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EDITORIAL

We bring to you the June 2017 issue of Business Plus, a Bi-annual Journal of Sri Kaliswari Institute of Management and Technology, Sivakasi. The objective of this journal is to promote research attitude by encouraging academicians, industrialists and research scholars to do empirical studies in commerce and management and disseminate the results of such research. It also provides a platform for presenting the latest concepts in management.

Following is the bird's eye view of the papers published in June 2017 issue:

In the paper A STUDY ON E-SERVICE QUALITY MANAGEMENT IN HEALTHCARE INDUSTRY, Dr.R.Menaka, analyses the various factors related to e-service quality management and the expectations of the respondents on E-SQM in hospitals.

P.Vijeyakumar & Dr.R.Neelamegam in their paper A STUDY ON STUDENTS' AWARENESS ABOUT ENTREPRENEURSHIP WITH SPECIAL REFERENCE TO SIVAKASI TALUK assessed the the students' level of awareness about business planning process & the nature of business preferred by students. The study was undertaken in Sivakasi Taluk & 300 respondents selected by Quota sampling method are surveyed. Results revealed retailing is the top priority of the respondents followed by Manufacturing sector. Awareness about product line ranks first among the respondents.

The paper THE PERFORMANCE ANALYSIS OF PUBLIC AND PRIVATE LIFE INSURANCE COMPANIES IN INDIA by Dr. P. Sundara Pandian and M.J. Senthil Kumar attempts to analyse the performance of public and private life insurance companies with secondary data using percentage analysis and growth rates. Though privatization of the insurance sector is feared to affect the prospects of the LIC, the study shows that the LIC continues to dominate the sector.

In the paper A STUDY ON ORGANIZATIONAL COMMITMENT AND JOB SATISFACTION AMONG BANK EMPLOYEES IN MADURAI CITY, Dr.R.Menaka, & M.Arun Prakash analyses the affective, normative and Continuance organizational commitment of bank employees in Madurai district.

Dr.R.Neelamegam in the paper DRIVERS OF INVESTMENT IN A SOCIAL INSURANCE SCHEME: A STUDY WITH REFERENCE TO EASTERN REGION OF VIRUDHUNAGAR DISTRICT, TAMIL NADU examines the awareness of Pradhan Mantri Suraksha Bima Yojana (PMSBY) a social insurance scheme and the features considered by the policyholders for subscription to the policy. The banking industry is undergoing a rapid transformation in the global economy.

Online shopping has experienced a rapid growth during the recent years due to its unique advantages for both consumers and retailers. Dr. M.Balaji in the paper A STUDY ON BUYER'S PRE-PURCHASE BEHAVIOUR INTENTION AND PREFERENCE OF ONLINE SHOPPING" WITH REFERENCE TO ARUPPUKOTTAI finds the pre purchase behaviour intention and preference of online customers. The study reveals that pen drive, mobiles and clothing are the top preference of the respondents for online purchase.

This paper DATA ANALYTICS IN PROFITABILITY ASPECTS OF BANKS USING FUZZY LOGIC DECISION MAKING TECHNIQUE AND FORECASTING TECHNIQUES has attempted to evaluate, analyse and rank the Indian banks fuzzy logic decision making method. The paper also highlights interesting findings regarding the profit maximization over the years and analysis about the current marketing challenges. Result shows that State Bank of India stands at the top, based on the fact of high profitability compared to other public sector banks right from 2011 to 2015.

A STUDY ON E-SERVICE QUALITY MANAGEMENT IN HEALTHCARE INDUSTRY

Abstract

The world has recently seen huge developments in economic, political, social, and educational environments. Accordingly, there has been an increasing demand for e-learning resources and online academic databases to support research and learning. Various authors recognise the strategic importance of service quality in health care in both the private and the public health care organisations. Quality should not only be assessed from the provider's point of view, but also from the customer's point of view, while acknowledging the complexity, heterogeneity and ambiguity of health care services. Although it is debatable on exactly how to increase the efficiency and effectiveness of the health care industry, an increasing number of health care organisations are implementing the principles of quality management to improve and maintain the quality of care, while at the same time controlling costs. Even though the strategic importance of quality in the context of health care is widely accepted, significant differences exist between the various health care providers. A recent study in Egypt found, that the level of satisfaction of private hospital patients is higher than those of public hospital patients. The findings of a study in the UAE indicate the opposite. Public hospital in-patients are overall more satisfied than private hospital in-patients, even more so with regard to reliability and tangible related issues. Explanations for these unexpected results include the proportionally large government investment in health care and the high incidence of patients being subsidised for medical treatment outside the UAE. It is crucial to understand patients' perceptions and expectations of the quality of care, because the perceived quality of health care services often influences the consumption behaviour and patterns of health services. Determining the factors associated with patient's satisfaction is an important topic for the health care provider in order to understand what is valued by patients, how the quality of care is perceived by the patients and to know where, when and how service changes and improvements could be made. Hence, the present research has been in the title of a study on e-service quality management in hospital industry and based on both primary and secondary sources of data collections.

Keywords: Efficiency & Effectiveness, Perceptions of Patients, Quality of Care, Satisfaction and Controlling Costs.

INTRODUCTION

The quality-management practices by manufacturers and service providers have become increasingly widespread. Recognition of the differences between manufacturing and services through the dimensions of intangibility, inseparability, and heterogeneity of service products has enabled quality management practitioners to develop approaches that have proved effective in improving service quality. The quality of service both technical and functional is a key ingredient in the success of service organizations. Technical quality in health

care is defined primarily on the basis of the technical accuracy of the diagnosis and procedures. Several techniques for measuring technical quality have been proposed and are currently in use in health-care organizations. Information relating to this is not generally available to the public, and remains within the purview of health-care professionals and administrators. Functional quality, in contrast, relates to the manner of delivery of health-care services.

Numerous studies have shown that provision of high-quality services is directly

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related to increase in profits, market share, and cost savings. With competitive pressures and the increasing necessity to deliver patient satisfaction, the elements of quality control, quality of service, and effectiveness of medical treatment have become vitally important. Although the published literature contains many references to quality and customer perceptions of the medical profession from a clinical perspective, very little research has been conducted into non-clinical aspects of the quality of health care. Quality, essence of modern's life, is an integral part of the development of a country. In case of healthcare service, every country should build up effective mid-care system for their citizens. Therefore, the perception that people have about the relative quality of health care services in a country should be favorable. The last few decades have witnessed fast economic growth and rapid urbanization in developing countries. This along with technological advances, including revolution in information technology worldwide has led to increased demand and new expectation of patients.

OBJECTIVES OF THE STUDY

The present study has been conducted with the following objectives:

1. To know about the Healthcare Industries in India.
2. To study the importance of service quality management and also about the E-SQM in healthcare industries.
3. To analyse the various factors related with the study.
4. To give valuable suggestions and recommendations for the better ESQM of Healthcare Industries.

OPERATIONAL DEFINITIONS

Service quality (SQ) is, “a comparison of perceived expectations (E) of a service with perceived performance (P), giving rise to the equation $SQ = P - E$. This conceptualization of service quality has its origins in the expectancy-disconfirmation paradigm”.

Health care or healthcare is “the maintenance or improvement of health via the diagnosis, treatment, and prevention of disease, illness, injury, and other physical and mental impairments in human beings. It includes the work done in providing primary care, secondary care, and tertiary care, as well as in public health”.

E-Service Quality Management is, “a characteristic of today's society is the increasing use of modern information and communication technologies in all areas. Computer applications, called e-services, are being developed to provide efficient access to services, electronically”.

