



## CSR in Life Insurance Corporation of India: An Empirical study

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### ABSTRACT

Corporate Social Responsibility (CSR) is the commitment of companies to provide services for economic and social development. It is the effort made by companies to improve the living conditions of the local area, where they operate their business activities. The activities are taken up as a part of their CSR, so that, it creates a positive impact on society. The objective of CSR in today's business world is to maximize the company's overall impact on the society and the stakeholders. Life insurance sector of India has also made momentous contribution towards corporate social responsibility. LIC has initiated CSR schemes like Micro insurance, Shiksha Sahyog, Golden jubilee foundation etc., as a part of their corporate social responsibility drive. The aim of present paper is to examine the importance of CSR in Insurance sector, and to highlight CSR initiatives undertaken by LIC. The paper is based on secondary data collected from different sources and websites. The paper concludes that LIC has taken a number of initiatives for corporate social responsibility.

### KEYWORDS

Corporate social responsibility, CSR initiatives, Life insurance

### 1. INTRODUCTION:

Corporate Social Responsibility (CSR) is the commitment of companies to provide services for economic and social development. It is the effort made by companies to improve the living conditions of the local area, where they operate their business activities. The activities are taken up as a part of corporate social responsibility so that it creates a positive impact on society. The objective of CSR in today's business world is to maximize the company's overall impact on the society and the stakeholders.

The concept of CSR in Insurance is encouraging or enforcing contribution towards the society where they operate their business activities. India is among very few countries that had legislated CSR as a mandatory activity for corporate sector.

Howard Bowen in his book, "The Social Responsibilities of the Businessman" proposed the CSR definition as "the obligations of business to pursue those policies, to make those decisions or to follow those lines of action which are desirable in terms of the objectives and values of our society (Bowen, 1953)." The International Standards Organization (ISO) has produced an international standard for the social responsibility of private (corporate) and public sector organizations. ISO 26000 establishes seven core subjects of social responsibility, all of which are parts of most current CSR definitions:

- Organizational governance
- Community involvement and development
- Human rights
- Labor practices
- The environment
- Fair operating practices
- Consumer issues

### 2. Review of literature:

Dr. G. Gangaiah, 2015 examined the role of LIC in Corporate Social Responsibility. The study found that CSR, if implemented in true sense will enhance the quality of stakeholders and the society at large.

B.R. Ananthan and Nandini Shekhar, 2008 in their paper stated that, companies are now expected to act responsibly, be accountable and benefit society as a whole. They also stated that no longer can companies continue to act as independent entities regardless of the general public.

Mc. William & S. Seigal (2010) conducted a study about the importance of CSR as a strategy of enhancing reputation of companies. In their study it is found that the selling of convincing goods which comes under CSR activities, leads to consumer loyalty and increased revenue. Their study also indicated the importance of advertising for providing information to consumers about the social welfare activities of the firm.

### 3. Relevance of the study:

In today's cut throat market competition, the concept of Corporate Social Responsibility is gaining wide acceptance and popularity all across the globe. CSR is recognized as an effective tool to maintain balance between both business and society. LIC has played a very prominent role in the society. Various CSR initiatives undertaken by LIC have benefited a large population of India in ways of education, health, medical, housing development, upliftment of poor through insurance schemes. Further, this study would help in understanding the benefits and present situation of various CSR projects of LIC. The study will provide innovative ideas in designing new strategies, policies and roadmaps which can effectively help in achieving the main objectives of an organization through appropriate CSR schemes.

### 4. Objectives:

The basic objectives of this paper are-

- 4.1. To examine the importance of CSR in Insurance sector
- 4.2. To highlight CSR initiatives undertaken by LIC.

### 5. Methodology:

This study is a descriptive study based on secondary sources of data. Data were collected from various secondary sources like research papers, journals, books, websites of LIC and various other relevant websites.

### 6. Importance of CSR in Insurance sector:

Now a day, many companies considered CSR as a very important marketing tool. Most of the companies turning to CSR in order to create their reputation in the market as well as their profits. The general population has become increasingly aware of social and environmental issues. Business, both big and small, are more responsible for their impact than ever before, largely due to the various reasons like internet facilities, NGO's etc.

Implementing CSR practices is increasingly vital for a company's sustainability and enduring success. The benefits of implementing CSR are the long term viability of the company. So, effectively

managing the relationships with customers, employees, owners/investors, suppliers, competitors, communities and government agencies and regulators, is the key to maximizing company valuation and building a sustainable company.

As we are aware that making profit only should not be the objective of any business as eating is not the objective of living. Focus should be laid on wellbeing of the society as that indirectly affects the profits therefore CSR is vital tool of business which incorporated would be beneficial to the business ensuring sustainable development. No organisation operates in isolation; there is interaction with employees, customers, suppliers and stakeholders. CSR is about managing these relationships to produce an overall positive impact on society. Companies need to help other peoples by providing them good standard of living. Commonly CSR programs relates with community development ,education, environment and healthcare etc. The ability to make a significant difference in the society and improve the overall quality of life could be set as a goal for the CSR activity. LIC should try and bring about a change in the current social situation in India in order to have an effective and lasting solution to the social issues. Insurance sectors can join hands with non-governmental organizations (NGOs) and use their expertise to solve the various social problems. Studies have shown that business operations are disturbed mostly by non-technical issues all bothering on environmental, health and social issues not considered early enough in business planning.

