

Customer Awareness and Accessibility of Rural Insurance Among Rural People in Sivagangai District

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Abstract:

Insurance is a form of risk management 'India lives in her Villages' as said by Gandhiji, More that 50% of population of India lives in Villages. Even after the urbanisation which was prominent in the last decade, the Census 2011 revealed that 52% of the total population are living in Rural India. Rural insurance ensures that families living in rural areas have a safe and secure future so that they can lead a happy life. The insurance helps them to cover risks related to various aspects of their life. Rural Insurance policies came with the affordable premium rates and faster claim process. Rural India is often faced with risks linked to lifestyle of people living there. There is a growing need for the rural mass to be educated on insurance. The present study aims to analyze the customer awareness and accessibility of rural insurance among rural people in sivagangai district. Primary data for the study are collected through a questionnaire from the samples 385 taken from Sivagangai districts of Tamil Nadu. The result of the study shows that the majority of them were aware about agriculture equipment insurance.

Keywords:

Rural Insurance, Awareness, Rural Villages, Insurance policies.

1.1 Introduction:

Rural insurance is one such initiative of the government, which benefit small farmers, marginal farmers, agricultural laborers etc. Rural India as a social security tool. comprise of insurance of various insurance products like livestock, eg. cattle, sheep, goat etc. sub animals eg: silkworm and honeybee; plantation and horticultural crops, eg, rubber, grapes etc. Property insurance eg: agricultural pumps etc, rural people eg: gramin accident. India is a developing nation and about 52% (2011 census) percent of population in India resides in rural areas. The needs, income, awareness level of rural people are different form urban markets. After the liberalisation the focus of life insurance companies was on urban customers to increase their market share. Later the government and Insurance Regulatory and Development Authority (IRDA)

framed certain regulations and insurance schemes to cover the rural and social sector. Under the regulations all the insurers have to cover the prescribed policies in rural and social sectors. The government of India also emphasized on designing and promoting insurance products for rural and social sectors

1.2 Review of Literature:

Bindiya Kunal soni (2013) in her article examined the awareness and perceptions towards crop insurance. The main objective of the study is to analyze the awareness level of the farmers for crop and cattle insurance in and district. The primary data for the study was collected by surveying the farmers in anand district through a structured questionnaire. The sample size for the study was 55 by using snowball sampling method. From the findings it shows that there is less awareness towards crop insurance because majority of the farmers were availing non institutional sources. **Rajasri and Gomathi shankar (2019)** in their article observed that purchase behaviour of rural customers in Insurance sector .The researcher collected data from cuddalore district because the number of villages is more in the region and most of them depend on agriculture for their livelihood. Hence the researcher concluded that the majority of the rural customers are purchasing insurance policy during the last decade, some of the people are not aware about the insurance. **Sathyapriya (2018)** in her article stated that awareness towards rural insurance among rural people in Avinashi taluk. The main objective of the study is to analyze social factors influence the awareness level of rural people on rural insurance. The sample size for the study is 230 by using systematic random sampling method. The researcher concluded that even though the modern marketing channels like word of mouth and insurance advisors play a vital role in creating awareness about insurance among rural people. Therefore, the insurance advisors has to promote other rural, micro and agricultural insurance products among people.

1.3 The Objectives of the study are -

1. To know the conceptual framework of rural insurance schemes.
2. To analyze the customer awareness and accessibility of rural insurance among rural people in sivagangai district.
3. To offer suggestions to improve the awareness among rural people towards insurance products.

1.4 Research Methodology:

Tamilnadu is one of the biggest states in India and occupying sixth place in the terms of population. The state also has many numbers of villages. The sivagangai district is one among the agriculture background villages in Tamilnadu. There are twelve taluks located in the districts. Among the twelve taluks

sivagangai taluk has highest number of villages and a greater number of rural population i.e-2,42,411 (According to Annual Report of Sivagangai district 2022). The researcher has collected primary data from 385 respondents in the study area by using rao software calculator. The sampling technique used for the study is simple random sampling method through well-structured interview scheduled. The researcher has proposed to apply statistical tools such as descriptive statistics, mean rank analysis, Friedman test, Factor analysis and ANOVA.