REVIEWS OF RELATED LITERATURE

According to Cronin and Taylor (1992), expectations for the high quality of services had increased in the lives of the people due to increase of economic share of service sector in almost all the economies of the world and it has reached to half sum of GNP's. Customers played a vital role in the success or failure of a service or product as their perceptions about the product or services played a significant role while assessing the quality of that particular services or products. Therefore, delivering superior quality services to the customers are the key strategies adopted by most of the organizations to sustain in this competitive environment (Parasuraman et al., 1985; Zeithaml et al., 1990; Reichheld & Sasser, 1990; Dawkins & Reichheld, 1990) and this area gain considerable attentions of the research scholars around the globe, and this debate continues (Nimit and Monika, 2007). Satisfaction of the patients seem to be the most important factor for the private health care providers (Havva Çaha). Therefore, survival of any organizations in this highly competitive environment is depending upon the delivery of superior quality of services to their customers (Parasuraman et al., 1985; Zeithaml et al., 1990).

Oliver (1999) considers that loyalty is a commitment. The early studies of loyalty were focused on brand loyalty with respect to tangible goods (e.g., Guest, 1944; Cunningham, 1961; Jacoby and Chestnut, 1978), and subsequently

store loyalty (e.g., Samli and Sirgy, 1981; Bloemer and Ruyter, 1997). Recent studies have expanded into service loyalty (e.g., Gremler and Brown, 1999) and customer loyalty (e.g., Oliver, 1997). Customer loyalty is important for both the firm and the customer. As regards the firm, loyal customers are willing to make repeat purchases in the business that delivers value beyond their expectation. (D.Rabach K, 2013). Some researchers consider that studies oriented towards the analysis of perceived quality and satisfaction make sense in the framework of the explanation of purchasing loyalty, because customer loyalty has become the principal objective of firms (Oliver, 1999).

HEALTHCARE INDUSTRY IN INDIA

Indian healthcare is experiencing a new wave of opportunity. Providers are reinventing existing delivery models to bring healthcare closer to the patient. The following emerging trends are changing the course of the industry:

- The change in the government's role from provider to payer has expanded the financial risk protection coverage to the marginalized.
- Private sector partnerships through health PPPs are gradually gaining acceptance, thereby improving access to care.
- The significant demand-supply mismatch has led healthcare to emerge as an attractive sector for PE investments.

The private healthcare sector is responsible for the majority of healthcare in India. Most healthcare expenses are paid out of pocket by patients and their families, rather than through insurance. This has led many households to incur Catastrophic Health Expenditure (CHE) which can be defined as health expenditure that threatens a household's capacity to maintain a basic standard of living. One study found that over 35% of poor Indian households incur CHE and this reflects the detrimental state in which Indian health care system is at the moment. With government expenditure on health as a percentage of GDP falling over the years and the rise of private health care sector, the poor

are left with fewer options than before to access health care services. Private insurance is available in India, as are various through government-sponsored health insurance schemes. According to the World Bank, about 25% of India's population had some form of health insurance in 2010. A 2014 Indian government study found this to be an over-estimate, and claimed that only about 17% of India's population was insured. Public healthcare is free for those below the poverty line. Penetration of health insurance in India is low by international standards. Also private health insurance schemes, which constitute the bulk of insurance schemes availed by the population, do not cover costs of consultation or medication. Only hospitalisation and associated expenses are covered. India has typically addressed concerns pertaining to pricing of medication through indirect but more pragmatic means such as tax sops for medical expenses and patent law. Indian patent law only protects formulation and not the composition of a drug. This means that generic drugs that typically become available after the patent protections afforded to a drug's original developer expire are available in India much earlier. Indian pharmaceutical companies routinely re-engineer processes for manufacturing generic drugs to make medication available at much lower costs. Accordingly, most of the research budget in Indian pharmaceutical companies is oriented at developing processes for synthesizing drugs, rather than drug development. In India, the development assistance for health for a population of 1.3 billion is a total of \$650 million out of which the majority is provided for child and newborn care (\$230 million) and maternal health (\$110 million).

IMPORTANCE OF SERVICE QUALITY MANAGEMENT

Quality management has become an essential part of all businesses. No matter what type of industry you call your executive home, this topic is sure to be on the forefront of all business processes you implement. Quality management is the process of controlling, ensuring, and improving quality; both in business

operations and productivity. If customers are satisfied, chances are they feel they are receiving high-quality products that are constantly improved upon in order to keep up with the ever-changing times. Quality management is crucial to the success of a business. It takes place throughout an organization in several different areas. Teams are often formed for the purpose of implementing programs. These programs cover the organization as a whole and encompass every aspect of the business. For example, managers must implement these processes in order to make sure their employees are performing up to the highest of standards. In order to make this happen, various tools must be put into place that will aid employees in completing various business tasks. These tools will then allow them to do this to the best of their abilities. Products and services are also important parts of quality management. No matter what a particular organization sells, quality is a necessary part of it. Customers expect good products and services and want to know that their hard earned money is going toward something that will not only benefit them now, but will also last for a long time. A successful business is like a well-oiled machine. Team member's work together to ensure their area turns out quality work. All those areas come together in one big corporation that offers customers products or services that serve a specific purpose. That is why it is important for managers to keep all areas informed of what is going on in the organization as a whole. If each area understands what the others are doing and why they exist, the work turned out will be more uniform and pointed toward a specific cause. High quality means success. Happy customers will be returning ones and that is what every organization strives for at the end of the day. Quality management is a process that must receive constant attention in order to be successful. That is why there are employees devoted to controlling, maintaining, and improving quality on an ongoing basis.

QUALITY MANAGEMENT IN HEALTHCARE INDUSTRY

Quality management seeks to improve effectiveness of treatments and increase patient satisfaction with the service. With an aging population and rising health care costs, quality management in health care is gaining increased attention. A health care system comprises small and large entities, such as pharmacies, medical clinics and hospitals, and all components need to provide quality service for the system to work properly.

Patient Focus: Effective quality management is focused on the needs of the patients because they are the ones who judge the effectiveness of treatments and the appropriateness of the service. Patient needs and expectations change over time; consequently, sound quality management calls for constant monitoring of the patients' progress and satisfaction with the service. This monitoring uses both objective and subjective means for example, medical test results and the patient's opinion of the effectiveness of treatments to judge the quality of the treatment approach.

Leadership: Quality management in health care requires the close cooperation of people with diverse expertise. Service providers should agree on the shared goal of providing quality service, and this can come about only if supervisors assume a leadership role and motivate employees.

Reliability: Quality management is essentially about delivering consistent quality, which, in turn, requires reliable processes. Reliability requires the existence of performance goals, risk reduction procedures, quality improvement policies, quality measurement systems and reward mechanisms.

External Environment: The health care sector is highly regulated and relies on state-of-the-art diagnostic technologies. Additionally, health care costs usually are covered by a third party, such as an insurance company or a government program. These factors call for a quality management system

that complies with external regulations and adopts latest technologies and the required knowledge for effective application of those technologies.

