

Impact of Micro Insurance on Self Help Groups in Rural Areas of Andhra Pradesh



Commerce

KEYWORDS : Micro Insurance, Self help groups, Rural Area, Andhra Pradesh

Dr. A.Rambabu

Post doctoral fellow, Department of Commerce, S.V.University, Tirupati-517 502

ABSTRACT

Micro insurance initiative for poorest of the Poor to provide cover for death and disability the scheme introduced by Society for Elimination of Rural Property (SERP) an autonomous body promoted by Department of Rural Development Government of Andhra Pradesh. The aim of the Project is inculcate the habit of insurance in low-income household with emphasis on Self management of integration. The awareness about claim process is satisfactory for the initial phase, especially looking into the profile of covered population. Another observation is that the role played by Radio and television in transferring information is nil. Keeping in view the fact that audio & visual media make more impact on the audience, these two sources can be utilized in future. There is also an indication that the impact of Federation (Samakhya) is low in the districts lagging behind. It is strongly suggested that effort should be done to find out the status of Samakhya in all districts and necessary steps are taken to strengthen them. Special emphasis can be on the flow of information down to village organization and individual members.

INTRODUCTION

Micro insurance initiative for poorest of the Poor to provide cover for death and disability the scheme introduced by Society for elimination of Rural Property (SERP) an autonomous body promoted by Department of Rural Development Government of Andhra Pradesh. The aim of the Project is inculcate the habit of insurance in low-income household with emphasis on Self management of the integration.

The Scheme

The implementing agency is Society for Elimination of Rural Poverty (SERP), an autonomous body promoted by Department of Rural Development of Andhra Pradesh Government. The Project is being implemented through the Self Help Group Federations called Samakhya. The SHGs and their Zilla Samkhya are being empowered through this scheme to play active role in insurance operations. The project implementation puts on self-management of the intervention.

Department of Rural Development has established call centers in all 22 districts. The call centers are managed with help of Districts Rural Development Agencies. Through Madal Samkhya DRDA has employed 900 Bima Mitras to provide timely and quality service. A Service charge of Rs 15 per applicant is collected to meet the operational expenses; with the aim of making the program self sustained.

In the year 2009, the name of the scheme was changed to Abhayastam with introduction of pension scheme. Abhayastam has the same benefit of Jasnashree Bima Yojna in addition to monthly pension.

This study covers the impact of under Indira Jeevita Pathakam. The Study attempted to quantify socio economic impact on target population as a result of Micro insurance initiative.

Eligibility Rural Landless Households, Age Group 18-59 years, Premium Rs.200/- per member. 50% Central Government and remaining 50% by state Government Nodal Agency State Government.

Benefits: Natural Death Rs.30, 000/- Accidental Death Rs. 75,000/- Total permanent disability Rs. 75,000/- (loss of two eyes or two limbs or loss of one eye and one limb in accident), Partial permanent disability Rs.37,500/- (loss of one eye or one limb in an accident) Two children of the beneficiaries studying in 9th to 12th standard will get Rs. 300/-per quarter per child.

This Scheme would extend the benefit of life insurance coverage as well as coverage of partial and permanent disability to the head of the family or an earning member of the family or rural landless households in the States and also educational assistance to their children studying from 9th to 12th standard as an extended benefit.

Awareness

One of the main reasons of low insurance penetration in India is low insurance literacy. If we compare the status of India with global standards, India is lagging behind even with Asian countries. The insurance penetration in India is 4.8 and insurance density is 33.2; where as the world average is 7.5 and 554.8 respectively. The insurance penetration for Asia is 6.6 and insurance density is 205.

Awareness among the target population is important to meet the objectives of any project. This aspect is also critical for meeting the objective of including the habit of insurance among masses.

This study has attempted to measure the awareness level among the covered population by asking questions about the schemes, enrollment process, role of service provided by Bima Mitras, Call Centres and claim settlement process.

