Insurance Cover Among SC/ST Community as Compared to General Community of Rural Population.

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ABSTRACT

Insurance is vital to the households of a nation as it insulates them, to an extent from the unforeseen financial burdens. A well developed insurance sector is essential for the development of the nation, particularly the rural areas since the rural population being more vulnerable to calamities, income loss etc. Of the rural population, the SC/ST community being the less privileged, the study aims at assessing whether there is any significant difference in purchasing insurance between the general public and SC/ST community of rural areas. If there is, the study tries to explain what are the factors contributing to this and also the study gives an idea about the reach of socially oriented insurance programs of Government of India.

INTRODUCTION

A well developed insurance sector is vital for a nation's growth and development as it induces individual economic agents to take risk by providing financial security in the event of an unforeseen and loss-causing incident. That is, the development of insurance sector in the economy is of paramount importance due to the factor 'uncertainty' and hence 'risk' associated with economic activities. Uncertainty refers to the situations involving imperfect information. Such imperfect information very often leads to errors in the decisions of individual economic agents. The factor uncertainty precedes risk. Risk is a state of uncertainty in which the some of the probable outcomes of an economic decision leads to adverse effects or loss.

More specifically, in humane terms, insurance provides financial assistance to families when their earning member faces loss of life, making the future of other members of the family uncertain; insurance covers the cost of healthcare for (critically) ill members of the family when they may not be able to afford such treatments; further insurance provides security to loss of assets and crops in the face of a natural calamity or so. The aforementioned aspects constitutes only a fraction of the services of insurance sector. The study focuses on the above said aspects.

With about 1.3 billion population and about 49% of the population being dependent on agriculture with about 70% of population residing in the rural areas, the insurance coverage in India has to be higher. With the urban areas having relatively higher degree of insurance penetration, the rural population of India lags behind in purchasing insurance cover which leads us to one of the lowest insurance sector penetration in the world as a percentage of GDP- 3.69% in 2019 , according to the IRDA report. This is much lower than the developed states as well as developing nations like South Africa which registered 12.89%.

The majority of the rural population of India depends heavily on the land and agriculture to sustain their lives and to earn livelihood. As such their lives become more vulnerable than the urban counterpart. This is because the geography of rural India is difficult along with the fact that the nature has an inherent unpredictability to it, in the form of calamities , sudden climatic

changes and wildlife. This makes the cultivation and associated activities as well as the life itself vulnerable/risky in the rural areas.

Within the rural population, we find two broad groups of people: those who are privileged on the basis of their holdings or assets and those who are not privileged in any manner. Those who are privileged may continue with their lives even when a loss is incurred. However in the case those who are not privileged, their life comes to standstill when they incur a heavy loss, be it life or asset. In such a situation, respective insurance cover would be of tremendous help. Then arises the question that why hasn't insurance sector grown in India as it should have.

Along with the individual insurance providers, the government of India, from time to time launched a number of socially oriented insurance schemes to include those who are left out of the security net of insurance cover. These schemes aimed at the inclusion of the deprived and poor class of Indian population have achieved varying degrees of success among different social groups. Still many are out of the reach of insurance cover.

Since the definitions of two broad groups of rural Indian population as privileged and non-privileged in a personal manner may lead to the error of subjectivity/bias on the part of researcher, the study adopts the categorization of SC/ST and general community inclusive of other categories, according to the government of India. The Scheduled Castes/Scheduled Tribes are the officially recognized groups of people in India. They were subjected to grave atrocities throughout the history of India and were deprived of fundamental rights of life till independence. To improve their living conditions and to bring them to the mainstream of society, the government of India recognized these groups. Barring a small fraction, mostly from the SC category, others still thrive in the rural outskirts and in the forests (ST) of India. The general community, on the other hand, is relatively well off.

If we take insurance cover as an indicator of social progress among the rural population on the basis that purchasing insurance cover involves basic awareness and a relatively higher earnings than the subsistence level, the question of whether there is any significant difference between these groups in terms of insurance cover becomes a question of social equality. As such the distinctive study of these two groups can effectively lead to appropriate policy measures such as low ticket/premium insurance cover which in turn widens the market for insurance as well as provide a sense of safety and equality to the different social groups in the rural population.

Further, this study, to a lesser extent, tries to find out the reasons behind such inequality(if any) among the different social groups of rural population and also bring about a measure of the success of(problems associated with) the socially oriented insurance schemes of the government of India.

OBJECTIVES

The objectives of the study can be stated as follows;
1. To measure the coverage/success of socially oriented insurance schemes of the government of India, specifically life/health and agricultural schemes, among the general community and the SC/ST community of the rural population as proportions.
2. To measure the coverage/penetration of other insurance providers, particularly related to life/health and agricultural aspects, among the general community and the SC/ST community of the rural population as proportions.
3. To test whether there is any significant difference between the insurance coverage among general community and that of the SC/ST community of the rural population.

4. To analyze the occupational and income structure of both general and SC/ST community and to deduce the possible reasons for the significant difference in insurance coverage among general community and SC/ST community of the rural population.

HYPOTHESES
The following hypotheses are framed in accordance with the objectives of the study.

1. H_0: There is no significant difference between the general community and the SC/ST community of the rural population with respect to the coverage of government of India's socially oriented insurance schemes, particularly those relating to life/health and agriculture.
    Versus
    H_A: There is significant difference between the general community and the SC/ST community of the rural population with respect to the coverage of government of India's socially oriented insurance schemes, particularly those relating to life/health and agriculture.
2. H_0: There is no significant difference between the general community and the SC/ST community of the rural population with respect to the coverage of other insurance providers' insurance schemes, particularly those relating to life/health and agriculture.
    Versus
    H_A: There is significant difference between the general community and the SC/ST community of the rural population with respect to the coverage of other insurance providers' insurance schemes, particularly those relating to life/health and agriculture.