ANALYSIS PART OF THE STUDY

Table 1: Analysis on Tangible Constructs relating to SQM in Hospitals

Variables	Mean	Standard Deviations
Availability of adequate seating	1.661	1.06
Cleanliness of ablution facilities	1.988	1.23
Cleanliness of corridors	1.967	1.05
Clear and informative signage	2.341	1.37
Convenience of parking	1.926	2.53
General condition of equipment	2.141	2.37
Neat appearance of staff	1.864	1.07
Noise level of corridors	1.682	0.94
Quality of cafeteria services	2.129	1.20
Visibility of staff identity	1.875	1.03
Visual appearance of Physical facilities	1.713	0.94

Source: Primary data

Table 2: Analysis on General Constructs relating to SQM in Hospitals

Variables	Expected Mean	Perceived Mean
Communication at a level that I can understand	1.65	1.91
Communication in a language that I can understand	1.59	2.06
Confidentiality of treatment	1.66	2.29
Friendliness and courtesy of staff	1.65	2.27
Personal safety	1.66	1.94
Safety of facilities	1.69	2.09
Safety of personal belongings	1.64	2.20
Treatment with dignity and respect by staff	1.66	2.24

Source: Primary data

Table 3: Respondents Expectations on E-SQM in Hospital Industries

Statements	SA	A	NA	DA	SDA
They should have up to date equipment and technology	40	27	27	6	0
Their physical facility should be visually appealing	34	16	30	17	3
Bathrooms should be very clean	12	58	25	5	0
Rooms should be clean	20	67	10	2	1
Meals should be attractive	17	60	10	12	1
Food should have right temperature	22	38	35	5	0
Nurses should respect privacy	33	23	35	6	3
Room should be quite	26	38	22	8	6

Parking should be convenient	14	40	26	18	0
Patients who will be discharged should expect prompt service from employees of the hospital for the discharging operations	19	28	35	10	8
Patients should expect prompt services from nurses when the patients need them	34	36	28	2	0
Patients who come to hospital should expect prompt service from employees of the hospital for the admission operation	36	42	15	5	2
Employees of the hospital should always be willing to help their patients	26	39	16	12	7
Employees of the hospitals should explain customer's question appropriately about the discharge process	15	40	30	10	5
Employees of the hospital should explain customer's question appropriately about any procedure	18	42	21	11	8
Patient should be secure that they recovered well before they are discharged	20	35	30	15	0

Source: Primary data

Table 4: Descriptive Analysis of Various E-SRM Variables of Hospital Industries

Variables	Mean	Standard Deviation
Accuracy & Timely Report	1.9426	0.719
Care of Nursing	2.3770	0.774
Convenience in Maintaining Timing	1.9590	0.720
Convenience to Visit	2.0820	0.733
Cost Feasibility	2.2623	0.799
Doctor Qualification & Medicine Updating	2.5328	0.835
Environment & Toilet Cleanliness	2.0984	0.720
Expertise Service Providers	2.0164	0.738
Friendliness & Courtesy of Staff Members	2.0410	0.672
Modern Equipment for Diagnosis	2.0574	2.029
Personal Relationship	3.1230	1.154
Satisfied Service Sector	1.9918	0.755
Speed in Completing Medical Examination	2.1803	0.655
Treatment Outcome Level	1.5574	0.498

Source: Primary data

Table 5: Analysis on E-Service Quality Dimensions with its Criteria

SERVQUAL Dimensions	E-Service Quality Criteria	Mean	Standard Deviation
Reliability	Information accuracy	3.36	0.86
	Purchased product to be identical with delivered product	3.32	0.86
	Correct technical functioning and availability of the web site	4.00	0.65
	Product availability	3.52	0.87
Assurance	Customer's confidence in the company	3.76	1.04
	Security	3.67	1.23
	Price knowledge and assurance of the total price	3.33	1.15
	Protection of customer's personal information	2.67	1.15
Tangibles	Web site aesthetics	2.57	1.02
	Ease of use and navigation	2.52	1.32
	Promptness of web site downloading and provision of required information	2.43	1.16
	Frequent updating of web site	2.29	1.23
	Use of web site tools and technologies (HTML, XML, PHP, web services, search engines, user-generated content. . .)	2.05	1.07
Empathy	Provision of customised information	3.20	1.04
	Accessibility	3.64	0.76
	Possibility of selecting method of product dispatch	3.20	0.76
	Possibility of selecting method of payment	3.16	0.94
	Use of personalisation tools	3.52	0.76
Responsiveness	Prompt response via web site to customer's requirements	4.33	0.85
	Help when a problem arises during the transaction process	3.90	1.04
	Prompt dispatch and delivery of products	3.86	1.27
	After-sales service	4.05	1.20

Source: Primary data

Table 6: Analysis of e-SQM Ranking in Hospital Industries

Criteria	Weightage	Ranking
Custom/Personalisation	998	1
Prompt Response	942	3
Security	876	5
Correct Functional Sites	954	2

Accessibility	758	8
Information Accuracy	798	7
Patients Confidence	908	4
Web site Design	675	10
Customer Service	820	6
Use Web site Tools	689	9

Source: Prima.ry data

Table 7: Trends in e-Health policy and strategy adoption

Percentage of countries with a national e-health policy or strategy	2005 n = 26	2009 n = 36	2015 n = 43
	73%	89%	70%

Source: Date from WHO Publication building foundations for e-Health

Figure 1: In-service training for professionals on ICT and e-Health

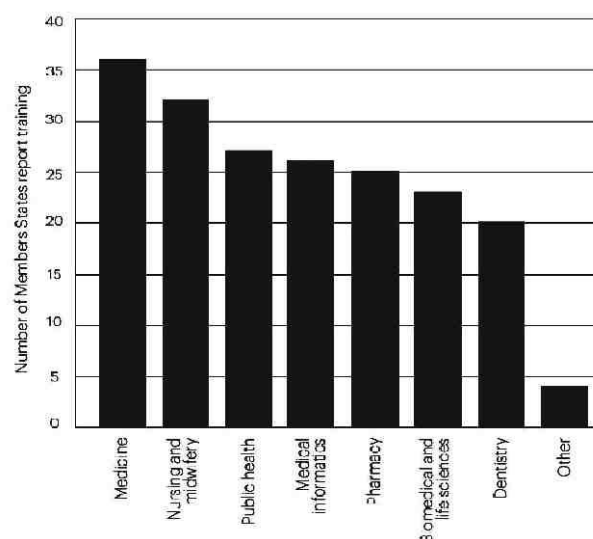


Table 8: Factor Analysis on E-SERQUAL Management in Hospital Industries

Factor of Analysis	Factor Loading
Information at the website is well organized	0.870
It enables me to complete a transaction quickly on the website	0.881
It loads its pages fast	0.744
It makes it easy to get anywhere on the website	0.908
Pages at this site do not freeze after I enter my order information	0.626
The website does not crash	0.689
The website enables me to get on to it quickly	0.880
The website is always available for business	0.883

The website is simple to use	0.895
The website launches and runs right away	0.874
The website makes it easy to find what I need	0.906
This site is well organized	0.766
Website delivers orders when promised	0.729
Website does not share my personal information with other web sites	0.746
Website has in stock the items the company claims to have	0.732
Website is truthful about its offerings	0.776
Website makes accurate promises about delivery of products	0.737
Website makes items available for delivery within a suitable time frame	0.768
Website protects information about my credit card	0.713
Website protects information about my Web-shopping behavior	0.796
Website provides a telephone number to reach the company	0.691
Website quickly delivers what I order	0.721
Website sends out the items ordered	0.855
Website tells me what to do if my transaction is not processed	0.684

Source: Primary data

SUGGESTIONS AND RECOMMENDATIONS

A few suggestions are timely and should be considered:

- ✓ Develop and implement national standards for examination by which doctors, nurses and pharmacists are able to practice and get employment.
- ✓ Rapidly develop and implement national accreditation of hospitals; those that do not comply would not get paid by insurance companies. However, a performance incentive plan that targets specific treatment parameters would be a useful adjunct.
- ✓ Obtain proposals from private insurance companies and the government on ways to provide medical insurance coverage to the population at large and execute the strategy. It is healthy to have competition in healthcare, and provide health insurance to the millions who cannot afford it.
- ✓ Utilise and apply medical information systems that encourage the use of evidence-based medicine, guidelines and protocols as well as electronic prescribing in inpatient and outpatient settings. This is possible though the implementation of the EHR; this will, in time, encourage healthcare data collection, transparency, quality management, patient safety, efficiency, efficacy and appropriateness of care.
- ✓ Perverse incentives between specialists, hospitals, imaging and diagnostic centres on the one hand and referring physicians on the other need be removed and a level of clarity needs to be introduced.
- ✓ Develop multi-specialty group practices that have their incentives aligned with those of hospitals and payers. It is much easier to teach the techniques of sophisticated medical care to a group of employed physicians than it is to physicians as a whole. It is also important that doctors are paid adequately for what they do.
- ✓ Encourage business schools to develop executive training programmes in healthcare, which will effectively reduce the talent gap for leadership in this area.

