

MICRO INSURANCE: GROWTH AND SOCIAL DEVELOPMENT TOOL FOR GRASS ROOT PEOPLE IN INDIA

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ABSTRACT

Purpose/originality/value - The purpose of this paper is to study the growth of micro insurance in India from 2007 to present, and evaluate the impact of micro insurance on social development of grass root people in India.

Design/methodology/approach - From 15 blocks of Agra, 1117 respondents were contacted personally to gather required data randomly are taken into the study to examine the performance of micro insurance and from the IRDA annual reports the performance of private and public insurance business in India from 2007 to present on the basis of individual and group micro insurance business has been measured.

Findings – The study clearly reveals that the public insurance company is performing quit better than the private insurance companies both in terms of policy issued which is 36.08% and premium collection is 5.75% growth rate. Along with this preference of public insurance companies is more than private insurance companies among the respondents. And as per the primary data low income people are socially empower from micro insurance their standard of living, social and financial security has been improving day by day.

Research limitations/implications – This study is limited to 1117 respondents of Agra only and based on Uni - flow system of micro insurance activities and schemes. Therefore, a larger empirical study would be useful to replicate the results of this study.

Practical implications – In order to obtain the full benefits of micro life insurance, it is essential that more and more socially and economically underprivileged people should be covered and policies should be implemented efficiently & effectively.

I. MICRO INSURANCE- AN INTRODUCTION

Micro insurance is a fast developing field with great potential to help the world's poor to cope the risk of large losses. Micro insurance is intended to safeguard the working poor, mainly those working in the informal sector. Normally poverty alleviation efforts emphasis on increasing income, building assets and generating jobs which are significant goals. But these efforts must be well-adjusted with a corresponding intervention on the protective side. Even people who are breaking out of poverty can be left poor by the monetary weight of serious health

complications. Simple climate can wipe out a family's crop and leave them with nothing to eat till the next yield. The death of a wage earner can force children out of school and into the labour market. Micro insurance has the potential to help low-income families manage with these and other dangers at the cost of reasonable premium.

The international micro insurance market has a potential of covering up to 4 billion persons through market-based risk transfer solutions and public-private partnerships. This translates into a potential premium capacity of up to US\$40 billion. Micro insurance suggested a feasible alternative for low-income people to deal their risks. Simultaneously, it is gradually more being look at as a massive untapped growth segment for the insurance sector. Insurers aiming micro insurance are not only serving present unmet risk protection needs, but also are generating a strong product value, constructing a large customer base and supporting the financial and insurance development of evolving markets. As per the report of IRDA 60% of micro insurance customers of world market are living in India. In 2010, 163 million low-income Indians had life, agriculture or livestock insurance, and millions more were covered by government-subsidized mass health schemes. India's exponential development in micro insurance is mainly facilitated by the Government's carrot-and-stick method of supports and regulations.

II. REVIEW OF LITERATURE

S. N.	Topics	Authors	Publication Details	Objectives of the Studies	Tools Used	Findings of the Study
1.	Impact of micro insurance initiatives for society for eliminating rural poverty (SERP)	National insurance academy, Pune	http://www.aaby.ap.gov.in/RIAMicro_Insurance_initiative.pdf (May 2010)	<ol style="list-style-type: none"> To measure awareness About the Micro Insurance Initiative; To assess the socio Economic Impact of Micro insurance Initiative in reducing vulnerability of target population; To measure the effectiveness Of Service Delivery System to ensure satisfactory services to the members; To Suggest ways and 	Percentage	<p>The study finding depicts that awareness about the micro insurance initiatives is satisfactory. However, the awareness about benefits under scheme, details of claim process is low in all districts. The socio economic impact of the project is encouraging. The project is successful in instilling the sense of security among people. They also feel that their social status has increased and they have become confident. The financial assistance has helped them in reducing vulnerability and has increased their creditworthiness.</p> <p>The study suggested 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. So, The</p>

