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O B J E C T I V E S   A N D   R E S E A R C H   M E T H O D O L O G Y

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## CHAPTER 3

### OBJECTIVES AND RESEARCH METHODOLOGY

#### 3.1 THE NEED

The General Insurance Industry in India deals with all sorts of the risks by issuing various types of insurance policies and in turn, receiving claims out of the policies issued. Most of the insurance business catered by the four insurance subsidiary companies under the heading of General Insurance Corporation pertains to motor accidents, fire and marine as revealed from the earlier chapter.

Indian economy is primarily agrarian. The rural economy occupies pivotal role in our country's economy. According to the population census 1981, there are 5.76 lakhs villages and 78 per cent of the total population live in rural areas. From this point of view, agriculture is not merely an occupation or business proposition for the people but it is a tradition and a way of life which shapes the thoughts out look and culture of people. From this point of view, there is vast scope for rural insurance business in India.

When one looks into the business of an insurance company, it is observed that the business is dominated by fire insurance, marine insurance and motor accident insurance, mainly due to profitability and volume of business. Whereas, rural insurance finds no specific mention

in the business profile, since it is included in miscellaneous types of insurance. This perhaps shows that due importance is not given either by the insurance companies or by the rural folks in general. With this view in mind, the present work was undertaken to study different types of rural insurance covers available and its present status in a limited area.

### 3.2 THE STATEMENT OF THE PROBLEM

The statement of the research problem undertaken for the present M. Phil. dissertation is mentioned below.

A STUDY OF GENERAL INSURANCE CORPORATION WITH SPECIAL REFERENCE  
TO RURAL INSURANCE BUSINESS

### 3.3 OBJECTIVES OF THE STUDY

- [1] To study the scope and importance of business in India.
- [2] To understand various types of rural insurance covers practiced in rural India by General Insurance Corporation.
- [3] To examine the nature of rural insurance business and its potential in selected area under the present study and the extent of its penetration.

- [4] To study the awareness regarding rural insurance schemes practiced by the insurance companies in the area under study.
- [5] To study the opinions of the rural folks, insurance company officials and the veterinary doctors regarding problems and prospects of rural insurance.
- [6] To suggest, if any, ways and means by which the rural insurance business can be developed in the selected region under consideration.

#### 3.4 SCOPE OF PRESENT STUDY

The Indian insurance business is nationalised. It is run under the guidance of the General Insurance Corporation through its four subsidiary companies namely,

- (1) The National Insurance Company Limited
- (2) New India Assurance Company Limited
- (3) The oriental Insurance Company Limited
- (4) The United India Insurance Company Limited

Hence, the scope of the study was restricted to the General Insurance Corporation. Though, the scope of the present study was wide, it was narrowed down to its rural insurance business pertaining to the Sangli District. This is because the discussion with the regional

and divisional officials of the various insurance companies led to the conclusion that the rural insurance in Maharashtra is more concentrated in Sangli District and followed by Kolhapur and Nagpur Districts.

In Sangli District, there are three Divisional Offices of the above said insurance companies, except that of the National Insurance Company Limited. However, there is only one branch of the National Insurance Company Limited which looks after insurance business in this area. Hence, the scope of the study was further limited to the rural insurance business of three Divisional Offices and the branch of the National Insurance Company Limited.

The rural insurance covers can broadly be classified into six categories namely, livestock covers, bird covers, sub-animal covers, plant covers, human covers and other rural insurance covers. These are further sub-divided into various categories as shown in TABLE 3.1.

It is noticed from the table that there are 38 different types of covers under six major categories. Out of these, in Sangli District the following types of covers are more popular. Hence, the scope of the study was therefore, further restricted to the following insurance covers : cattle insurance, sheep and goat insurance, poultry insurance, grape insurance, Janata/Gramin accident insurance, agricultural pumpset, animal driven cart, new well insurance and insurance for gobar gas plant.