- ✓ Revise the curriculum in medical, nursing, pharmacy and other schools that train healthcare professionals, so that they too are trained in the new paradigm.
- ✓ Develop partnerships between the public and private sectors that design newer ways to deliver healthcare. An example of this would include outpatient radiology and diagnostic testing centres.
- ✓ The government should appoint a commission which makes recommendations for the healthcare system and monitors its performance.

The present system (and its escalating costs) is not sustainable due to its inefficiency and a lack of aligned incentives for improving performance. A country that has leapfrogged from rotary phones to a ubiquitous presence of mobile phones must make a similar change in healthcare. It will not be easy and it will not be inexpensive. But it has been done in other parts of the world before and it can be done here too. The potential to create the best healthcare system in the world exists. It is time to commence the debate, develop a plan and execute it.

CONCLUSION

It is concluded that service quality in public health care service delivery can be improved by a structured and continuous process of investigating and addressing patients' perceptions of service delivery. Management should put measures in place to address the most important issues that are not satisfied. In the tangibility category, the cleanliness of the ablution facilities should be addressed as this issue is often pointed out as the main reason for dissatisfaction in the health care industry. This may be as the result of people being more hygiene conscious when undergoing medical treatment. Secondly, the general condition of the equipment should be addressed, as this is the second most important variable in the tangibility category whereas, in the assurance category, personal safety and friendliness of the staff should be addressed as a matter of urgency. The common denominator in both instances is the people

tasked to render the respective services and therefore the perceived performance of a hospital can be improved through the implementation of training programmes with the objective of addressing these important issues. The findings of this study clearly identify important positive and negative perceptions regarding the health care services provided by the hospital under examination and substantiate the conclusion that it is imperative that the hospital management take the necessary measures to improve the perceived performance of the hospital. The above review succeeded in proving the influence factors of independent variables i.e service quality and corporate image significantly and potentially affect customer loyalty towards hospital services. Thus, the management of healthcare is to understand their customers' demand and expectations towards their image and services which will increase the customer loyalty and will lead to the profitability and sustainability of the organization.

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A STUDY ON STUDENTS' AWARENESS ABOUT ENTREPRENEURSHIP WITH SPECIAL REFERENCE TO SIVAKASI TALUK

ABSTRACT

An entrepreneur is an individual with knowledge, skills, initiative, drive and spirit of innovation who aims at achieving goals. The economic growth mainly depends on entrepreneurial growth. Political and economic transformations seem to be occurring everywhere as countries move from command to demand economies, dictatorships move toward democracy, and monarchies build new civil institutions. Thus these changes have resulted in creating economic opportunities for entrepreneurs who want to own and operate businesses with innovations and creativity. The present paper focuses on the sample students' awareness about importance of entrepreneurship.

KEY WORDS: Awareness, Entrepreneurship, Nature of business, Form of business.

INTRODUCTION

Entrepreneur is an economic agent who plays a vital role in the economic development of a country. Economic development of a country refers to steady growth in the income levels. This growth mainly depends on its entrepreneurs. An entrepreneur is an individual with knowledge, skills, initiative, drive and spirit of innovation who aims at achieving goals. An entrepreneur identifies opportunities and seizes opportunities for economic benefits. Entrepreneurship is a dynamic activity which helps the entrepreneur to bring changes in the process of production, innovation, new usage of materials, creation of market, etc. It is a mental attitude to foresee risk and uncertainty with a view to achieve certain strong motive. It also means doing something in a new and effective manner.

The word "Entrepreneur" is derived from the French verb 'entrepredre'. It means 'to undertake'. In the early 16th century the Frenchmen who organized and led military expeditions were referred to as 'Entrepreneurs'. In the early 18th century, French economist Richard Cantillon used the term entrepreneur to business. Since that time, the word entrepreneur means one who takes the risk of starting a new organization or introducing a new

idea, product or service to society. An entrepreneur can be regarded as a person who has the initiative, skill and motivation to set up a business or enterprise of his own and who always looks for high achievements. He is the catalyst for social change and works for the common good. They look for opportunities, identify them and seize them mainly for economic gains. An action oriented entrepreneur is a highly calculative individual who is always willing to undertake risks in order to achieve his goals.

REVIEW OF LITERATURE

Teixeira and Davey (2008)¹ many studies have revealed that entrepreneurs are not naturally conceived but made through their environment and experiences as they develop and learn, being impacted by guardians, mentors, tutors, instructors and role model during their development process.

Alain, Benoit and Clerc Narcissi (2006)² report that the perspectives and beliefs of students toward entrepreneurship are the results of their immediate social and cultural environment. Consequently, the orientation and conducts of youth and young graduates are affected by various individual and ecological variables, which imply that the decision and desirability of becoming an entrepreneur is a reflection of environmental and economic forces.

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Friendrich and Visser (2005)³ education about entrepreneurship has the capacity of increasing students' interest in becoming entrepreneurs at some stage after completing their university degrees.

OBJECTIVES OF THE STUDY

- To know the students' level of awareness about business planning process.
- To find the nature of business the students prefer to launch.

HYPOTHESIS

H_0 : There is no association between respondents' age and the nature of the business to be started.

H_0 : There is no difference in respondents' awareness about initial idea to start the business, for the factor students' different types of courses pursuing.

H_0 : There is no difference in respondents' awareness about knowledge about the product line for the factor students' different types of courses pursuing.

H_0 : There is no difference in respondents' awareness about form of starting a new business for the factor students' different types of courses pursuing.

METHODOLOGY

The study has mainly depended on primary data which was collected by conducting a sample survey by a questionnaire. The questionnaire was pre tested. The survey was conducted in 2015 by contacting under graduate final year students in Sivakasi taluk. The size of sample was 300. Quota sampling method was used for the selection of samples.

STATISTICAL TOOLS

Percentage calculation, weighted average, chi square, and one way ANOVA, were used for the analysis of survey data. The design of the study is descriptive type of conclusive one.

RESULTS AND DISCUSSION

Several demographic variables such as gender, age, educational level and the like may

be closely related to one's nature of the business to be started, form of business to be had and so on. Tables 1 to 3 present the details of the demographic variables of respondents.

TABLE 1

Gender

Gender	Frequency	Percent
Male	174	58.0
Female	126	42.0
Total	300	100.0

Source: Primary Data

TABLE 2

Age

Age	Frequency	Percent
19-21	123	41.0
22-24	153	51.0
25-27	24	8.0
Total	300	100.0

Source: Primary data

TABLE 3

Educational qualification

Educational Qualification	Frequency	Percent
B.A	40	13.3
B.Com/BBA	90	30.0
B.Sc	80	26.7
B.E	90	30.0
Total	300	100.0

Source: Primary data

Nature of the business you prefer to start

The survey noted among the 300 students contacted, students numbering 111 preferred to be an entrepreneur after the completion of their study. Further probe into the matter reveals these students' preference for the nature of business to be started. Table 4 presents these details.

TABLE 4

Nature of the business	Frequency	Percent
Manufacturing	22	19.82
Textile	5	4.50
Construction	15	13.51
Retail shop	40	36.04
Automobile	18	16.22
Hotel/Bakeries	11	9.91
Total	111	100

Source: Primary data

It is clear from the above table that a

sizeable 36.04 per cent of students preferred for opening a retail store, followed by manufacturing unit and automobile unit.