The concept behind insurance is important to understand as it plays important role in decision-making. People will feel comfortable in paying for insurance if they know why they are paying and what happens without their money.

Role of Bima Mitra

The study has closely looked in the role of Bima Mitra. When asked about who collects money for enrollment, 75% of respondents in the state said it was SHG member, while 21% respondents said it was Bima Mitra.

The Bima Mitra give the wide awareness to the self help Group members for pros and cons of the Bima after done the incident. Most of the Bima mitras are self help Group members.

Socio Economic Benefits

As the name indicates, indicator socio economic impact includes social impact and economic impact. Social impact indicates the change in social status. Economic impact indicates reduction financial vulnerability and wellbeing. The improvement in social status is captured by taking into account Sense of Security self Actualization, Education of Children and Superstition about insurance. Sense of security assess whether respondents are feeling financially secure about future and about future of children. Self-actualization takes into account improvement in the personal worth in respondents. Whether they feel having insurance has improved their respect in society and his increased their confidence. The improvement in economic status was captured by considering Dependence on financial Assistance, Creditworthiness and Usage of Amount of the family.

Dependence on financial Assistance indicates impact on vulnerability. Improvement in Creditworthiness and Usage of Amount indicates economic well-being induces with help of financial assistance. When asked about what benefits they perceive for insurance, the overall response was encouraging respondents

felt more secure about future of the family after taking insurance. Economic impact on intervention was measured by asking questions about the importance of interim benefit, source of credit in absence of financial assistance, usage of interim benefit and claim amount.

High dependence on interim benefit and usage of claim amount in payment of debt indicates effectiveness in reducing financial vulnerability. At the same time usage of amount also indicates future wellbeing of households with help of financial assistance.

Reduction in Financial Vulnerability

The usefulness of interim relief was captured by assessing the dependence on financial Assistance for funeral. The effectiveness of initial help was measured by asking how desperately people waited for the help to reach or in other words, how much the family depends on the immediate help.

The interim help in form of Rs.5000/- immediate relief has come out to be an important feature of service as most of the respondents said they waited for the initial help from the service organization.

The four parameters covered under sustainability are Financial Sustainability, Operational Sustainability, Infrastructural Sustainability and Systemic Sustainability.

Financial Sustainability

Financial sustainability depends on the revenue generated by initiative and expenses occurred in bringing out the outcome, i.e., claim settlement.

Financial sustainability for a project to run on its own is possible if people are willing to pay the price of product and ser-

vices even without government subsidy. Willingness to pay also represents the usage value for the consumers, i.e., the target population. It can also be taken as an indicator for the success of the program.

When asked whether they would like to continue for the scheme even if subsidy is not available, 90% of the respondents said they would continue. The districts were awareness level is high and implementation is relatively effective.

The flow of information is :

Family of Insured → Call Center → Bima Mitra / Community Representative → Insurance Company → Call Center → Bima Mitra → Family of Insured.

In this flow of information and processes, the IT infrastructure plays important role. The infrastructure has to be robust at the same time simple and user friendly.

Conclusion

The general awareness about the scheme is satisfactory. This good for initial phase of initiative. However, the awareness about benefits under scheme, details of claim process is low in all districts. This is not a matter of concern at this stage. But as the project matures, it is expected that people are made aware about the details of the initiative. Constant effort will be needed for educating people with focus on second level of information. This can be done in phases.

Acknowledgement

Dr. A. Rambabu as Post-Doctoral Fellow gratefully acknowledges the financial support for publication of the paper by "Indian Council of Social Science Research (ICSSR), New Delhi.

REFERENCE

- 1.PS.Palande, RS.Shab and Luanawat , Response Books, Delhi. 2009 | 2. Dr.P.K.Gupta . HimalayaPublishing House, Mumbai, 2007. | 3. G.S.Panda .Kalayan Publishers, Ludhiyana ,2005. | 4.www.abaya.com | 5. www.rd.ap.gov.in |