



## Impact of Financial Literacy Programs on Awareness and Uptake of Insurance Schemes by Rural Women

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### INTRODUCTION :

**Insurance** is a financial contract where an individual or entity (insured) pays a premium to an insurance company for coverage against potential financial losses arising from unforeseen events. In essence, it's a risk management tool. The concept of insurance, while its modern form is relatively recent, traces its origins to ancient Babylonian merchants who formed early guilds to share the risks associated with sea voyages.

India's insurance landscape has evolved significantly. Traditionally, Indians relied on family and community support as safety nets. However, the mid-20th century saw the nationalization of the sector, leading to the formation of the Life Insurance Corporation of India (LIC) and other state-owned insurers. Liberalization reforms in the early 2000s ushered in private players, expanding the market.

Today, the Indian insurance industry offers a diverse range of products, including life, health, motor, property, and many more. Despite rapid growth, insurance penetration remains relatively low compared to developed nations. While challenges such as reaching rural populations persist, the industry is poised for expansion driven by factors like increasing disposable incomes, growing awareness, and technological advancements.

Broadly categorized, insurance can be divided into two main types:

- **Life Insurance:** Covers financial losses due to the death of the insured.
- **General Insurance:** Encompasses a wide range of insurance products beyond life insurance, such as health, motor, property, liability, and marine insurance.

### Term Insurance: A Business Perspective

**Definition:** Term insurance is a type of life insurance policy that provides coverage for a specific period of time. If the insured dies during the policy term, a death benefit is paid to the beneficiaries.

### Related Concepts:

- **Life Insurance:** A broader category encompassing both term and permanent types of insurance.
- **Premiums:** The regular payments made by the insured to maintain the policy.
- **Death Benefit:** The amount paid to beneficiaries upon the insured's death.
- **Term:** The length of time the policy is in effect.
- **Renewable:** The option to extend the policy for additional terms.
- **Convertible:** The ability to change the policy to a permanent type.

### Significance to the Field of Business:

Term insurance has significant implications for businesses in several ways:

- **Employee Benefits:** Many companies offer term insurance as part of their employee benefits packages to attract and retain talent. It provides financial security for employees and their families in the event of an unexpected death.
- **Business Continuity:** For businesses that rely heavily on key employees, term insurance can help mitigate the financial impact of their loss. A death benefit can be used to replace the lost income, hire a replacement, or fund other business needs.
- **Debt Repayment:** Businesses often use term insurance to secure loans or debt obligations. If the business owner dies, the death benefit can be used to repay the debt, preventing financial hardship for the business.
- **Risk Management:** Term insurance is a valuable tool for risk management. By transferring the risk of an unexpected death to an insurance company, businesses can protect their financial stability and focus on their core operations.

### The Background of Term Insurance

**Term insurance** is a type of life insurance that provides coverage for a specific period of time. If the insured person dies during this term, the insurance company pays a death benefit to the designated beneficiaries. This type of insurance is often used to protect loved ones from financial hardship in the event of an unexpected death.

### Historical Context

The concept of life insurance can be traced back to ancient Babylon, where guilds and fraternities would pool funds to support the families of deceased members. However, the modern form of term insurance is more closely linked to the Industrial Revolution. As people moved from rural areas to cities and began working in factories, the need for financial protection in case of unexpected death became more pronounced.

### Key Developments in Term Insurance

- **18th Century:** The first life insurance companies began to appear in England, offering policies to individuals.
- **19th Century:** Term insurance gained popularity in the United States, particularly among working-class families.
- **20th Century:** The development of actuarial science allowed for more accurate pricing of term insurance policies, making them more affordable.

### Benefits of Term Insurance

- **Affordability:** Term insurance is generally more affordable than other types of life insurance, making it a popular choice for individuals on a budget.
- **Flexibility:** Term insurance policies can be customized to meet the specific needs of the insured person, including the length of coverage and the amount of the death benefit.
- **Simplicity:** Term insurance is a relatively simple product, with few complex features or riders.

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## REVIEW OF LITERATURES :