AWARENESS LEVEL OF RESPONDENTS ON THEIR NEW BUSINESS PLANNING

The survey noted the level of awareness of the students about the various business planning processes connected with starting a new business. These business planning processes may be of idea about the business, knowledge about the product line, form of the business and so on. The following table shows students' rating related to their awareness about several business planning aspects connected with launching a new business.

TABLE 5

AWARENESS ON VARIOUS BUSINESS PLANNING ASPECTS

S.No	PLANNING PROCESS		HA	A	N	UA	HUA	Total Score	Rank
1	Initial idea about the business	No of Respondents	32	21	35	10	13	382	2
		Weight	160	84	105	20	13		
2	About product line	No of Respondents	31	35	25	20	10	450	1
		Weight	155	140	75	40	20		
3	Form of business (individual or partnership)	No of Respondents	28	30	20	16	17	369	3
		Weight	140	120	60	32	17		
4	Estimation of capital	No of Respondents	12	13	18	35	33	269	9
		Weight	60	52	54	70	33		
5	Selection of location	No of Respondents	18	30	25	20	18	343	4
		Weight	90	120	75	40	18		
6	Selection of resources	No of Respondents	12	32	27	18	22	327	5
		Weight	60	128	81	36	22		
7	About government rules, regulation and formalities.	No of Respondents	26	12	23	30	20	300	6
		Weight	130	24	66	60	20		

8	About the market and its strategy	No of Respondents	18	20	15	25	33	298	7
		Weight	90	80	45	50	33		
9	Other features	No of Respondents	12	18	22	32	27	289	8
		Weight	60	72	66	64	27		

Source: Primary data

It is clear from the above table that respondents' awareness about product line got the 1st rank, followed by initial idea about the business, and form of the new business.

Chi-square test for testing hypothesis

Chi-Square test was made to test the following null hypothesis.

H₀: There is no association between respondents' age and the nature of the business to be started.

The frequency nature of the business to start and age of the respondents are cross-tabulated. A cross tabulation with a Chi-square test was requested from the SPSS computer package. The output is shown below the table.

TABLE 6
Chi-Square Tests

Value	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	206.598 ^a	10	.000
Likelihood Ratio	158.171	10	.000
Linear-by-Linear Association	54.291	1	.000
N of Valid Cases	111		

a. 12 cells (66.7%) have expected count less than 5. The minimum expected count is .45.

RESULT

As the probability 0.000 is less than the significance level of 0.05, the above null hypothesis is rejected. It means there is association between type of course and their awareness about their nature of business to be started.

ANOVA

One -way ANOVA was used to test the following null hypothesis.

H₀: There is no difference in respondents' awareness about initial idea to start the business, for the factor students' different types of courses pursuing.

TABLE 7
ANOVA

		Sum of Squares	Df	Mean Square	F	Sig.
Initial idea about the business	Between Groups	.349	3	.116	.096	.962
	Within Groups	129.507	107	1.210		
	Total	129.856	110			

Source: Primary data

The above analysis reveals that the null hypothesis is not rejected as their respective p value is more than the significance of 0.05.

One -way ANOVA was used to test the following null hypothesis.

H_0 : There is no difference in respondents' awareness about knowledge about the product line, for the factor their different types of courses pursuing.

TABLE 8
ANOVA

		Sum of Squares	Df	Mean Square	F	Sig.
About product line	Between Groups	8.554	3	2.851	2.691	.050
	Within Groups	113.356	107	1.059		
	Total	121.910	110			

Source: Primary data

The above analysis reveals that the null hypothesis is accepted as the p value is more than the significance of 0.05.

One -way ANOVA was used to test the following null hypothesis.

H_0 : There is no difference in respondents' awareness about form of starting a new business, for the factor their different types of courses pursuing.

TABLE 9
ANOVA

		Sum of Squares	Df	Mean Square	F	Sig.
Forms of business (Individual or partnership)	Between Groups	5.850	3	1.950	1.287	.283
	Within Groups	162.114	107	1.515		
	Total	167.964	110			

Source: Primary data

The above analysis reveals that the null hypothesis is not rejected as the p value is more than the significance of 0.05.

SUGGESTION AND CONCLUSION

The young entrepreneurs (students) are expected to be aware of all the aspects related to new business planning like initial idea to launch a new business, knowledge about product line, forms of business and all the techniques of marketing, finance and procurement of materials. In an era of globalization, knowledge/awareness about various new business planning aspects is the key to a successful entrepreneur. As entrepreneurs solve unemployment problem among educated youth, government, financial institutions, and NGOs should take necessary steps to promote entrepreneurship among the final year under graduate students.

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THE PERFORMANCE ANALYSIS OF PUBLIC AND PRIVATE LIFE INSURANCE COMPANIES IN INDIA

Abstract

Insurance industry constitutes one of the important elements of the financial market. It plays a significant role in the process of financial intermediary and it is also one of the most growing sectors all over the world. India has a lot of potential in this industry. India's economic development made it a most lucrative Insurance market in the world. Before the year 1999, there was monopoly state run Life Insurance Corporation of India (LIC) transacting life business. Today, there are 24 life insurance companies operating insurance business in India. The competition from these companies was threatening to the existence of LIC. Since the liberalization of the industry the insurance industry has never looked back and today stand as the one of the most competitive and exploring industry in India. In this paper, an attempt is made to analyze the performance of public and private life insurance companies in India.

1.1. Introduction

Insurance sector constitutes as one of the important pillar of the financial market. In India, insurance is one of the vibrant and dynamic sectors which contribute toward the economic development of the country. In insurance sector, life Insurance is a professional service which is characterized by high involvement of the consumers, due to the importance of tailoring specific need, the variability of the products available, the complexity involved in the policies and processes and ultimately the need to involve the consumer in every aspect of the transaction.

The Indian economy is in transition over the last few years leading to the initiation of major economic reforms affecting almost all sectors. The paradigm shift in organization structure has exposed all sectors to an intense competition. Insurance is one of them. In India insurance is a booming industry, with numerous national and foreign players competing to each other to get the competitive advantage. Over the last few years, the Indian insurance industry has witnessed remarkable growth. In 2000, Government reopens the Indian insurance industry to private companies which leads to the remarkable growth (increasing trends) in life

insurance business. With the entry of private players, the competition is becoming intense. In order to satisfy the customers, every company is trying to implement new creations and innovative product characteristics to attract customers. In this research paper, an attempt is made to analyse the performance of public and private life insurance companies in India.

1.2. Statement of the Problem

The insurance is primarily a social device adopted by civilized society for mitigating the incidence of loss of income to families by unforeseen contingencies. In India, when life insurance companies started operating in the middle of 20th century the evil play natural to all business had its way. There was a lot of cut throat competition as well as profiteering. The avowed social objective of insurance had been totally relegated to background. As a result Life Insurance Corporation of India (LIC) came into existence on 1st September, 1956 after nationalization of all the 245 companies engaged in life insurance business. From its very inception, the Corporation has made impressive growth always striving for further improvement. However, Government made a paradigm shift in the economic policy by adopting the process

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of liberalization, privatization and globalization at the end of previous decade. Moreover the Government of India has notified the foreign direct investment in insurance to the extent of 49% on 21st February 2015. This may result in increased competition for LIC with other private and foreign players in the industry. The study has been undertaken to know the performance of public and private life insurance companies in India.

1.3. Objectives

The present paper is an attempt to study the recent life insurance scenario. For this purpose, various indicators like Insurance penetration and density in India, Market Share of Life Insurance Companies, New Life insurance Policy Issued, Premium Income of the Life Insurance Business, Commission Expenses and Operating Expenses of the Life Insurance, Profits of Life Insurance sector, Benefits Paid in Indian life insurance industry have been analyzed.

