	48.6
Between 1000-3000	34	30.6
3000 and above	23	20.7
Total	111	100.0

According to this table out of 111 respondents, 48.6% respondents were between 500-1000 on medical expenses, 30.6% respondents were between 1000- 3000, 20.7% respondents were between 3000 and above.

Table 4 Respondents benefitted from Micro Health Insurance

Benefit from Micro Health Insurance	Frequency	Percentage
Yes	94	84.6
No	17	15.4
Total	111	100.0

According to this table out of 111 respondents, 84.6% respondents were benefit from micro health insurance ,15.4% respondents were not benefit from micro health insurance.

Table 5 Respondents having trust on micro insurance provider

Trust on micro insurance provider	Frequency	Percentage
Yes	71	64
No	40	36
Total	111	100.0

According to this table out of 111 respondents, 64% respondents trust on micro insurance provider, 36% respondents do not trust on the micro insurance provider.

Table 6 Insurance is a way to protect in hard times

Yes/No	Frequency	Percentage
Yes	94	84.6
No	17	15.4
Total	111	100.0

According to this table out of 111 respondents, 84.6% respondents were agree that the insurance is a way to protect in hard times,15.4% respondents were not agree that the insurance is a way to protect in hard times .

Table 7 Insurance is necessary for an individual

Insurance	Frequency	Percentage
Yes	97	87.4
No	14	12.6
Total	111	100.0

According to this table out of 111 respondents, 87.4% respondents agree that the insurance is necessary for an individual, 12.6% respondents were not agree that the insurance is necessary for an individual.

Table 8 Awareness regarding private insurance companies providing life insurance apart from LIC of India

Awareness	Frequency	Percentage
Yes	85	76.5
No	26	23.5
Total	111	100.0

According to this table out of 111 respondents, 76.5% respondents were aware regarding the private insurance companies providing life insurance apart from LIC of India, 23.5% respondents were not aware regarding the private insurance companies providing life insurance apart from LIC of India.

Table 9 Respondents having policy is life time policy

Life time policy	Frequency	Percentage
Yes	71	63.9
No	40	36.1
Total	111	100.0

According to this table out of 111 respondents, 63.9% respondents having policy is life time policy , 36.1% respondents having policy is life time policy.

Table 10 Policy giving daily cash regular hospitalization

Daily cash regular hospitalization	Frequency	Percentage
Yes	67	60.4
No	44	39.6
Total	111	100.0

According to this table out of 111 respondents, 60.4% respondents having daily cash regular hospitalization , 39.6% respondents do not have the daily cash regular hospitalization .

Table 11 Respondents having free health check up

Free health check up	Frequency	Percentage
Yes	60	54
No	51	45.9
Total	111	100.0

According to this table out of 111 respondents, 54% respondents have the free health check-up, 45.9% respondents don't have free health check-up.

Table 12 Services offered by respondent insurance company

Category	Frequency	Percentage
Poor	13	11.7
Good	38	34.2
Average	37	33.4
Excellent	23	20.7
Total	111	100.0

According to this table out of 111 respondents, 20.7% respondents had the excellent services offered by the respondent insurance company, 33.4% respondents were Average ,34.2% respondents were Good ,11.7% respondents were Poor.

Findings

- Most of the investors (47.7%) were in the age group of 25-35 years.
- Most of the investors (69.5%) were male investors.
- Majority of the respondents were Professional (54%) and Business (24%) people in occupation.
- Most of the respondents (49%) were in the income category of 1-5 lac.
- Majority of the respondents (46.6%) have Savings as primary goal of investment.
- Majority of the respondents have chosen Bank Deposit (97.3%) as their first preference. The second and third preference were Fixed Deposit (79.3%) and Mutual fund (68%). Insurance (48%) as fourth preference.
- Most of the respondents prefer Advertisement (40.7%) as primary sources of information.
- Most of the respondents see High return (34%) as an advantage before investing in mutual fund.
- Most of the respondents prefer to invest in SBI (31.8%), HDFC (26%), ICICI (15.3%) and Reliance (14.7%).
- Majority of the respondents (37.3%) consider Fund performance before investing in mutual fund scheme.
- Majority of the respondents (39.3%) facing low risk on the basis of different mutual fund schemes.
- Majority of the respondents (16.6%) have investment experience in mutual fund between 1-3 years and the least (5.33%) between more than 5 years.

Conclusion :

Demographic factors influence the investor attitude towards mutual fund. The investors preference for Saving Account, Mutual fund and Fixed deposit varies depending on age, income, occupation and gender. The study reveals that investors invest in the mutual fund with the savings perspective. It also shows that investors prefer low risky and short term mutual fund scheme. Most of the investors prefer high return as advantage of mutual fund as they believe that risk is high in mutual fund scheme. Investors should know that past performance of a mutual fund scheme doesn't determine the future performance. All factors should be properly evaluated before investing in mutual fund scheme. AMC's release scheme related document that is helpful in selecting a right scheme. This study will help other researchers to study, analyze and collecting the data in evaluating the investors attitude towards mutual fund.

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