				means to improve the Micro-Insurance Initiative keeping in view sustainability of the Program		improvements in awareness, service delivery and will contribute to sustainability.
2.	Insurance made available to socially backward people	Poonam Arora (Faculty MSc (Mathematics), MS (Insurance) IBMR Business School, Ahmedabad)	http://www.indiastat.com/article/04/parora/fulltext.pdf (March- April 2009)	1. The article describes the nitty gritty and the know how micro insurance, its necessity, about the delivery channels and the various types of products offered under it. 2. The article also stresses the obstacles faced and the benefits of the same.	-	The study shows the awareness of insurance products available among the low income groups is very low. As well they have the assumption that insurance is a status symbol and it can only be afforded by the rich people. They don't prefer giving a good chunk of their income to the insurance people to hedge themselves against the unknown and uncertain future risk. So insurance institutions will have to take the initiative not only to remove these misconceptions but in providing more attractive, useful and more affordable options. This can be done only by overcoming the obstacles and increasing the awareness about micro insurance which is a boon for low income people.
3.	Insurance- A tool to eradicate and a vehicle to economic development	Gunita Arun Chandhok Faculty, M.O.P.Vaishnav College for Women (Autonomous), Research Scholar, Mother Teresa Women's University, Chennai,	International research journal of finance and economics ISSN 1450-2887 Issue 24 (2009)	1. To find out the awareness level of micro health insurance among the rural poor. 2. To find out the impact of this insurance on their financial lives.	Frequency	The result of study indicates that there is a huge untapped market for micro health insurance and majority of population are aware and understand the importance of micro health insurance. Thus, micro insurance will go a long way in eradicating poverty. If the various micro insurance models are implemented effectively by Insurer, MFI's, SHG's, NGO's, Health institutions, Donors and Co-operatives the BPL population will lead a peaceful and secure life.

		India				
4.	Building security for poor- Potential and prospects for micro insurance in India	Anuradha K. Rajivan (Head, Human Development Report Unit at the Regional Centre in Colombo, under UNDP's Regional Bureau for Asia and the Pacific)	Human development report unit, UNDP Regional Centre in Colombo, Serving Asia and the Pacific (2007)	1. The ultimate objective is to address poverty by meeting the risk management needs of the rural poor. 2. To explore the evolution of insurance as a whole in India and the development of micro insurance, identifying supply side factors that come in the way of growth of the insurance industry having field investigation of three states of India i.e. Orissa, Rajasthan, Tamil Nadu.	-	The study reveals that planned actual steps to address constraints like poverty will help express the insurability of the poor in the future and study also shows that micro insurance is on the edge of floating take off in India. The current interest from the different stakeholders, combined with the solid movement provided by the November 2005 directive of IRDA, concrete, complementary catalytic support will enable all the stakeholders to play a more proactive role. However, according to the insurance companies micro insurance is so far to be a proven business offer, so investment from their side is limited and efforts from few NGO's and MFI's have resulted in the introduction of micro insurance as an add-on to their existing micro credit projects & utilities for the rural poor's.
5.	Micro insurance, Poverty & Vulnerability: A Concept Paper	Syed M. Ahsan (Professor, Department of economics, Concordia University, Montreal, Canada)	Working paper no. 1 Institute of microfinance http://www.inm.org.bd/news/micorinsurance_concept_paper_Jan_09.pdf (January 2009)	To explore the important risks that matter for life and death events facing the poor may be insured at an affordable cost both to the insured and the insurer using where possible experience and data drawn from South Asia.	-	The study reveals that the predominance of danger and vulnerability facing the poor is well recorded. In spite of advances in microcredit, useful coping mechanisms still restricted, and as a result, poverty cycles catch many poor households for an indefinite period. Widespread rural institutions are found to be typically of self-insurance nature, and consequently there is a requirement for dealing with idiosyncratic risks within a region as well as risks at the level of regions.