1.4. Data Collection and Analysis

The study is based upon secondary data which has been collected from annual reports of IRDA, IRDA journal and Life Insurance Today. Besides, a few websites have also been consulted. The data used in the paper covers the period from 2001-02 to 2015-16. For the analysis of data, statistical tools like percentages and growth rates have been used.

1.5. Privatization of Life insurance

In spite of phenomenal progress of Life Insurance Corporation of India, especially in the 80s, the Government and public at large were not quite satisfied with its performance. By signing GATT accord, the Government of India committed to open the insurance sector to private sector – to local and global operators. A committee under the Chairmanship of R.N.Malhotra was appointed by the Government to look into all the aspects of insurance industry in India.

The committee opinion that, in its 40 years of existence the LIC has been able to insure only 22% of the insurable population of

the continent. The reason may be the lack of competition. Further the monopoly has resulted in lack of sensitivity to the policyholders. There is a greater scope for product innovation and service improvement. The committee recommended a number of measures to revamp LIC of India, GIC of India and its four subsidiaries. It also recommended allowing outside Insurance companies to operate in India with an Indian partner. After a great deal of discussion, finally the Lok Sabha has enacted the Insurance Regulatory and Development Authority Act, 1999. In terms of the act an Insurance Regulatory and Development Authority is being set up to regulate and develop the insurance industry by opening it up to the private sector. Foreign insurance companies can enter the insurance sector in India only with an Indian partner, as a joint venture, with a capital contribution up to a maximum of 26% of the capital in the joint venture. The rules and regulations under which these companies can operate in India are finalized during the first half of the year 2000, where after companies desirous of entering the insurance field will have to apply to the Authority in such manner as may be laid down by the IRDA. Now, there are 24 life insurance companies (1-Public and 23-Private) in India as on January 2017.

1.6. Analysis and Interpretation

1.6.1. Insurance penetration and density in India

The potential and performance of insurance sector in any country can be measured with the help of two parameters i.e., insurance penetration and insurance density. Insurance penetration is the ratio between premium underwritten and Gross Domestic Product (GDP) in any given year while the insurance density is the ratio between premium underwritten and total population of the country in any given year. The following Table depicts the density and penetration ratio of insurance industry.

Table 1.6.1**INSURANCE PENETRATION AND DENSITY IN INDIA**

Year	Life		Non Life		Industry (Total)	
	Density	(USD)	Penetration	(percentage)	Density	(USD)
2001-02	9.10	2.15	2.40	0.56	11.50	2.71
2002-03	11.70	2.59	3.00	0.67	14.70	3.26
2003-04	12.90	2.26	3.50	0.62	16.40	2.88
2004-05	15.70	2.53	4.00	0.64	19.70	3.17
2005-06	18.30	2.53	4.40	0.61	22.70	3.14
2006-07	33.20	4.10	5.20	0.60	38.40	4.80
2007-08	40.40	4.00	6.20	0.60	46.60	4.70
2008-09	41.20	4.00	6.20	0.60	47.40	4.60
2009-10	47.70	4.60	6.70	0.60	54.30	5.20
2010-11	55.70	4.40	8.70	0.71	64.40	5.10
2011-12	49.00	3.40	10.00	0.70	59.00	4.10
2012-13	42.70	3.17	10.50	0.78	53.20	3.96
2013-14	41.00	3.10	11.00	0.80	52.00	3.90
2014-15	44.00	2.60	11.00	0.70	55.00	3.30
2015-16	43.20	2.72	11.50	0.72	54.70	3.44
Average	33.72	3.21	6.95	0.66	40.67	3.88

Source: Various Annual Report of IRDA

The above table reveals that the penetration ratio of insurance industry shows an increasing trend up to 2009-10, it raise from 2.71% in 2001-02 to 5.20% in 2009-10. Due to the economic crises and slowdown, the economy found it difficult to maintain the higher growth rate, it goes down on decreasing track which result in decreasing insurance penetration ratio. The ratio decreases to 3.96% in 2012-13 from 5.20% in 2009-10. However, there was slight increase in 2015-16 reaching 3.44 percent compared to 3.3 percent in 2014-15. The average penetration ratio is 3.88%.

The situation is same for life insurance. The insurance density of life insurance business has gone up from USD 9.1 in 2001 to the peak at USD 55.7 in 2010. The penetration ratio of life insurance had continuously risen from 2.15% in 2001-02 to 4.60% in 2009-10. Afterward, it decreases up to 3.17% in 2012-13 because of

economy slowdown and low life insurance premium. However, there was a slight increase 2015-16 reaching 2.72 percent in 2015-16 when compared to 2.6% in 2014-15. But for the non-life insurance, penetration ratio has been continuously increased from 0.56% in 2001-02 to 0.80% in 2013-14. Afterward, it decreases up to 0.70% in 2014-15. However, there was slight increase in 2015-16 reaching 0.72 percent compared to 0.70 percent in 2014-15. The average penetration ratio is 0.66%.

The density (in USD) of insurance industry has been continuously raised from 11.50 USD in 2001-02 to 64.40 USD in 2010-11 because of privatization of insurance sector in 2000 and good economy growth. New private insurer players came into the existence. After 2010-11, due to the declining economy, higher inflation rate, poor industry growth rate, worst global conditions and low saving, leads to the

downfall in density up to 54.70 USD in 2015-16. The situation is similar to life insurance companies. The density of life insurance increases from 9.10 USD in 2001-02 to 55.70 USD in 2010-11. Afterward it falls up to 43.20 UDS in 2015-16 because of economic slowdown. But non-life insurance density has been consistently raised from 2.40 USD in 2001-02 to 11.50 USD in 2015-16 which shows an increasing interest of people.

1.6.2. Market Share of Life Insurance Companies

Life Insurance Corporation of India (L.I.C.I) dominated the Indian Life Insurance market. But the situation drastically changed since the beginning of the year 2000. With the

development of the IRDA Act in 1999, private players started entering into the life insurance market. At present there are 23 Private life insurance and 1 public sector player operating in India. With the entry of private insurers in life insurance business, it is obvious that some proportion of new business will go in the hands of private life insurers. An attempt, therefore, has been made to study the growth of new business in terms of policies and premium income of Indian life insurance industry. Further, the share of private insurers and LIC in total new business has also been studied. The following table highlights the highlights the private and public sector life insurance market share on the basis of total premium.

Table 1.6.2

Market Share of Life Insurance Companies – On the basis of total Premium

(in Percentage)

Year	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Public (LIC)	95.32	90.67	85.75	81.90	74.39	70.92	70.10	69.77	70.68	72.70	75.39	73.05	73.05
Private	4.68	9.33	14.25	18.10	25.61	29.08	29.90	30.23	29.32	27.30	24.61	26.95	27.39

Source: Various Annual Report of IRDA

The above table portray that the market share of public and private life insurance companies. The data reveals that the market shares of public company have continuously decreases from 95.32% in 2003-04 to 69.77% in 2010-11 due to the opening of insurance sector to private company (2000) which also indicate the increasing pattern of private company market share. The reason behind growth of market share of private company was innovative & customized products, better distribution channels, aggressive marketing, after sale service, better facilities etc. adopted by the company. They gave a tough competition to public insurance company. Such a big loss of market share opens the eyes of LIC. They have made radical changes in their strategies and product portfolio to face cut throat competition and to regain the lost share. The efforts adopted by public company (LIC) and

some environmental factors have made a positive impact on its market share. Now, it increases to 70.68% in 2011-12, 72.70% in 2012-13 and 75.39% in 2013-14. Now, LIC continue its growth through product innovation and better facilities to get the competitive advantage over its competitors. However the market share of LIC decreased from 73.05 per cent in 2014-15 to 72.61 per cent in 2015-16. The market share of private insurers has increased from 26.95 per cent in 2014-15 to 27.39 per cent in 2015-16.