### 1. Author: Ashok Kumar

**Title:** Awareness of Life Insurance Products in Rural India

**Year:** 2017

**Objective:** To assess the level of awareness about term insurance among rural households.

**Journal:** *Journal of Rural Studies*

**Methodology:** Survey-based research on 500 households.

**Hypothesis:** Rural households are less aware of term insurance products compared to urban areas.

**Research Gap:** Limited studies focus on specific insurance types in rural India.

**Findings:** Only 30% of rural respondents had heard of term insurance.

### 2. Author: Priya Sharma

**Title:** Awareness of Term Insurance in the Rural Markets of India

**Year:** 2018

**Objective:** To examine the factors affecting term insurance awareness in rural regions.

**Journal:** *International Journal of Rural Development*

**Methodology:** Qualitative interviews with insurance agents.

**Hypothesis:** Insurance literacy is lower in rural areas, especially for term insurance.

**Research Gap:** Lack of comprehensive qualitative studies on rural insurance agents.

**Findings:** Word-of-mouth and government schemes were the main channels for spreading awareness.

### 3. Author: Ramesh Gupta

**Title:** Understanding Term Insurance Awareness Among Rural Populations

**Year:** 2019

**Objective:** To measure the penetration of term insurance in rural India.

**Journal:** *Indian Journal of Insurance Research*

**Methodology:** Quantitative survey of 800 respondents.

**Hypothesis:** Income levels significantly affect term insurance awareness.

**Research Gap:** Previous research focused on life insurance, but not specifically on term insurance.

**Findings:** Higher income groups in rural areas are more aware of term insurance.

**4. Author: Sneha Joshi****Title:** Term Insurance Awareness: A Study in Rural Maharashtra**Year:** 2020**Objective:** To identify awareness levels about term insurance among farmers.**Journal:** *Journal of Rural Finance and Insurance***Methodology:** Focus group discussions and surveys in rural villages.**Hypothesis:** Low financial literacy leads to poor awareness of term insurance.**Research Gap:** Insufficient data on insurance awareness among farmers.**Findings:** Most farmers confused term insurance with other savings-based insurance.**5. Author: Deepak Mehta****Title:** Financial Literacy and Insurance Awareness in Rural India**Year:** 2017**Objective:** To evaluate the relationship between financial literacy and awareness of term insurance.**Journal:** *Journal of Financial Inclusion***Methodology:** Statistical analysis of financial literacy scores and insurance awareness.**Hypothesis:** Higher financial literacy correlates with greater insurance awareness.**Research Gap:** Limited attention to the role of education in insurance awareness.**Findings:** Financial literacy significantly influences awareness of term insurance.

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**Research gap :**

Gender issues are underexplored in most of the listed studies. There may be significant differences in how rural men and women perceive and access insurance. In many rural households, especially in patriarchal societies, financial decisions are predominantly made by men. Women, particularly those with lower education or in marginalized communities, may have limited autonomy over financial choices, including decisions related to insurance participation. This creates a barrier to insurance uptake among women, as they may not actively engage in discussions about financial products, such as life or health insurance.

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**Statement of the problem :**

In many rural households, patriarchal norms and gender roles significantly influence financial decision-making. Men, as primary decision-makers, may prioritize their own insurance needs over those of their female family members. This gender bias can lead to lower insurance penetration among women, particularly those with limited education or from marginalized communities.

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**Objectives :**

- Analyse the impact of financial literacy programs on improving women's awareness and participation in insurance schemes, and evaluate how targeted, gender-sensitive education can enhance women's financial inclusion.

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**Methodology :****Objectives of the Study:**

1. To assess the current level of financial literacy among rural women in Andhra Pradesh.
2. To examine the impact of financial literacy programs on women's awareness of insurance schemes.
3. To evaluate the effectiveness of gender-sensitive financial education in enhancing women's participation in insurance schemes.
4. To identify the key barriers and facilitators influencing women's decision-making regarding insurance.
5. To recommend strategies to improve women's financial inclusion through targeted insurance interventions.

**Hypotheses** **Null Hypothesis (H<sub>0</sub>):**

- Financial literacy programs have no significant impact on women's awareness of insurance schemes in Andhra Pradesh.

 **Alternative Hypothesis (H<sub>1</sub>):**

- Financial literacy programs have a significant positive impact on women's awareness of insurance schemes in Andhra Pradesh.

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## Analysis and Data Collection Report :

### 1. Introduction

This report presents an analysis of survey responses collected from 500 rural women regarding their financial literacy, insurance awareness, and decision-making power. The study aims to identify key trends and barriers affecting financial inclusion among women in rural areas.

### 2. Data Collection Methodology

- **Sample Size:** 500 respondents
- **Target Group:** Rural women from various socio-economic backgrounds
- **Data Collection Method:** Structured questionnaire
- **Questionnaire Sections:**
  1. Demographic Information
  2. Financial Literacy
  3. Awareness of Insurance Schemes
  4. Participation in Insurance
  5. Suggestions and Barriers

### 3. Key Findings and Analysis

#### 3.1 Demographic Insights

- **Age Group Distribution:**
  - 20-30 years: 35%
  - 31-40 years: 30%
  - Above 40 years: 20%
  - Below 20 years: 15%
- **Education Level:**
  - 40% of respondents were illiterate.
  - 30% had only primary education.
  - Only 10% had completed higher secondary education.
- **Occupation Distribution:**
  - 45% were housewives.
  - 20% were engaged in farming/agriculture.
  - 15% were daily wage labourers.
  - 20% were self-employed.
- **Family Income:**
  - 50% had a monthly income below ₹10,000.
  - Only 10% had income above ₹20,000.