III. STATEMENT OF THE PROBLEM

This study is an attempt to evaluate the role of micro insurance in Growth and Social Development tool for grass root people in India

3.1. Objectives of the Study

The present study has been undertaken with the following specific objectives:-

- To study the growth of micro insurance in India form 2007 to present.
- To study the impact of micro insurance on social development of grass root people in India

IV. RESEARCH DESIGN AND METHODOLOGY

4.1 Sample Area & Size

In the Table no. 1 below showing the blocks wise number of villages in Agra district. These blocks are spread over in 6 Tehsil of Agra district. For the study purpose, the researcher has select 10% of the total number of villages in a block randomly and from each village maximum 20 persons (irrespective of caste, creed, sex, etc.).

Thus, the study has been conducted with maximum 1820 respondents spread over in various villages of Agra district.

Table No. 1: Showing the numbers of villages of Agra District (Block Wise)

S.No.	Block	No of village	No of villages selected	No. of Respondents
1	FatehpurSikri	73	7	Maximum 20
2	Achenera	64	6	Maximum 20
3	Akola	41	4	Maximum 20
4	Bichpuri	33	3	Maximum 20
5	BaroliAhir	65	7	Maximum 20
6	Khandoli	47	5	Maximum 20
7	Etmadpur	61	6	Maximum 20
8	Jagner	46	5	Maximum 20
9	Kheragarh	47	5	Maximum 20
10	Sainya	54	5	Maximum 20
11	Samsabad	71	7	Maximum 20
12	Fatehabad	95	10	Maximum 20
13	Pinahat	52	5	Maximum 20
14	Bah	80	8	Maximum 20
15	JaitpurKalan	76	8	Maximum 20
	Total	905	91	Maximum 1820

Source: CDO, Agra.

4.2 Hypotheses

Ho:Poverty alleviation in rural India and micro insurance are independent to each other.

Ha: Poverty alleviation in rural India and micro insurance are not independent to each other.

4.3 Collection of Data

This study is based on both primary and secondary data.

4.4 Primary Data

Primary data have been collected from the respondents through the questionnaires/Schedule and interview. The Questionnaire covers 18 parameters (such as Financial security, Expansion of business opportunities/Employment/ Earning potential, Expansion of social security & equality, expansion of Income of underprivileged people, Equal status, participation & power of decision making in community and in village) related to social development of low income people. On which researcher tries to measure the performance of micro insurance that helps the people to bring social change their lives.

4.4.1 Secondary Data

The secondary sources which have been collected from annual reports of IRDA, books (Indian Insurance Sector in 21st Century: An Outlook- By- A. Vijaya Kumar, Kalpaz Publication- 2009, Protecting the Poor: A Micro Insurance Compendium- By- Craig Churchill, Academic Foundation Publication-2008), magazines (Micro Risk, February 2010 & Microfinance Insight), journals and the different website of the concerned area.

4.5 Statistical Tools

To test the hypotheses, statistical techniques like percentage, Compound annual growth rate, standard deviation, t-test, etc. have been used

V. ANALYSIS OF THE STUDY

5.1 Growth of Individual micro insurance Business (in Rs lakh)

The micro insurance business in India has made a continuous progress in both public insurance and private insurance companies. More life and group operations and many fresh policies have been launched during the study period. The distribution system of policies has also been strengthened substantially, and the new business of micro insurance has shown a sufficient growth though the mass is still very low.