1.6.3. New Life insurance Policy Issued

As a matter of achieving the corporate objectives of expanding life insurance coverage, greater significance is laid on covering individuals who have no previous life insurance experience. The profitability of the business and growth rate of life insurance business measured in terms of number of new life insurance policy issued. The following table highlighted the number of new policy issued by LIC and Private insurance.

Table 1.6.3
NEW LIFE INSURANCE POLICIES ISSUED

(In lakh)

Year	Public	Growth %	Private	Growth %	Total	Growth %
2003-04	269.68		16.58		286.26	
2004-05	239.78	-11.09	22.33	34.68	262.11	-8.44
2005-06	315.90	31.75	38.71	73.35	354.61	35.29
2006-07	382.29	21.02	79.22	104.65	461.51	30.15
2007-08	376.12	-1.61	132.61	67.39	508.73	10.23
2008-09	359.13	-4.52	150.11	13.20	509.24	0.10
2009-10	388.63	8.21	143.62	-4.32	532.25	4.52
2010-11	370.38	-4.70	111.14	-22.62	481.52	-9.53
2011-12	357.51	-3.47	84.42	-24.04	441.93	-8.22
2012-13	367.82	2.88	74.05	-12.28	441.87	-0.01
2014-15	201.71	-41.55	57.37	-9.79	259.08	-36.61
2015-16	205.47	1.86	61.92	7.92	267.38	3.20

Source: Various Annual Report of IRDA

The above table portrays the status of new life insurance policies issued over the year. The data reveals a high fluctuation in issuing a new policy. Some years it shows a positive growth while in other it shows negative trends. However there is a more negative trend during the year 2014-15. The total number of life insurance policy issued has been increased from 286.26 lakh in 2003-04 to 441.87 lakh in 2012-13. Out of total policy issued the share of LIC increases from 269.68 lakh in 2003-04 to 367.82 lakh in 2012-13 while the portion of private insurer has been raised from 16.58 lakh in 2003-04 to 74.05 lakh in 2012-13. During 2012-13, life insurer issued total 441.87 lakh new policies, out of which, LIC issued 367.82 lakh policies (83.24%) while private life insurer issued 74.05 lakh policies (16.76%). This reflects that LIC has a lot of life insurance product/schemes over the other company.

In last few years, the industry experiences declining trends in new policies issued. In the year 2014-15, life insurer issued total 259.08 lakh new policies only with a highest

negative growth rate of -36.61%. In the year 2015-16 there is a slight positive growth compare with 2014-15.

During 2015-16, life insurers issued 267.38 lakh new policies, out of which LIC issued 205.47 lakh policies (76.84 per cent of total new policies issued) and the private life insurers issued 61.92 lakh policies (23.16 per cent of total new policies issued). While the private sector registered a growth of 7.92 per cent with a good improvement (against a decline of 9.79 per cent in 2014-15) in the number of new policies issued against the previous year, LIC registered a slight growth of 1.86 per cent with a significant improvement (against a decline of 41.55 per cent in 2014-15) in the number of new policies issued. In toto, the overall industry witnessed a 3.20 per cent growth (against the decline of 36.61 per cent decline in 2014-15) in the number of new policies issued. It reveals that both private insurance and LIC undertaken the effective steps to attract the new customer.

1.6.4. Premium Income of the Life Insurance Business

In India insurance is a booming industry, with numerous national and foreign players competing to each other to get the competitive advantage. Over the last few years, the Indian

insurance industry has witnessed remarkable growth. Premium is one of the important revenue to the life insurance business. The following table depicts the amount of life insurance premium collected by the LIC as well as private insurance.

Table 1.6.4
Total Life Insurance Premium

Rs. in Crore

Year	Public (LIC)			Private			Total		
	Premium Amount	Growth (%)	Trend Value	Premium Amount	Growth (%)	Trend Value	Premium Amount	Growth (%)	Trend Value
2003-04	63533.43	-	100.00	3120.33	-	100.00	66653.76		100.00
2004-05	75127.29	18.25	118.25	7727.51	147.65	247.65	82854.80	24.31	124.31
2005-06	90792.22	20.85	142.90	15083.54	95.19	483.40	105875.76	27.78	158.84
2006-07	127822.84	40.79	201.19	28253.01	87.31	905.45	156075.85	47.41	234.16
2007-08	149789.99	17.19	235.77	51561.42	82.50	1652.43	201351.41	29.01	302.09
2008-09	157288.04	5.01	247.57	64497.44	25.09	2067.01	221785.48	10.15	332.74
2009-10	186077.31	18.30	292.88	79369.94	23.06	2543.64	265447.25	19.69	398.25
2010-11	203473.40	9.35	320.26	88165.24	11.08	2825.51	291638.64	9.87	437.54
2011-12	202889.28	-0.29	319.34	84182.83	-4.52	2697.88	287072.11	-1.57	430.69
2012-13	208803.58	2.92	328.65	78398.91	-6.87	2512.52	287202.49	0.05	430.89
2013-14	236942.30	13.48	372.94	77359.36	-1.33	2479.20	314301.66	9.44	471.54
2014-15	239667.65	1.15	377.23	88434.35	14.32	2834.13	328102.01	4.39	492.25
2015-16	266444.21	11.17	419.38	100499.03	13.64	3220.78	366943.23	11.84	550.52

Source: Various Annual Report of IRDA

The amount of total life insurance premium has been increased from Rs. 66653.76 crore in 2003-04 to Rs. 366943.23 crore in 2015-16. If we talk about the trend value of total life insurance premium, it was 550.52 in 2015-16 for the base year 2003-04. From the segregation of total life insurance premium into public and private company, the public company (LIC) has a major portion in premium as compared to private company. Out of the total life insurance premium, LIC premium has grown up from Rs. 63533.43 crore in 2003-04 to Rs. 266444.21 crore in 2015-16 while private insurer premium amount grown up from Rs. 3120.33 crore in 2003-04 to Rs. 100499.03 crore in 2015-16. As

the life insurance premium trend index is concerned, it is 3220.78 for private life insurance company and 419.38 for public company in 2015-16 for the base year 2003-04. The index value suggests that the businesses of private life insurance company are growing tremendously since its entry.

1.6.5. Commission Expenses and Operating Expenses of the Life Insurance

The following table highlights the Commission Expenses and Operating Expenses of the LIC and private insurance in a detailed manner.

Table 1.6.5
Commission Expenses and Operating Expenses

Insurance Company	COMMISSION EXPENSES		COMMISSION EXPENSES RATIO		OPERATING EXPENSES		OPERATING EXPENSES RATIO	
	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16
LIC	15118.14	15500.33	6.31	5.82	22395.45	22691.83	9.34	8.52
Private	4342.54	4766.36	4.91	4.74	14463.72	16091.26	16.36	16.01
Total	19460.68	20266.69	5.93	5.52	36859.16	38783.09	11.23	10.57

Source: Annual Report of IRDA (2015-16)

The operating expenses of the life insurers decreased by 1.61 per cent in 2014-15 but increased by 5.22 per cent in 2015-16. The operating expenses towards life insurance business stood at Rs.36859.16 crore in 2014-15 and increased to Rs.38783.09 crore in 2015-16. The operating expenses of LIC increased by 1.32 percent and that of private insurers by 11.25 percent. For the life insurance industry, the operating expenses ratio (the ratio of operating expenses to the premium underwritten) decreased from 11.23 per cent in 2014-15 to 10.57 percent in 2015-16. Operating expenses, as a per cent of gross premium underwritten decreased for LIC from 9.34 per cent in 2014-15 to 8.52 per cent in 2015-16. The same for private insurers decreased from 16.36 percent in 2014-15 to 16.01 percent in 2015-16.