TABLE 3.1 RURAL INSURANCE COVERS

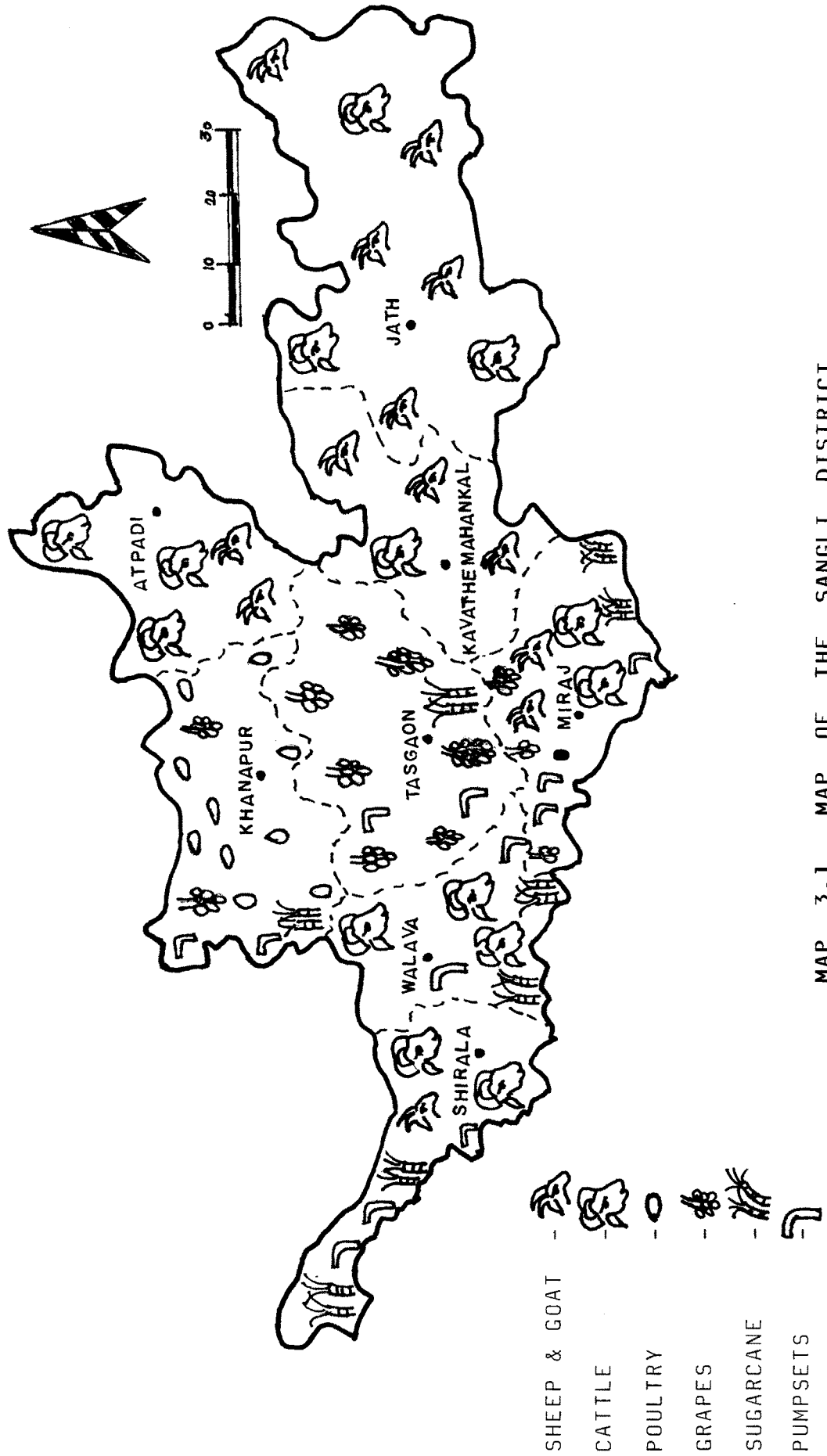
<u>LIVE STOCK COVERS</u>	<u>BIRD COVERS</u>	<u>SUB-ANIMALS COVERS</u>	<u>PLANT COVERS</u>	<u>HUMAN COVERS</u>	<u>OTHER RURAL COVERS</u>
<u>CATTLE INSURANCE</u>	<u>POULTRY INSURANCE</u>	<u>SERICULTURE</u>	<u>PLANTATION/ HORTICULTURE</u>	<u>JANATA PERSONAL ACCIDENT</u>	<u>KISAN AGRICULTURAL PUMPSET INSURANCE</u>
1) Milch Animal	1) Layer birds	<u>HONEY-BEE</u>	1) Banana	<u>GRAMIN ACCIDENT POLICY</u>	<u>ANIMAL DRIVEN CART/ TONGA</u>
2) Calves/Heiter	2) Broilers	<u>FISH</u>	2) Sapota(Chiku)	<u>COMPOSITE RURAL PACKAGE POLICY</u>	<u>HUT INSURANCE (FINANCED)</u>
3) Bulls	3) Hatchery birds	<u>PRAWN</u>	3) Citrus	<u>COMPOSITE PACKAGE COVER FOR POOR FAMILIES(TRIBES)</u>	<u>HUT INSURANCE (POOR FAMILIES IN RURAL AREA)</u>
4) Bullocks	<u>DUCK INSURANCE</u>		4) Rubber	<u>PERSONAL ACCIDENT</u>	<u>SALT WORK INSURANCE</u>
5) He-buffaloes	<u>QUAIL INSURANCE</u>		5) Eucalyptus	<u>SOCIAL SECURITY SCHEME</u>	<u>FAILED WELL INSURANCE</u>
6) Exotic Animals			6) Sugarcane	<u>BIO-GAS INSURANCE</u>	<u>HANDLOOM WEAVERS</u>
<u>DAIRY INSURANCE</u>			7) Grape		
<u>SHEEP/GOAT INSURANCE</u>			<u>TEAKWOOD</u>		
<u>PIG INSURANCE</u>					
<u>CAMEL INSURANCE</u>					
<u>ELEPHANT INSURANCE</u>					