Table No. 2: Growth of Individual Micro Insurance Business (In Rs Lakh)

Year/ Companies	Public Insurance Companies					Private Insurance Companies				
	Policies	% Change in growth rate of Policies	Premium	% Change in growth rate of Premium	Premium per policy	Policies	% Change in growth of Policies	Premium	% Change in growth rate of Premium	Premium per policy
2007-08	854615		1613.36		188.7821	83153		209.74		252.2338
2008-09	1541218	80.34	3118.74	93.31	202.3555	610851	634.61	537.81	156.42	88.0427
2009-2010	1985145	132.29	14982.5	828.65	754.7308	998809	1101.17	839.78	300.39	84.0781
2010-2011	2951235	245.33	12305.8	662.74	416.9712	699733	741.50	735.09	250.48	105.0529
2011-2012	3826783	347.78	10603.5	557.23	277.0865	793660	854.46	964.22	359.72	121.4903
CAGR (%)	45.46	-	60.11	-		75.76	-	46.42	-	

Source: IRDA Annual Report

The Table no. 2 shows the percentage change in the growth rate of individual micro insurance business of public and private insurance companies. For calculating the percentage change in the growth rate during year 2007-08 has been taken as base year. The Table clearly revealed that public insurance companies have increased the

percentage of policies, but the private insurance companies only have increased percentage in first two years (2008-09 to 2009-2010) then after decreased in 2010-2011 and again increased in a year 2011-12. Similarly public insurance companies have increased growth rate for premium from the year 2007-2009 but later decreased in 2010-2011 and then again, increased in 2011-12. Whereas same condition is there with private insurance companies in case of the premium amount.

5.2 Growth of Group micro insurance Business (in Rs lakh)

Table No. 3: Growth Of Group Micro Insurance Business (In Rs Lakh)

Public Insurance Companies

Year/Companies	Schemes	% Change in growth rate of Schemes	Lives Covered	% Change in growth rate of Lives Covered	Premium	% Change in growth rate of Premium
2007-08	7583		11367126		19256.23	
2008-09	6883	-9.23	11052815	-2.77	17268.54	-10.32
2009-2010	5190	-31.56	14946927	31.49	22869.72	18.77
2010-2011	5446	-28.18	13275464	16.79	13803.67	-28.32
2011-2012	5461	-27.98	9831.63	-99.91	9444349	48945.68
CAGR %	-7.87		-82.86		370.59	

Private Insurance Companies

Year/Companies	Schemes	% Change in growth rate of Schemes	Lives Covered	% Change in growth rate of Lives Covered	Premium	% Change in growth rate of Premium
2007-08	15		874901		871.23	
2008-09	14	-6.67	1498994	71.33	3326.8	281.85
2009-2010	17	13.33	1895143	116.61	1472.09	68.97
2010-2011	23	53.33	1983537	126.72	1719.14	97.32
2011-2012	112	646.67	1150.67	-99.87	750555	86048.89
CAGR %	65.30		-80.95		441.77	

Source: IRDA Annual Report

The table no. 3 examine the percentage change in the growth rate of group micro insurance business during the last five years i.e., from 2007-2012.

In case of group micro insurance business, public insurance companies have been increasing percentage in schemes during the year 2007-2009 but decreased during the year 2009-10 and then increased in 2010-2012. Whereas the private insurance companies have decreased their schemes in their 2008-2009 from 15 to 14 schemes but again increased in next three years. Similarly, in case of lives covered by public & private insurance companies there has been an increased trend of micro insurance from 2007-08 to 2010-2011, then again, decreased in 2011-2012. While in case of premium collection by public insurance companies, they had

been rising trend premium amount from 2007-2009 but decreased in 2010 that again increases in 2011-2012. Same Condition is there with private insurance companies for the premium amount.

Therefore, the tables reveal that in case of individual micro insurance business the overall policies issued by private companies are more than public but the premium collection rate of public insurance companies is higher. Similarly in group micro insurance business private insurance companies overall growth rate is higher in number of schemes issued and premium collection but negative in lives covered then public insurance companies.

5.3 Impact of Micro Insurance on Poverty Alleviation & Social Change in Rural India

India is unique country in that the government plays a proactive role in providing insurance through various social security programmes and highly subsidized insurance schemes to the very poor (those below \$2/per day threshold). Among other things, it provides life insurance to 10 million individuals below the poverty line and health and life insurance for 2-3 million artisans, as well as health insurance for organized sector workers. These programmes are, however, classified as social security rather than as micro insurance, as micro insurance is defined as provided by insurers via the market mechanism.

