



Analytical View on Pradhan Mantri Jeevan Jyoti Bima Yojana

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Abstract: Insurance industry contributes to the financial sector of Indian economy and also provides an important social security net in developing countries. The growth of the insurance sector in India has been phenomenal over last few decades. The insurance industry has undergone a massive change over last few years and the metamorphosis has been noteworthy. There are 24 private and public sector life insurance companies in India as on 31.03.2017 from which many of them have become synonymous with the term insurance over years, offering a diversified product portfolio and excellent services to the customers. Many insurance companies in India have managed to make their way into almost every Indian household. Government of India is also highly concern to the need of Insurance in current scenario and Launched Pradhan Mantri Jeevan Jyoti Bima Yojana.

Keywords: Life Insurance, Sum Assured, Premium, Renewal, Maturity, Pradhan Mantri Jeevan Jyoti Bima Yojana.

I. INTRODUCTION

Pradhan Mantri Jeevan Jyoti Bima Yojana is to benefit people in case of death for any reason and provides life insurance at just Rs.330/- per year, with a risk coverage of Rs.2 lakh. Life Insurance Corporation and other willing life insurers (SBI Life, SUD Life) with a tie-up with the bank are to implement the scheme. The scheme Jan Suraksha Yojana was launched on 09.05.2015 where Pradhan Mantri Jeevan Jyoti Bima Yojana with two other scheme Pradhan Mantri Suraksha Bima Yojana and Atal Pension Yojana were launched, this also has the provision for co-contribution of premium by various Ministries for different categories of their beneficiaries out of their budget or out of Public Welfare Fund created in the Budget 2015-16.

II. STATEMENT OF THE PROBLEM

The study is indicated briefly to analyze the PMJJBY its impact to all the stake holders and its competitiveness in the insurance Industry.

Literature Review

Government of India is also highly concern to the need of Insurance in current scenario and Launched Pradhan Mantri Jeevan Jyoti Bima Yojana for benefit of general public.

In order to enhance financial inclusion in the country and develop bancassurance as a business, IRDA has facilitated banks to sell insurance policies. Application for the licence

required to act an insurance broker can only be obtained after prior approval from the Reserve Bank of India (RBI). Banks would be required to apply under the direct broker category. The licence will be valid for three years.

Researchers have done many researches and review on the various issues related to the insurance, skill development for insurance industry, its challenges, reasons for and consequences of employee loss and how management may deal with turnover in insurance industries, in order to have a fair understanding of the strategies that could be adopted by insurance companies.

Abbasi and Hollman (2000) sought to determine the impact of employee turnover on an organization and found that excessive employee turnover often engenders far reaching consequences and at the extreme may jeopardize efforts to attain the organizational objectives.

Elangovan (2001) has argued that there is a reciprocal link between organizational commitment and turnover intention, i.e. lower commitment increases turnover intention, which lowers commitment further.

Zheng and Lamond (2009) found out that training, size, length of operation and the nature of the industry are significantly related to turnover.

The survey was conducted by Suman Pathak and Vibhuti Tripathi during January-March 2009. The target population tapped was the people currently working in the insurance industry and those who have left the industry. Responses were collected from 350 randomly selected respondents in the city of Lucknow, the capital of largest state of Uttar Pradesh in India.

III. OBJECTIVE OF THE STUDY

1. To study the cost comparison of PMJJBY with other peers available in the market.
2. To study the features and benefits of PMJJBY.
3. To suggest feasible corrections that can be done for improvement of product.

IV. RESEARCH METHODOLOGY

Exploratory research methodology is used here to analyze the data. Data was collected from multiple sources such as books, journals to understand the Life insurance industry. In this paper, we have referred previous research articles. Apart



from this, we have visited different websites and professional magazines. Some more data was collected through personal and telephonic interviews and discussion with leading corporate people. So it is purely based on available secondary data.

Below Table-1 representing comparison of few available term products of four different sample companies in the Indian market showing respective premium at different age.