1.5 Agriculture Rural Insurance Schemes:

1.5.1 Aam Admi Bima Yojana:

The Ministry of Finance had introduced Aam Admi Bima Yojana (AABY) on 01.01.2013 and Janashree Bima Yojana (JBY) earlier run by government was merged with this scheme. The aim of scheme is to provide life insurance cover to persons who are living below poverty line or marginally above poverty line in rural and urban areas. Under the scheme individuals between the age 18 years and 59 years and who are the members of the identified 48 occupational groups are covered. This scheme provides benefit of Rs 30,000/- on natural death and Rs 75,000 on death/ total permanent disability due to accident.

1.5.2 Pradhan Mantri Jan Dhan Yojana (PMJDY):

This scheme was launched by government Bank accounts of individuals were opened and benefit of Rs 30,000 were provided to account holders in case of natural death through LIC. In addition to it an accident insurance cover of Rs 1 lakh is provided by government through General Insurance Companies. To avail the benefit of this scheme the person should be between 18 to 59 years of age and he/ she should have been enrolled under PMJDY between 15.08.2014 to 31.01.2015 and should be holder of a valid and in force RuPay Card. Under the scheme about 60 lakh individuals were covered at end of 2015 and an amount of Rs 21 lakh has been paid towards total number of 70 claims.

1.5.3 Pradhan Mantri Jeevan Jyoti Bima Yojana:

The scheme introduced by government to provide insurance cover for death due to any reason for one year which can be renewed from year to year and would be administered through LIC . For availing the scheme, the individual should be between in the age of 18 to 50 years and should be a saving account holder in the participating banks. The other private life insurers can also offer this scheme after taking necessary approvals and tie ups with banks. The premium amount of Rs 330 per annum will be deducted from account of the holder through auto debit facility for insurance coverage .The participating banks can engage any life insurance company for implementing the scheme for their subscribers. The individual would be eligible to join the scheme through one savings bank account only if he has multiple accounts in one or different banks.

1.5.4 Pradhan Mantri Suraksha Bima Yojana:

The scheme offers one year insurance coverage for accidental death and disability on account of accident. The scheme would be offered or administered through public sector general insurance companies and other General Insurance companies willing to offer the product on similar terms with necessary approvals and tie up with banks for this purpose. Participating banks will be free to engage any such insurance company for implementing the scheme for their subscribers.

1.5.5 Rural Postal Life Insurance (RPLI):

This scheme was introduced by the government on the recommendation of Malhotra Committee .The main aim of this scheme was to extend the insurance coverage to rural and weaker sections through post offices. In this competitive market RPLI are providing life insurance cover at a very low cost than the other insurance companies and are managed by the employees of Department of Posts. This scheme is administered at low cost operation and its benefit is passed to insured in the form of bonus. RPLI offers Grama Suraksha, Grama Suvidha, Grama Santosh, Grama Sumangal, Gram Priya and scheme for physically handicapped persons. The minimum sum assured in these schemes is Rs 10,000 and Maximum is Rs 3 lakh. In case of whole life and endowment assurance the maximum age limit is 55 years and 45 years in other plans. These schemes have compulsory medical examination and for non -medical policies and the maximum age is 35 years.

1.6 Data Analysis and Interpretation:

1.6.1 Demographic Profile of the Respondents:

In order to understand the demographic profile of the respondents, percentage analysis was used to identify the personal information like Gender, Age, Marital status, Educational qualification, Monthly income and Monthly savings. The Table 1.1 shows the demographic profile of the respondents.

Table 1.1 Demographic Profile of the Respondents

Demographic Profile	Options	Frequency	Percent
Gender	Male	184	48
	Female	201	52
	Total	385	100
Age	Less than 30 years	42	11
	31 to 40 years	191	50
	41 to 50 years	84	22
	51 to 60 years	56	14
	Above 60 years	12	3
	Total	385	100
Marital status	Married	246	64
	Unmarried	85	22

	Widowed	54	14
	Total	385	100
Educational Qualification	Degree	52	14
	Diploma/ ITI	112	29
	Illiterate	139	36
	Others	82	21
	Total	385	100
Monthly Income	Less than Rs.20,000	142	37
	Rs.20,001 to Rs.30,000	85	22
	Rs.30,001 to Rs.40,000	56	15
	Rs.40,001 to Rs.50,000	48	12
	Above Rs. 50,001	54	14
	Total	385	100
Monthly Savings	Less than Rs.1,000	142	37
	Rs.1,001 to Rs.2,000	85	22
	Rs.2,001 to Rs.3000	56	15
	Rs.3,001 to Rs.4,000	48	12
	Above Rs.4,001	54	14
	Total	385	100