#### 3.2 Financial Literacy and Banking

- **Savings Account Ownership:** 55% of respondents had a bank or post office savings account.
- **Financial Decision-Making:**
  - 60% stated that financial decisions were made by male family members.
  - Only 20% had full control over financial decisions.
- **Financial Confidence:**
  - 50% were somewhat confident in making financial decisions.
  - 30% were not confident at all.

#### 3.3 Awareness and Participation in Insurance

- **Awareness of Insurance:**

- 60% knew about insurance.
- 40% had no knowledge of its benefits.
- **Ownership of Insurance:**
  - 40% had some form of insurance (health, life, or accident).
  - 60% had no insurance coverage.
- **Main Barriers to Insurance Adoption:**
  - 35% cited lack of awareness.
  - 30% stated affordability as the main issue.
  - 20% mentioned the complexity of procedures.
- **Knowledge of Government Insurance Schemes:**
  - Only 30% had heard of government insurance schemes like PMJJBY.

### 3.4 Social and Cultural Barriers

- **Men vs. Women in Insurance:**
  - 65% believed men were more likely to be insured than women.
- **Family Encouragement:**
  - 55% said their families did not encourage them to get insurance.
- **Challenges in Obtaining Insurance:**
  - 40% faced difficulties such as lack of documentation and access to banks.

### 3.5 Suggestions for Improvement

- **How to Improve Financial Literacy:**
  - 45% suggested local training in simple language.
  - 30% recommended real-life examples and case studies.
  - 25% emphasized the need to involve family members in financial education programs.
- **What Would Help Women Get Insurance?**
  - 40% asked for better awareness programs.
  - 30% requested financial subsidies.
  - 20% needed family support to make financial decisions.
  - 10% wanted simpler procedures.

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## 4. Conclusion and Recommendations :

### Conclusion:

- Since the p-value (1.0) is much greater than the standard significance level (0.05), we **fail to reject the null hypothesis ( $H_0$ )**.
- This means **financial literacy programs do not have a statistically significant impact on women's awareness of insurance schemes** in this dataset.

### Recommendations Based on Findings

Since the analysis indicates that financial literacy programs have **no significant impact** on women's awareness of insurance schemes, adjustments and improvements are necessary. Here are some recommendations to enhance the effectiveness of financial literacy programs in Andhra Pradesh:

#### 1. Improve the Content and Delivery of Financial Literacy Programs

- **Simplify the language:** Use local languages and easy-to-understand explanations tailored to the audience's literacy levels.
- **Make sessions interactive:** Use real-life case studies, role-playing, and visuals to explain financial concepts.
- **Include practical demonstrations:** Conduct live demonstrations on how to enroll in insurance schemes rather than just providing theoretical knowledge.

#### 2. Increase Awareness Through Trusted Community Channels

- **Leverage SHGs (Self-Help Groups) and NGOs:** Women are more likely to trust and engage with community-based organizations. Training SHG leaders as financial literacy ambassadors can improve outreach.

- **Involve family members:** Since financial decisions often involve family members, including spouses and elders in awareness campaigns can encourage insurance adoption.
- **Use digital platforms and social media:** Short videos, WhatsApp groups, and community radio can help reinforce learning.

### 3. Address Socio-Cultural Barriers

- **Overcome traditional gender norms:** Since "Men More Likely to Be Insured" was a notable response in the dataset, targeted campaigns should emphasize the importance of insurance for women.
- **Promote women-specific schemes:** Highlight government insurance programs designed specifically for women, such as PMJJBY (Pradhan Mantri Jeevan Jyoti Bima Yojana).
- **Encourage male allies:** Educating men about the benefits of women's financial security can create a supportive environment.

### 4. Ensure Accessibility to Insurance Enrollment

- **Simplify procedures:** Women often find the enrollment process complicated. A dedicated helpline or insurance assistance centers in rural areas can help.
- **Reduce physical barriers:** Mobile enrollment camps in villages can help overcome difficulties related to distance from banks and insurance offices.
- **Provide financial incentives:** Partial subsidies or incentives for first-time enrollees could encourage participation.

### 5. Monitor and Evaluate Program Effectiveness

- **Conduct follow-up assessments:** Instead of one-time training, regular follow-ups should be done to assess knowledge retention.
- **Collect feedback from participants:** Modify program content based on the challenges women report.
- **Measure real outcomes:** Track not just awareness but actual policy enrollments among women who attended financial literacy programs.

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