Table-1

Age	LIC	SBI	Kotak	Max	PMJJBY	Mean	Population %
18	262	205	174	265	330	226.5	9.95
25	326	274	186	276	330	265.5	9.2
30	379	369	203	290	330	310.25	8.38
35	456	381	245	335	330	354.25	7.32
40	565	463	331	420	330	444.75	7.03
45	723	578	449	565	330	578.75	5.98
50	1108	754	665	816	330	835.75	5.15

V. UNDERSTANDING OF PMJJBY

PMJJBY is a non-linked, non-participating, one year group term insurance product with renewability every year. This product has been designed by the insurances companies to meet the requirements of Government of India's "Pradhan Mantri Jeevan Jyoti Bima Yojana" (PMJJBY) scheme. The scheme is administered by the banks and will be guided by the scheme rules as specified by government of India time to time.

Bank, Insurance companies and customers are the main stake holder of this product where customer is getting low cost small insurance benefit, banks are getting commission income from selling this product to the existing customers base to increase their third party income and insurance companies are getting business without involving its main power so all the three stake holders are beneficiaries of this scheme.

Product Highlights:

- Protection at very low cost.
- Immediate processing.
- No medical examination required.
- Need a bank account for processing.

Product features:

Sum Assured: 2,00,000 (Two Lakhs only)
 Entry age: Minimum 18 years and Maximum 50 years.
 Maturity age: Maximum 55 years.
 Premium: Rs. 330 (Including all charges)
 Policy term: One year renewable.
 Maturity: There is no maturity benefit or surrender benefit payable under this scheme.

VI. ANALYSIS OF PMJJBY

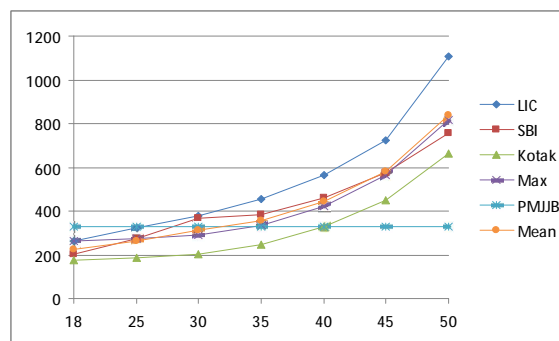
Analysis of Sum Assured:

Maximum Sum Assured under Pradhan Mantri Jeevan Jyoti Bima Yojana is capped to only 2 lakhs while there is no capping with other products available in the market and discussed above as product feature.

But it is good for those who want very small term insurance as normally companies are providing term insurance starting from 5 lac and there are no options which provide term insurance of 2 lac.

Analysis on Premium and Age:

Below Graph-1 shows the understanding of above comparison of all the five products considered for study between age and cost. This graph shows clear picture to compare these products at any age for their cost comparison along with the mean of all the five. It shows that mean of all is better cost effective till age if 33 years as compared with PMJJBY.



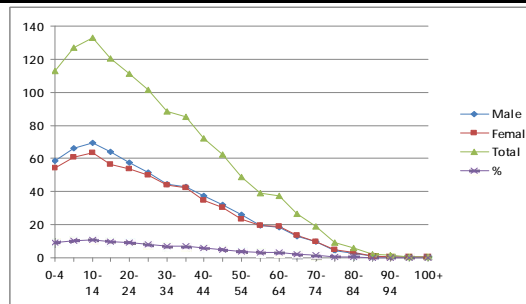
Graph-1

Below Table-2 shows structure of the population as per Census 01.05.2010 (Includes data for the Indian-held part of Jammu and Kashmir, the final status of which has not yet been determined)