### 3.5 METHODOLOGY

(A) LITERATURE REVIEW : An indepth literature review was carried out in different libraries through books, periodicals, journals, newspapers to gather and understand literature pertaining to the rural insurance.

(B) PRIMARY SOURCE OF DATA : Having understood the conceptual framework of rural insurance business, the researcher visited few selected areas and discussed with farmers, insurance officers, bank officers, local panchayat officials and the veterinary doctors. This was followed by deliberations with the faculty members. A questionnaire was then formulated for the administration to the rural folks. The questionnaire was administered on the trial basis to 25 respondents. Based on the feedback, the questionnaire was redesigned and finalised. It was then translated into the regional language - Marathi for better communication. The questionnaire is shown in the Appendix. In addition, the officers from the insurance companies and bank, and veterinary doctors were interviewed to understand and verify the information gathered from the respondents.

(C) SELECTION OF SAMPLE : The Sangli District comprised of eight talukas namely - Shirala, Walva, Khanapur, Atpadi and Jath. tasgaon, Miraj, Kavthm'kal is shown in MAP 3.1. The map shows various types of agricultural operations like cattle, sheep and goat, poultry,



MAP 3.1 MAP OF THE SANGLI DISTRICT



grapes, sugarcane and agricultural pumpset. The map further reveals that different agricultural operations are specific in specified areas. Taking this into consideration, the sample selection for the present study was done in the following way.

The entire Sangli District depending on the type of agricultural activities was divided into different towns wherein the specific agricultural operations are intense. This is shown in TABLE 3.2.

TABLE 3.2 TOWNWISE AGRICULTURAL ACTIVITIES IN SANGLI DISTRICT

ACTIVITIES	NAMES OF TOWNS
CATTLE	Nandra, Bolwad, Miraj, Jath, Kavathemahankal, Vasgade, Takli, Atpadi and Shirala
SHEEP & GOAT	Miraj, Salgar, Shindewadi, Arewadi, Jath, Malgaon, Kavathemahankal, Dhalgaon, Atpadi, Shirala
POULTRY	Miraj, Vita, Subhashnagar, Takli, Khanapur
GRAPES	Tasgaon, Bolwad, Miraj, Malgaon, Khanapur
SUGARCANE	Walva, Miraj, Tasgaon, Khanapur, Shirala
PUMPSET	Miraj, Tasgaon, Khanapur, Shirala, Walva, Bolwad, Malgaon