1.6.6. Profits of Life Insurance Industry

During the financial year 2015-16, the life insurance industry reported a profit after tax of Rs.7414.97 crore as against Rs.7611.31 crore in 2014-15. Out of twenty-four life insurers in operations during 2015-16, nineteen companies reported profits. They are Aviva Life, Bajaj Allianz, Birla SunLife, Canara HSBC, DHFL Pramerica, EXIDE Life, HDFC Standard, ICICI Prudential, IDBI Federal, India First, Kotak Mahindra, Max Life, PNB MetLife, Sahara India, SBI Life, Shriram Life, Star Union, Tata AIA and LIC of India.

LIC of India reported a profit after tax of Rs.2517.85 crore i.e. an increase of 38.06 percent over Rs.1823.78 crore in 2014-15.

1.6.7. Benefits Paid

The life industry paid benefits of Rs. 2,01,766.10 crore in 2015-16 (Rs.2,10,915.03 crore in 2014-15) constitutes 54.99 per cent of the gross premium underwritten (64.28 per cent in 2014-15). The benefits paid by the private insurers was Rs.60,565.05 crore (Rs.66,789.28 crore in 2014-15) constituting 60.26 per cent of the premium underwritten (75.52 per cent in 2014-15). LIC paid benefits of Rs.1,41,201.05 crore in 2015-16, constituting 52.99 per cent of the premium underwritten (1,44,125.75 crore in 2014-15, 60.14 per cent of the premium underwritten).

The benefits paid on account of surrenders / withdrawals decreased at Rs.80,356.75 crore, of which LIC accounted for Rs.37,292.24 crore and private sector Rs.43,064.51crore. The comparative previous year statistics were Rs.1,00,389.57crore, of which LIC accounted for Rs.46537.61crore and private sector paid Rs.53,851.96crore.

In the current year, in case of LIC, out of the Rs.37,292.24 crore surrenders, ULIP policies accounted for Rs.8,960.57crore (24.03 percent) as against Rs.23,224.49 crore, (49.90 percent) in 2014-15. In case of the private

insurance industry, the ULIP surrenders accounted for Rs.37,489.04crore (87.05 percent) in 2015-16 as against Rs.48,724.32 crore (90.48 per cent) in 2014-15.

1.6.7.1. Death Claims of Life Insurers

Claims settlement is considered as the most important activity for judging the servicing efficiency of any insurer. In case of life insurance, such claims can be categorized into maturity and survival benefit and death claims. As the date of maturity and survival benefit claims is known to the insurers, the real test of their efficiency lies in testing servicing of death claims.

In the year 2015-16, the life insurance companies had settled 8.54 lakh claims on individual policies, with a total payout of Rs. 12,636.66 crore. The number of claims repudiated/rejected was 15,157 for an amount of Rs. 736.51 crore. The number of claims pending at the year-end was 6,031 and the amount involved was Rs. 444.23 crore. Of these, 1189 claims were pending for more than one year and 4,842 claims were pending for less than and up to one year. The following table highlights the Death Claims settlement of Individual Life Insurance Business in per cent on the basis of policies for claim for the year 2015-16.

Table 1.6.6
Individual Death Claims of Life Insurers During 2015-16

(Figures in percent of policies)

Life Insurer	Total Claims	Claims Paid	Claims repudiated/ rejected	Claims written back	Claims pending at end of year	Break up of claims pending duration wise (Policies)			
						Less than 3 Month	3 to 6 Month	6 to 1 Year	More than one Year
Private Total	100.00	91.48	6.67	0.00	1.85	76.24	10.20	3.87	9.68
LIC	100.00	98.33	0.98	0.17	0.51	17.71	20.34	36.82	25.14
Industry Total	100.00	97.43	1.73	0.15	0.69	38.25	16.78	25.25	19.71

Source: Annual Report of IRDA (2015-16)

The above table reveals that, the claim settlement ratio of LIC was better than that of the private life insurers. Settlement ratio of LIC had increased to 98.33 percent during the year 2015-16 when compared to 98.19 percent during the previous year. The percentage of repudiations has come down to 0.98 percent in 2015-16 compared to the 1.15 percent in previous year.

For private insurers, settlement ratio had gone up by 2.08% at 91.48 percent during the financial year 2015-16 when compared to 89.40 percent during the previous year. The percentage of repudiations has come down to 6.67% in the year 2015-16 compared to the 7.78% percent in previous year.

The industry's settlement ratio had slightly increased to 97.43 percent in 2015-16 from 96.97 percent in 2014-15 and the repudiation ratio had decreased to 1.73% compared to the 2.08 percent in 2014-15.

1.6.7.2 GROUP DEATH CLAIMS

During 2015-16, the total intimated claims were 5,45,337 while 14,388 claims were pending at the beginning of the year. Out of these, life insurance industry had settled a total of 5,28,638 (96.94% of the total claims) claims. 96.28% of the settled claims were settled within 30 days of intimation. 0.01% of the claims took more than a year to get settled. The following table highlights the Death Claims settlement of Group Life Insurance Business in per cent on the basis of lives covered for the year 2015-16.

Table 1.6.6.7

GROUP DEATH CLAIMS OF LIFE INSURERS DURING 2015-16

(Figures in percent of lives covered)

Life Insurer	Total Claims	Claims Paid	Claims repudiated/ rejected	Claims written back	Claims pending at end of year	Break up of claims pending duration wise (Policies)			
						Less than 3 Month	3 to 6 Month	6 to 1 Year	More than one Year
Private Total	100.00	94.65	0.93	0.00	4.42	4.10	0.69	0.36	94.85
LIC	100.00	99.69	0.04	0.00	0.27	18.24	7.14	10.64	63.98
Industry Total	100.00	96.94	0.53	0.00	2.53	4.77	1.00	0.85	93.38

Source: Annual Report of IRDA (2015-16)

The above table highlighted that, during the year 2015-2016 LIC settled 99.69 percent of the claims and the private life insurers paid 94.65 percent of all claims. The industry repudiated 0.53 percent of the claims, written back zero percent of the claims and the remaining 2.53 percent of the claims were pending as at 31.3.2016. The above table reveals that the LIC claim settlement ratio is better than the private sector insurance.

SUGGESTIONS

1. LIC should try to introduce new plans and insurance products to the prospective insurers in order to increase the revenue through collecting premium.
2. There is a need to issue more and more policies for LIC to retain the market share in this competitive scenario
3. As there are many private insurance companies functioning in the country there is increased competition in the insurance

industry. To retain the position of industry leader, LIC has to introduce innovative plans to attract customers

4. LIC has to make a secured investment so as to maintain the interest of the policy holders
5. LIC should take effective steps in reducing the operating expenses.
6. LIC should implement the recent and latest customer related services to retain the existing customer and increase their satisfaction level.

CONCLUSION

Life insurance has today become a mainstay of any market economy since it offers plenty of scope for garnering large sums of money for long periods of time. The life insurance plays a significant role in supplying long-term capital to national economy and accelerating the process of self generation of the gross production of national saving. The Indian life insurance system has a significant base on mixed economic system where in the public sector occupied a monopolistic position in life insurance business. Private players play a major role in life insurance business more efficient and customer friendly. They have also jolted and facing stiff competition from the LIC.

Though privatization of the insurance sector is feared to affect the prospects of the

LIC, the study shows that the LIC continues to dominate the sector. Private sector insurance companies also tried to increase their market share. Private life insurers used the new business channels of marketing to a great extent when compared with LIC. The study also reveals that the death claims was better in case of LIC as compared to private life insurers.

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