Furthermore, poor person's living and work in the dangerous surroundings, at risk to sickness, inadvertent death and disability, damage of property due to theft or fire, farming losses, and natural and man-made calamities. Not only can exposure to these risk's consequence in considerable economic losses, but weak families suffer from the continuing uncertainty about whether and when a loss might take place. The poor are not as much of possible to take benefit of income-generating chances that might reduce poverty because of this continuous apprehension. Even though there is little evidence-based information of the impact of insurance on poverty reduction, micro insurance can help decrease the vulnerability that poor households face and as a consequence, facilitate the poor to improve their lives.

The respondents ask to rate the expectations to be fulfilled by micro insurance and changes in status after taking micro insurance based on the five-point scale. Table no. 4 shows weighted average mean & mean difference of various parameters, and assuming that ranks were given to each parameter.

S.no.	Parameters	Before taking Micro Insurance	After Taking micro insurance
		Mean	Mean
1.	Peace of mind	1.49	3.46
2.	Financial security	3.81	3.65
3.	Hedging against manmade & natural risks	2.83	2.27
4.	Cover the emergency expenditures (risk occurs)	3.66	2.83
5.	Expansion of business opportunities/Employment/ Earning potential	2.94	3.73
6.	Expansion of social security & equality	1.74	3.35
7.	Empowerment of weaker sections of the society	2.57	3.22
8.	Expansion of Income of underprivileged people	3.26	2.5
9.	Expansion of general awareness & knowledge of people	3.24	2.11

10.	Equal status, participation & power of decision making in community and in village	2.87	2.77
11.	Breaking social, culture and religious barriers to equal development of unprivileged people	1.78	3.83
12.	Better awareness of health, education environment	2.31	3.72
13.	Improve financial literacy and numeracy	1.85	3.84
14.	Improve communication and leadership skill	3.79	3.41
15.	Empowerment of the Individual decision making of household	2.97	2.43
16.	Increase status, participation & power of decision making of unprivileged people in democratic institutions	3.21	3.43
17.	Opportunity to develop social contact with people & officials	2.93	3.59
18.	Reduce impact of seasonality	1.97	3.67

Source: Survey

According to responses from the respondents, there is tremendous improvement happens in the life of households after taking micro insurance.

- In case of Breaking social, culture and religious barriers to equal development of unprivileged people within the society has been a maximum increase in the mean scores up to 2.05.
- To improve financial literacy and numeracy in the individuals lives increased from 1.85 to 3.84 mean score is on the second most increased parameter.
- As respondent says micro insurance provide security against many risk. Therefore, Peace of mind has been on the third most improved parameter by having increased up to 1.97 mean score among eighteen parameters that taken into consideration by the researcher to measure the impact of micro insurance on poverty alleviation of rural India.
- The fourth and the fifth parameter that have increased most is reduce the impact of seasonality with mean difference 1.70 and Expansion of social security & equality with mean difference of 1.16 by the insures.

After analyzing the various parameters included in the study it was found that all the parameters have the certain percentage of increment except few like Financial security, Hedging against manmade & natural risks, Cover the emergency expenditures (risk occurs), Expansion of Income of underprivileged people, Improve communication and leadership skill and Empowerment of the Individual decision making of household these are the parameters which show the decrement after taking micro insurance. Households are not agreed with these parameters they were said there is no improvement in these situations. However, on an average, there is improvement happens in the lives of low-income people because of micro insurance. Thus, micro insurance is an effective tool for eradication of people from poverty trap and bring social change.

VI. HYPOTHESIS TESTING

Ho: Poverty alleviation in rural India and micro insurance are independent to each other.

Ha: Poverty alleviation in rural India and micro insurance are not independent to each other.