Based on the above tabulation, the researcher has administered the questionnaire in these towns selectively. The researcher in his visit to the town contacted first either insurance office, gram-panchayat office, local bank office, farmers and poultry owners. The above agencies were instrumental in furnishing detailed information about locality and regions wherein the specific agricultural and allied operations are intense. As regards sheep and goat owners are concerned, these are maintained by a specific castes called 'Dhangars', commonly known as shephards. These people stay in particular lane or region and are easily noticed in a town. As regards agricultural pumpset operators are concerned, these are mainly used by big farmers for grapes or sugarcane cultivation. Some of these farmers dug new wells and also have gobar gas plant. Thus, there was no specific sampling technique which could be used in such circumstances.

The total sample comprising of different agricultural activities in Sangli District obtained by following above sampling technique is given in TABLE 3.3. The sample is observed to be adequate representative of different categories of rural insurance covers under consideration. The sample consists of 92 grape cultivators and 78 sugarcane cultivators. There were 237 livestock owners comprising of 57 cow, 113 buffalo, 44 bullock, 12 hebuffalo, and 17 donkey owners. On the other hand, there were 51 sheep owners and 17 goat owners. The pumpsets were owned by 44 farmers - 20 were diesel and 24 electrically operated. There were 64 poultry owners comprising of 59 layers, 3

broilers, and 2 hatcheries. The animal carts were driven by 32 respondents. There were 15 gobar gas plant owners, 12 farmers have dug new wells, and 15 respondents have taken janata/gramin personal accident policy. Thus, the total sample comprised of 335 respondents.

TABLE 3.3 COMPOSITION OF SAMPLE

TYPE OF BUSINESS/CULTIVATION	NO. OF RESPONDENTS	TOTAL
1) <u>CROP INSURANCE</u>		
Grape	92	
Sugarcane	78	170
2) <u>LIVE STOCK</u>		
Cow	51	
Buffaloes	113	
Bullocks	44	
Hebuffaloes	12	
Donkey	17	237
Sheep	51	
Goat	17	68
3) <u>PUMPSET</u>		
Diesel	20	
Electric	24	44
4) <u>POULTRY</u>		
Layers	59	
Broiler	3	
Hatcheries	2	
		64

TABLE 3.3 continued ....

TYPE OF BUSINESS/CULTIVATION	NO. OF RESPONDENTS	TOTAL
5) <u>ANIMAL DRIVEN CART/TONGA</u>	32	32
6) Gobar Gas Plants	15	15
7) New Wells	12	12
8) Janata/Gramin Personal Accident Policy	15	15
<b>TOTAL</b>	<b>74</b>	<b>657 *</b>

(\* Denotes multiple mention since one respondent has more than one activity being undertaken and thus may have one or more policies)

### 3.6 LIMITATIONS

The study under consideration has the following inherent limitations :

- (1) The study is limited only to one aspect of the General Insurance Corporation's total business namely, the rural insurance covers.
- (2) The present study is a case study of Sangli District and pertains to selected towns wherein various agricultural activities are intense. Hence, the findings may not be easily extrapolated to the General Insurance business in totality.

- (3) The agricultural operations area are specific. The operations in Sangli District are and may not be similar in other parts of the country and hence the findings cannot be generalised.
- (4) Out of the total 38 different broad rural insurance covers, only 8 which are in vogue in Sangli District are considered in the present study. The rest are non-existent in this area.
- (5) The time at the disposal of the researcher was the major constraint and hence hundred percent sampling was not possible and feasible.

### 3.7 SIGNIFICANCE OF THE STUDY

The researcher expects that the findings of the present study may be helpful to the General Insurance Corporation in the following ways.

- (1) The study is expected to provide an idea of the extent of rural insurance business and its penetration in Sangli District.
- (2) It will assist to understand the extent of existing awareness and requires to be created for rural insurance covers and their applicability in the rural folks.

- (3) The study may give an insight to the General Insurance Corporation as to what modifications are necessary in various covers being practiced and how to design them at all India level.
- (4) The study may give few strategies to be adopted so as to boost rural insurance business as a whole.