Source: Primary Data

- **Gender:** Among 385 respondents considered for the study, 201 respondents (52%) are female and 197 respondents (37.7%) are females. It is observed that majority of the male respondents have borrowed agriculture credit from the financial institutions.
- **Age:** Among 385 respondents considered for the study; 191 respondents (50%) were in the age group between 31 to 40 years, 84 respondents (22%) were in the age group of 41 to 50 years, 42 respondents (11%) were in the age group of less than 30 years, 56 respondents (14%) belongs to the age group between 51 to 60 years and 12 respondents (3%) were above 60 years. Thus, majority of the farmers contacted are in the age group of 31 to 40 years.
- **Marital status:** Among 385 respondents considered for the study, 246 respondents (64%) are married, 85 respondents (22%) are not married and 54 respondents (14%) are divorced. Hence, majority of the respondents contacted for the study are married.
- **Educational Qualification:** Among 385 respondents considered for the study, 52 respondents (14%) are qualified with Degree, 112 respondents (29%) have completed their diploma/ ITI, 139 respondents (36%) are illiterates and 82 respondents (21%) are categorized as belonging to other group. The other category includes Secondary school leaving certificate or Higher secondary certificate. Therefore, majority of the farmers are not formally educated.

- **Monthly Income:** Among 385 respondents considered for the study, 142 respondents (37%) have a monthly income of less than Rs.20,000, 85 respondents' (22%) monthly income is between Rs.20,001 to Rs.30,000, 56 respondents' (15%) monthly income is between Rs.30,001 to Rs.40,000, 48 respondents' (12%) monthly income is between Rs.40,001 to Rs.50,000 and 54 respondents' (14%) monthly income is above Rs. 50,001. It shows that majority of the farmers' monthly income is less than Rs.20000.
- **Monthly Savings:** Among 385 respondents considered for the study, 142 respondents' (27%) monthly savings is less than Rs.1000, 85 respondents' (22%) monthly savings is between Rs.1001 to Rs.2000, 56 respondents' (15%) monthly savings is between Rs.2001 to Rs.3000, 48 respondents' (12%) monthly savings is between Rs.3001 to Rs.4,000 and 54 respondents' (14%) monthly savings is above Rs.4,001. It shows that majority of the farmers save less than Rs.1000 per month.

1.6.2 Purpose of using Rural Insurance – Friedman Test:

Rural insurance ensures that families living in rural areas have a safe and secure future so that they can lead a happy life. The insurance helps them to cover risks related to various aspects of their life. Rural Insurance policies come with the affordable premium rates and faster claim process. The rural people were using the insurance policies for different purposes such as to prevent damage to assets from certain events, to prevent crop failure, re-build the asset loss due to certain events, compensate for loss of life and others. In order to know for which purpose most of the rural people prefer to use rural insurance schemes, Friedman test is applied.

The Friedman test is a non-parametric alternative to the one-way ANOVA with repeated measures. It is used to find out the differences between groups when the dependent variable being measured is ordinal. The Friedman test compares the mean ranks between the related groups and indicates how the groups differ. It is also useful to measure the mean rank of the each variable. Through the mean variable it can be found which is the most important reasons for using rural insurance schemes. The Table 1.2 deals with the purpose of using rural insurance schemes by using Friedman test.

Table 1.2 Purpose of using Rural Insurance – Friedman Test

Purpose	Mean Rank	Chi-square	P Value	Results
Prevent damage to assets from certain events	3.86	3281.12	0.000	Significant
To prevent crop failure	4.72			
Re-build the asset loss due to certain events	3.02			
Compensate for loss of life	4.12			
Others	2.42			

Source: Primary Data

It is inferred from the above Table that, the variable ‘To prevent crop failure’ stands at the first position with the mean value of 4.72 which tends to be the most important reasons for using rural insurance policies. ‘Compensate for loss of life’ secures the second rank with the mean value of 4.12; Prevent damage to assets from certain events stands at the third place with the mean value of 3.86; Re-build the asset loss due to certain events stands at the fourth rank with the mean value of 3.02 and others stands at the fifth rank with the mean value of 2.42. Among all the variables to prevent crop failure is the most important reasons for using rural insurance policies. Since the p value is 0.000 which is less than the p value of 0.05, it means the null hypothesis is rejected. Hence, it is concluded that there is significant difference among mean ranks for purpose of using rural insurance.

1.6.3 Awareness towards Agriculture Insurance products – Rank Analysis:

Table 1.3 shows the Mean score analysis were used for the awareness towards agriculture insurance products.