Table-2

Age	Male	Female	Total	%
0-4	58.632074	54.174704	112.806778	9.32
5-9	66.300466	60.62766	126.928126	10.48
9-14	69.418835	63.290377	132.709212	10.96
15-19	63.982396	56.544053	120.526449	9.95
20-24	57.584693	53.839529	111.424222	9.2
25-29	51.344208	50.069757	101.413965	8.38
30-34	44.660674	43.934277	88.594951	7.32
35-39	42.919381	42.221303	85.140684	7.03
40-44	37.545386	34.892726	72.438112	5.98
45-49	32.138114	30.180213	62.318327	5.15
50-54	25.843266	23.225988	49.069254	4.05
55-59	19.456012	19.690043	39.146055	3.23
60-64	18.701749	18.961958	37.663707	3.11
65-69	12.944326	13.510657	26.454983	2.18
70-74	9.651499	9.557343	19.208842	1.59
75-79	4.490603	4.7419	9.232503	0.76
80-84	2.92704	3.293189	6.220229	0.51
85-89	1.120106	1.263061	2.383167	0.2
90-94	0.652465	0.794069	1.446534	0.12
95-99	0.294759	0.338538	0.633297	0.05
100+	0.289325	0.316453	0.605778	0.05
unknow n	2.372881	2.116921	4.489802	0.37
Total	623.270258	587.584719	1210.854977	100



Graph-2

Below Table-3 is drawn for Comparative Ranking of PMJJBY among above five Insurance products available in the market as discussed in Table 1. Below table is drawn on the basis of consideration assuming that for each age rating for availability increases from E-A i.e. for age 15-19 its available for 18 year and 19 year of age so it is D and for cost effectiveness ranking is compared from Table 1 among all the five options assuming rank E for most expensive and increases rank to A for most cheaper.

Table-3

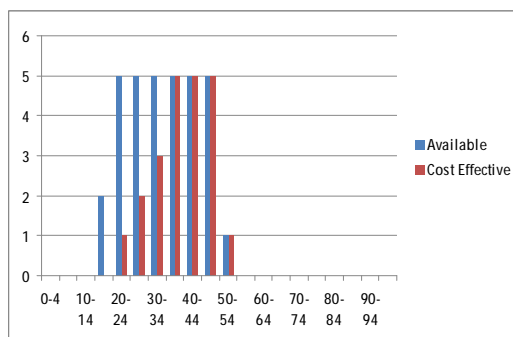
Age	Available	Cost Effective
0-14	0	0
15-19	D	0
20-24	A	E
25-29	A	D
30-34	A	C
35-39	A	B
40-44	A	A
45-49	A	A
50-54	E	E
55-99	0	0

It shows that about only 45% population is eligible for Pradhanmantri Jeevan Jyoti bima Yojana and rest 55% is not covered under this scheme. Also about 27% of total population aged between 18-35 years is having many other life insurance products in the market at lesser cost than this scheme. About 19% of total population Aged between 35-50 years has advantage of low cost insurance but will be getting cover upto age 55 only where average life expectancy is much higher than that at higher age.

Below graph-2 shows the population representation of table-2 to analyze the density age wise.



Below graph-3 is representation of the above ranking for availability and cost effectiveness of PMJJBY as compared to the Insurance available in the market, which are discussed above in Table1.



Graph-3

Above analysis shows that this product is not attractive in terms of cost for youngster below age 40 years also not available for persons age above 50 years, hence it is only fruitful and attractive for those who are aged between 40 years to 50 years which is only about 11% of total population of our country.

Renewal Analysis:

It is auto renewal policy as it is linked from bank account so every year on the due date of policy renewal, amount will be automatically deducted from customers account so no fear of lapsation only thing is to maintain balance for renewal in the account.

Maturity Analysis:

As similar to all the other insurance companies it do not provide any maturity benefit to the customers carrying a feature of Term Insurance.

VII. RESULTS AND FINDINGS

- 65% population is aged less than 35 years where this product is either not available or costlier than other available in the market.
- About 15% population is above age 50 years who is not eligible in this product.
- Maximum Sum Assured is 2 lac where there is no capping with other products.

- Max. maturity age upto which it covers is 55 years which is least where others are till age of 70 years.
- Enrollment at any point of time was not available.
- Only about 45% population is eligible to enroll this product.
- Claim is not processing through banks but through Insurance companies.
- Very few companies are providing such a small term insurance which can be afforded by any one.
- All the stake holders are benefited with this scheme.

VIII. SUGGESTIONS:

- Premium can be reviewed.
 - Maximum Renewal age can be reconsidered.
 - Maximum entry age can be relook.
 - Maximum Sum Assured can be revised

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