The researcher has investigated the parameters to measure the impact of micro insurance on poverty alleviation in rural India. The Table is showing the mean difference, SD difference, standard error mean, 95% class interval of the lower and upper difference, t-value, degree of freedom and calculated Sig (2-tailed) which has been compared to p= .05 and also Table no. 5 shows the results to test of a hypothesis of different parameters calculated with help of SPSS 20.0 software. Here “A” indicates that ‘Ho is accepted’, and “R” indicates that ‘Ho is rejected’.

Table No 5: Showing Paired Samples Test Shows the Status of Respondents before and After Taking Micro Insurance

Pairs	Parameters	Paired Differences					t	df	Sig- (2-tailed)	Ho
		Mean difference	SD	Std. Error Mean	95% Confidence Interval of the Difference					
					Lower	Upper				
Pair 1	Before taking micro insurance Peace of mind - After taking micro insurance Peace of mind	1.97	1.052	.031	-2.026	-1.902	62.414	1116	.020	R
Pair 2	Before taking micro insurance Financial security - After taking micro insurance Financial security	-0.16	1.816	.054	.047	.261	-2.834	1116	.005	R
Pair 3	Before taking micro insurance Hedging against manmade & natural risks - After taking micro insurance Hedging against manmade & natural risks	-0.56	1.561	.047	.463	.646	-11.868	1116	.020	R
Pair 4	Before taking micro insurance Cover the emergency expenditures (risk occurs) – After taking micro insurance Cover the emergency expenditures (risk occurs)	-0.83	1.562	.047	.736	.919	-17.704	1116	.013	R
Pair 5	Before taking micro insurance Expansion of business	0.79	1.447	.043	-.874	-.704	18.219	1116	.001	R

	opportunities/Employment/ Earning potential - After taking micro insurance Expansion of business opportunities/Employment/ Earning potential									
Pair 6	Before taking micro insurance Expansion of social security & equality - After taking micro insurance Expansion of social security & equality	1.61	1.476	.044	-1.699	-1.526	36.51	1116	.045	R
Pair 7	Before taking micro insurance Empowerment of weaker sections of the society - After taking micro insurance Empowerment of weaker sections of the society	0.65	1.363	.041	-.733	-.573	16.003	1116	.037	R
Pair 8	Before taking micro insurance Expansion of Income of underprivileged people - After taking micro insurance Expansion of Income of underprivileged people	-0.76	1.707	.051	.659	.859	-14.863	1116	.000	R
Pair 9	Before taking micro insurance Expansion of general awareness & knowledge of people - After taking micro insurance Expansion of general awareness & knowledge of people	-1.13	1.353	.040	1.237	1.396	-32.524	1116	.023	R
Pair 10	Before taking micro insurance Equal status, participation & power of decision making in community and in village - After taking micro insurance Equal status, participation & power of decision making in	-0.1	1.973	.059	-.020	.212	-1.623	1116	.105	A

	community and in village									
Pair 11	Before taking micro insurance Breaking social, culture and religious barriers to equal development of unprivileged people - After taking micro insurance Breaking social, culture and religious barriers to equal development of unprivileged people	2.05	1.813	.054	-2.110	-1.897	36.926	1116	.018	R
Pair 12	Before taking micro insurance Better awareness of health, education environment - After taking micro insurance Better awareness of health, education environment	1.41	1.380	.041	-1.530	-1.368	35.094	1116	.017	R
Pair 13	Before taking micro insurance Improve financial literacy and numeracy - After taking micro insurance Improve financial literacy and numeracy	1.99	1.743	.052	-1.898	-1.694	34.43	1116	.000	R
Pair 14	Before taking micro insurance Improve communication and leadership skill - After taking micro insurance Improve communication and leadership skill	-0.38	1.748	.052	.189	.394	-5.581	1116	.038	R
Pair 15	Before taking micro insurance Empowerment of the Individual decision making of household - After taking micro insurance Empowerment of the Individual decision making of household	-0.54	1.585	.047	.486	.672	-12.212	1116	.010	R
Pair 16	Before taking micro insurance Increase status,	0.22	1.663	.050	-.350	-.155	5.075	1116	.001	R