Table 1.3 Awareness towards Agriculture Insurance products – Rank Analysis

Awareness	Mean	Standard Deviation	Rank
Agricultural equipments Insurance	4.876	0.421	1
Property Insurance	4.523	0.673	3
Livestock Insurance	3.921	0.685	4
Poultry Insurance	3.589	0.721	7
Sericulture Insurance	3.451	0.624	8
Agriculture pumpset insurance	4.725	0.742	2

Aquaculture Insurance	3.785	0.656	9
Lift Irrigation Insurance	3.215	0.821	10
Farmers package Insurance	3.894	0.564	5
Others	3.850	0.389	6

Source: Primary Data

It is inferred from the above table, awareness towards agriculture insurance products. ‘Agriculture equipments insurance’ scheme stands at the first rank with a mean value of 4.876, ‘Agriculture pumpset Insurance’ stands at the second rank with a mean value of 4.725, Property insurance stands at the third position with a mean value of 4.523. The mean value of the remaining variables are having the mean values of less than 4.0 .so it denotes that majority of rural people were highly aware about agriculture equipments insurance.

1.6.4 Awareness towards Agriculture Insurance products – Factor Analysis:

Factor analysis is a multivariable statistical technique that explains the inter relationship among the total set of observed variables. Factor analysis is a way of grouping of variables based on the inertia of common characteristics which would serve as a common denominator for such classification. It is an analytical tool, which can aid in the preliminary investigation and in the interpretation of the relationship among a large number of inter- related and inter – dependent variables. The primary purpose of factor analysis is the resolution of a set of observed variables in terms of new categories called factors. Factor analysis may be useful for any one of the following functions.

- [1] It point out the latent factors or dimensions that determine the relationship among a set of observed or manifest values.
- [2] Secondly the factor analysis is useful when things need to be grouped.
- [3] Finally, Factor analysis can be used for empirical clustering of observations.

There are different factors towards agriculture insurance products such as Agricultural equipments Insurance, Property Insurance, Livestock Insurance, Poultry Insurance, Sericulture Insurance, Agriculture pumpset insurance, Aquaculture Insurance, Lift Irrigation Insurance, Farmers package Insurance and others. The respondents were asked to provide their opinion in the five-point technique scaling of strongly Agree, Agree, Neutral, Disagree and strongly disagree. The researcher has used the multivariate technique by name factor analysis in order to classify the related variables. This test can be applied only after finding out the suitability of data. Hence, **Kaiser – Mayer – Olkin (KMO)** is used to check the adequacy and suitability of the data for factor analysis. The test measures the sampling adequacy for each variable in the analysis. The sample size is always more and the data is

appropriate for the factor analysis. If the value is less than 0.50, the results of the factor analysis probably will not be very useful.

Table 1.4 Awareness towards Agriculture Insurance products – KMO and Bartlett's test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.854
Bartlett's Test of Sphericity	Approx. Chi-Square	7134.934
	Df	275
	Sig.	.000

Source: Primary Data

The Table 1.4 shows that the KMO Value is 0.854, which indicates that the degree of common variance among the variables is quite high. Hence it could be concluded that factor analysis can be conducted.

1.6.5 Awareness towards Agriculture Insurance products – Principal Component Analysis:

The principal component analysis was administered for grouping the factors for awareness towards agriculture insurance products. It is a method of data reduction. The proportion of the variance of a particular item due to common factor is called communality. The initial value of the communality in a principal component analysis is '1'. Awareness towards agriculture insurance products is involved in the component column. The extraction communalities estimate the variance in each variable accounted for the factors in the factor solution. If the value is less than 0.5 it indicates that the variables do not fit well with the factor solution and it should possibly be dropped from the analysis. The **Table 1.5** shows the extraction value of the awareness towards agriculture insurance products.

Table 1.5 Awareness towards Agriculture Insurance products – Principal Component Analysis

Communalities		
Variables	Initial	Extraction
Agricultural equipments Insurance	1.000	.682
Property Insurance	1.000	.898
Livestock Insurance	1.000	.654
Poultry Insurance	1.000	.525
Sericulture Insurance	1.000	.753
Agriculture pumpset insurance	1.000	.559
Aquaculture Insurance	1.000	.648
Lift Irrigation Insurance	1.000	.634

Farmers package Insurance	1.000	.880
Others	1.000	.719

Source: Primary Data

The Table 1.5 shows the variance of the variables ranging from .500 to 0.898. It shows that the ten variables exhibit the considerable variance from 50 percent to 80 percent. Hence it is concluded that all these variables are capable of segmenting themselves with respect to the awareness towards Agriculture Insurance products.