## 7. CSR Initiatives by Life Insurance Corporation of India

Being as a service sector LIC has various scheme/ products towards their stakeholders, which may be considered as CSR.

### 7.1. LIC Golden Jubilee Foundation

It was established in 2006 as a part of LIC's corporate social responsibility. The objectives of the foundation are relief of the poverty or distress, advancement of education, medical relief and advancement of any other object of general public utility. The Foundation has supported projects ranging from construction of hospitals, providing educational facilities, old age homes, hostels buildings for children in tribal areas, etc. It has also provided ambulances and mobile medical vans for the underprivileged sections in remote areas and special school buses for differently able children. The foundation supports cost of treatment for children affected with cancer and undergoing treatment at Tata Memorial Hospital, Mumbai.

LIC Golden Jubilee Scholarship Scheme is an excellent CSR initiative where scholarships of Rs 10000 each per annum are awarded to meritorious students across the country belonging to economically weaker sections of society. Approximately 10878 students have benefited from the scheme so far (2016).

### 7.2. Micro Insurance plans:

LIC's BHAGYA LAKSHMI is a without profit limited protection oriented micro insurance plan. The available sum assured ranges from Rs. 20000/ to Rs. 50000/. 110% of the total premium paid by the policyholder is the maturity value. This product is mainly designed to help the middle income earner people.

### 7.3. LIC'S Group insurance scheme:

LIC offers life insurance protection under group policies to various groups like employer-employees, professional, cooperatives, weaker section of the society. It also provides insurance coverage to people at subsidized rates.

### 7.4. Social security scheme:

AAM ADMI BIMA YOJANA (AABY) is a social security scheme, which is come into effect from 1-1-2013. This scheme provides life insurance protection to the rural and urban poor person living below the poverty line. The benefit under the scheme include natural death cover Rs. 30000/ accidental death or permanent disability benefit of Rs. 75000/ and partial permanent disability of Rs. 37500/ for premium of Rs. 200/ per annum per member where Rs. 100 is borne by the social security fund managed by LIC.

## 7.5. SCHOLARSHIP YOJANA:

Under this scheme a free add-on scholarship benefit is available for the children of the members who are covered under AAM ADMI BIMA YOJANA. Scholarship of Rs. 1200/ per year is given to students studying in classes IX to XII. Scholarship is restricted to two children per family.

## 7.6. PMJDY SCHEME:

Pradhan Mantri Jan Dhan yojana was launched on 28-08-2014. Under this scheme Bank Account were opened and benefits were given to account holders. LIC is providing an insurance coverage of Rs. 30000/ for natural death and Rs. 100000/ for accidental death.

## 7.7 Loan facility to the customers:

LIC also provides loan facility under many of LIC plans. Policy holders can meet their financial needs easily. The process of loan is also very simple and hassle free.

## 7.8. Customer zones:

Through the customer zones, every customer can meet their servicing needs. Presently 75 customer zones are operational. Customers can contact these offices during their office time either phone in or walk in. Our nearest customer zone is located at Guwahati, and phone no is 0361-2460003.

## 7.9. LICHFL CARE HOMES LTD.

As life of the people increases with advancement in Science and Medical care, people realise the risk of living longer. Now a day, people prefer community living as children live separately due to various reasons. LICHFL Care Home limited, a fully owned subsidiary of LICHFL has pioneered corporatized initiative in the sector of elder care in India by providing retirement villages with facilities of stay, food, shopping, communication, ambulance, guest house etc.

## 7.10. Other schemes:

Apart from these, LIC provides various services as a part of CSR like support to specific needs during natural disasters, through financial as well as logistical support, affordable healthcare for the poor; awareness of health issues and available facilities/ benefits, Contributed towards supporting the educational requirement of the children like note books, stationery items , school bags, water bottles, notebooks, pencils, erasers, crayon boxes and white board for classroom teaching etc.

## 8. Conclusion:

At present, CSR has gained immense importance throughout the world. The entire corporate sector have realised the importance of CSR activities. Though, it is an important concept but in India, the concept was recognized only in 1990's after the liberalisation of the economy. More recently, the companies Act 2013 made a landmark development in the CSR history of India. It is mandatory that, the profitable companies are required to spend some portion of their profits on social welfare activities. Today, corporate houses have started CSR activities for creating their reputation and brand value in the market as well as society at large. Being as a service sector, the LIC is also no exception to it. With the implementation of new schemes and CSR initiatives, the performance of LIC has been improved day after day. CSR activities have created a positive image, encouraging social involvement of employees, help to create a dedicated workforce; as a result it develops a sense of loyalty and competitive strengthens for the organization.

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