	participation & power of decision making of unprivileged people in democratic institutions - After taking micro insurance Increase status, participation & power of decision making of unprivileged people in democratic institutions									
Pair 17	Before taking micro insurance Opportunity to develop social contact with people & officials - After taking micro insurance Opportunity to develop social contact with people & officials	0.66	1.521	.046	-.855	-.676	16.817	1116	.007	R
Pair 18	Before taking micro insurance Reduce impact of seasonality – After taking micro insurance Reduce impact of seasonality	1.70	1.609	.048	-1.797	-1.608	35.369	1116	.041	R

SPSS 20.0 result

A paired-samples t-test was used to elucidate whether there was a statistically significant mean difference between the before taking micro insurance (expectations) and after taking micro insurance (Observation).

- In the pair 1 to 9 Ho's has been rejected (Peace of mind, Financial security, Hedging against manmade & natural risks, Cover the emergency expenditures (risk occurs), Expansion of business, opportunities/Employment/ Earning potential,Expansion of social security & equality, Empowerment of weaker sections of the society, Expansion of Income of underprivileged people & Expansion of general awareness & knowledge of people) because it is assessed from the test a statistically significant difference is come as the value **Sig. (2-tailed) of all the parameters is below the p-value of .05.**

- But in case of pair 10 Ho has been accepted for Equal status, participation & power of decision making in community and in the village as there is insignificant difference of -0.1 (95% CI, .020 to -.212) , $t(1116)= 1.623, p=.105$.

- Then again, Ho's has been rejected from pair 11 to 18 (Breaking social, culture and religious barriers to equal development of unprivileged people, Better awareness of health, education environment, Improve financial literacy and numeracy, Improve communication and leadership skill, Empowerment of the Individual decision making of household, Increase status, participation & power of decision making of unprivileged people in democratic institutions, Opportunity to develop social contact with people & officials & Reduce the impact of seasonality) as the value of all parameters is less than $p=.05$. Thus, it can be concluded that parameters of **poverty alleviation in rural India and micro insurance are dependent to each other.**

Based on the following parameters a combined paired sample t-test has been performed by the researcher to judge the expectation and observation of the respondents regarding the impact of micro insurance on poverty alleviation of the rural India. Here “A” indicates that ‘Ho is accepted’, and “R” indicates that ‘Ho is rejected’.

Table No. 6: Showing the paired t-test between Before & After taking micro insurance poverty condition in India

Pair	Paired Differences					t	df	Sig. (2-tailed)	H o
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference					
				Lower	Upper				
Before taking micro insurance poverty condition in India - After taking micro insurance poverty condition in India	-258.200	192.995	86.310	-497.835	-18.565	-2.992	4	.040	R

SPSS 20.0 result

It is revealed from the test that a statistically insignificant difference in before & after taking micro insurance poverty condition in India of .258.200 (95% CI -497.835 to -18.565), $t(4) = -2.992$, $p = .040$. Hence, H_0 is rejected. Thus, it can be concluded that there is a considerable improvement in the conditions of low income peoples after taking micro insurance as it helps them to recover from below poverty line.

VII. FINDINGS

- During the study period in individual micro insurance business, the public insurance companies registered 45.46% growth rate in number of policies sold and 60.11% growth rate in premium collection. Whereas, the private insurance companies shows the increasing trend in year 2008-09, 2009-10 and 2011-12. The overall growth rate of private insurance companies in case of number of policies sold is 75.76 % which is higher than public insurance companies and in premium collection the growth rate of premium collection is 46.42% which is lesser than public insurance companies.
- In group micro insurance business, the overall public insurance companies registered -7.87% growth rate in number of policies sold, -82.86% in number of lives covered and 370.59% in premium collection. Whereas, the private insurance companies shows the increasing trend in year 2009-10, 2010-11 and 2011-12. The overall growth rate of private insurance companies in case of number of policies sold is 65.30%, also for lives covered it is -80.95 but for premium collection it is 631.47 which is higher than public insurance companies.
- Breaking social, culture and religious barriers to equal development of unprivileged people within the society has been a first rank with maximum mean scores of 2.05, to improve financial literacy and numeracy in the individuals lives increased from 1.85 to 3.84 mean score is on the second rank, Peace of mind has been on the third most improved parameter by having third rank with 1.97 mean score, fourth and the fifth parameter that have increased most is reduce the impact of seasonality with mean difference 1.70 and Expansion of social security & equality with mean difference of 1.16 by the insures among eighteen parameters that taken into