1.6.6 Awareness towards Agriculture Insurance products –Total Variance Explained:

The total variance analysis is important to know the rotated sum of square value. The rotated seven factors are determined based on the total Eigen value and the Eigen value should be greater than one. The total cumulative variance is explained by the total percentage of variance by each retained four factors. The Table 1.6 gives the individual variance of the predominant factors which emerged out of the ten factors.

Table 1.6 Awareness towards Agriculture Insurance products –Total Variance Explained

The total variance analysis is important to know the rotated sum of square value. The rotated two factors are determined based on the total Eigen value and the Eigen value should be greater than one. The total cumulative variance is explained by the total percentage of variance by each retained four factors. The Table 1.6 gives the individual variance of the predominant factors which emerged out of the 10 factors.

Table 1.6 Awareness towards Agriculture Insurance products –Total Variance Explained

Total Variance Explained									
Component	Initial Eigen values			Extraction Sums of Squared Loadings					Rotation Sums of Squared Loadings
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	0.439	2.990	61.450	1.532	12.261	56.430	1.010	11.421	62.342
2	0.361	2.610	73.456	1.230	5.074	67.564	1.675	12.246	73.863
3	0.209	1.456	84.321						
4	0.115	0.765	89.240						
5	.049	0.329	94.900						
6	.572	0.578	96.710						

7	.643	0.961	97.906						
8	.781	0.732	98.671						
9	.657	1.478	99.000						
10	.445	2.233	100.00						

Extraction Method: Principal Component Analysis.

Source: Primary Data

The Table 1.6, shows that the ten variables are reduced into two predominant factors with the individual variances of 62.342 and 73.863 respectively. Cumulative variable of the ten variables is 73.863 percent. The value of the cumulative variable is more than the benchmark of the variant which is 50 percent. Hence, it confirms that the factor segment is meaningful.

1.6.7 Awareness towards Agriculture Insurance products – Rotated Component Matrix

The rotated sum of square value indicates that the cumulative percentage of variances is 73.863. So the factorization is much suitable for the awareness towards agriculture insurance product. The Table 1.7 explains the value of rotated component matrix for the awareness towards agriculture insurance products.

Table 1.7 7 Awareness towards Agriculture Insurance products –Rotated Component Matrix

Rotated Component Matrix		
Schemes	Component	
	1	2
Agricultural equipments Insurance	0.856	
Property Insurance	0.721	
Livestock Insurance	0.634	
Poultry Insurance	0.689	
Sericulture Insurance	0.654	
Agriculture pumpset insurance	0.798	
Aquaculture Insurance	0.671	
Lift Irrigation Insurance	0.823	
Farmers package Insurance		0.854
Others		0.764

Source: Primary Data

[1] Farmers Asset related Insurance scheme:

The Table 1.7 represents the factor classification. Out of ten factors the first factor consists of eight variables namely agricultural equipments Insurance (0.856), Property Insurance (0.721), Livestock Insurance (0.634), Poultry Insurance (0.689), Sericulture Insurance (0.654), Agriculture pumpset insurance (0.798), Aquaculture Insurance (0.671) and Lift Irrigation Insurance (0.823) all these factors are termed as farmers asset related insurance scheme.

[2] Farmers life cover scheme:

The Second factor consists of two variables namely Farmers package Insurance (0.854) Others (0.764) all these factors are termed as farmers life cover scheme.

1.7 Conclusion:

Rural insurance is one of the initiative factors by the government of India to help the small, marginal farmers and agricultural laborers to have a safe and secure future. The ministry of finance introduced Aam Admi Bima Yojana, Janashree Bima Yojana, Pradhan Mantri Jan Dhan Yojana, Pradhan Mantri Jeevan Jyoti Bima Yojana, which are some of the notable social security schemes for the rural poor people. The rural customers awareness about agricultural insurance policies were analyzed and it was found that some of the majority of people are not aware of the agricultural insurance policy. The present study found that the majority of rural customers were highly aware about agriculture equipment insurance and crop insurance. The respondents are not aware about the 'other related' insurance. Therefore, the insurance companies have to take necessary steps to conduct awareness programmes which will help rural asses in the long run.

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