consideration by the researcher to measure the impact of micro insurance on poverty alleviation of rural India. On the other hand, Financial security, Hedging against manmade & natural risks, Cover the emergency expenditures (risk occurs), Expansion of Income of underprivileged people, Improve communication and leadership skill and Empowerment of the Individual decision making of household these are the parameters which show the decrement after taking micro insurance. However, on an average, there is improvement happens in the lives of low-income people because of micro insurance. Thus, micro insurance is an effective tool for eradication of people from poverty trap and bring social change.

- Regarding the impact of micro insurance on poverty alleviation of the rural India, Ho has been rejected. Thus it can be concluded that there is a considerable improvement in the conditions of low income peoples after taking micro insurance as it helps them to recover from below poverty line. As from the test a statistically insignificant difference is appears in between before & after taking micro insurance poverty condition in India i.e., .258.200 (95% CI -497.835 to -18.565), $t(4) = -2.992$, $p = .040$.

VIII. CONCLUSION

Micro insurance is a growing field. It is increasingly known that households, especially poor households, need some level of protection against risk. Insurance can serve to reduce the negative impact of risk upon a household through the principle of pooling risk. Pooling risk involves a large number of people making small, regular premium payments in exchange for security against a large financial loss in the face of certain risks, such as ill health, theft or death of a loved one. Also micro insurance is a option of Disaster & Risk Management for less affluent segments of the population in developing countries, the current reach of micro-insurance is limited but when policies and regulations have been put in place and institutional innovations are promoting micro insurance among the poorest micro insurance for sure will not remain a no go zone for the insurers. It will work in India but insurers need to grasp the ground realities of rural poverty and countryside conditions as revealed in this paper. The mood is upbeat and insurers look these changes as an opportunity to expand their business while helping the community.

Thus, Study reveals that micro insurance revolution could be a major step towards improving the wellbeing of the poor people and to help to improve the living conditions for those who do not have access to financial services (including micro-insurance). Concerted efforts are required from Government, Regulator, Micro-Financers, NGOs, SHGs & donor agencies to find solutions to problems and then to turn these solutions into action step-by-step so that the vulnerability of the poor can be reduced.

IX. SUGGESTIONS

- Micro insurance to be an effective tool in poverty alleviation there has to be accompanying strategies that will facilitate the productive use of the assets of the poor be they credit or savings, tools, children's education, peace of mind, Equal status, participation & power of decision making in community and in village and Breaking social, culture and religious barriers to equal development of unprivileged people etc.
- Since the outreach of public insurance companies is more and private insurance companies is limited, the new PPP (Public private partnership) project should cooperate with each other and international agencies for strengthening the micro insurance in India. This could have an incredible influence not only for micro insurance operations but also as an influential basis for other development activities.

- The role of the private sector insurance companies as major micro insurance supplier should be encouraged. The growth of individual and group micro insurance policies is very less. The percentage of policies issued by private insurance companies is very less. Thus it is suggested that the number of micro insurance policies should be increase by private insurance companies so as to increase the reach of micro insurance in the country among low income people.
- Along with policies the rate of premium collection is also very less in both individual and group micro insurance business. One of the reason of this that low income people does not trust private insurance company easily. Therefore it is very important for private insurance companies to improve their image in the minds of low income public.

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