METHODOLOGY
Universe and Populations of the Study
The place chosen to conduct the study was Vazhathoppe Grama Panchayat in Idukki district of Kerala. The choice was made out of convenience in terms of transportation, familiarity with a native, relatively diverse demographical structure and the very rural nature of the area.
The people of the universe constitute the two populations mentioned in the study; the general community and SC/ST community.

Size and Selection of Samples
From each population samples of size 30 are drawn on the basis of convenience in terms time, expense and transportation.

Data Collection
Primary data was collected in the form of direct personal interview with aid of a structured questionnaire in accordance with the objectives.

Conceptual Framework of the Study
The concept employed in the study is that of proportions.
From each sample drawn, the proportion of people/households having insurance cover is calculated as the ratio of the number of people having insurance cover to size of the sample.
This proportion is regarded as the coverage of insurance cover or degree of penetration of insurance sector among the respective population.

Analytical Framework of the Study
The data collected regarding insurance cover, income and occupation are presented in various forms including tables and diagrams. Once the proportions are calculated, the hypotheses are tested using normal test for equality of proportions of two populations.

Further the income and occupational structure of those who have insurance cover (seperately for governmental schemes and for other insurance providers' schemes) against those who do not have insurance cover. The level of literacy among respondents is also analyzed.

Theory of Testing

The theoretical basics of two population proportion testing/ two proportion Z test is as follows.

The **assumptions** are;

1. large sample size (>= 30)
2. independent observations
3. equal sample sizes
4. normal distribution.

The **null hypothesis** is the hypothesis to be tested. **Alternative hypothesis** is the hypothesis which is accepted when the null hypothesis is rejected.

The null hypothesis is that the two proportions are the same. Alternative hypothesis is that the two proportions are not the same.

Then let 'p' and 'q' respectively represent the two proportions. Let p_* be the overall sample proportion determined as the ratio between total (both samples) number of 'positive' items and sum of both sample sizes. Let n_1 and n_2 be the respective sample sizes.

Then find the value of test statistic Z using the formula,

$$Z = (p - q) \div \sqrt{(p * (1 - p *)) \left(\frac{1}{n_1} + \frac{1}{n_2} \right)}$$

If α is the chosen **level of significance**, which is the maximum probability of rejecting null hypothesis when it is true, the tabled value of test statistic as $Z_{\alpha/2}$ and on comparing with calculated value, the null hypothesis is rejected or accepted.

The **rejection criteria** is given by calculated value > tabled value. That is, **Z> $Z_{\alpha/2}$**.

SOCIALLY ORIENTED INSURANCE PROGRAMMES OF GOVERNEMENT OF INDIA

The socially oriented insurance schemes of Government of India are those schemes sponsored and operated fully or partly by the union government aimed at providing financial security to the vulnerable sections of the society. They provide financial assistance in the event of an unforeseen incident such as illness, loss of life, loss of crops due to sudden climatic changes etc at an affordable, i.e, low prices. The major schemes of such kind are explained below.

1. **Pradhan Mantri Jeevan Jyoti Bima Yojana(PMJJBY)**
   It offers a renewable life cover of 2 lakh rupees to the beneficiaries(of age 18-50) for death due to any reason, at a price rupees 330 per annum. The term is one year which can be renewed.

2. **Pradhan Mantri Suraksha Bima Yojana(PMSBY)**
   It offers a cover of rupees 2 lakh in the case of accidental death or total permanent disability at a price rupees 12 for one year term. It also covers partial permanent disability with a cover of rupees 1 lakh for the same term. It can be renewed annually.
   Both PMJJBY and PMSBY are operated in collaboration with public and private sector insurance companies and commercial banks, regional rural banks and cooperative banks. Both are self subscription schemes and hence no government contribution is involved.

3. **Pradhan Mantri Fasal Bima Yojana(PMFBY)**

Ministry of Agriculture operates PMFBY and RWBCIS(Restructured Weather Based Crop Insurance Scheme). It offers a comprehensive insurance cover against non preventable natural risks at an affordable rate. It has been made mandatory for the loanee farmers availing agricultural loans for notified crops in notified areas and voluntary for non-loanee farmers. The farmer is required to pay only 1.5% or 2% or 5% of the total sum insured as premium on all Khariff, Rabi and commercial/horticultural crops. The difference between the premium and the insurance charges payable by farmers is shared between the centre and the respective state.

4. **Pradhan Mantri Jan Arogya Yojana(PMJAY)**
   PMJAY is an entitlement based scheme popularly known as Ayushman Bharat aka ModiCare. It covers the poor and the deprived based on deprivation and occupational criteria as per SECC data. It provides up to rupees 5 lakh per household for secondary or tertiary hospitalization per year for about 10.74 crore families all over India. There are empaneled hospitals across India to provide paperless and cashless services.

5. **Rashtriy Swasthya Bima Yojana(RSBY)**
   It is operated by Ministry of Labor and Employment offering health cover for BPL families (5 members) for rupees 30 per annum. However, the hospitalization cover is limited at rupees 30000. The premium is paid by the union government. A smart card is issued in this regard which can be used to avail treatment at any network hospital.

Though there are other socially oriented insurance schemes of GoI aimed at social welfare such as ESI, PMKSN, Life cover under PMJDY, PMVVY etc the study focuses on the aforementioned schemes and thus the other schemes are left unelaborated.

TYPES OF INSURANCE
Mainly insurance industry is categorized as Life insurance sector and non-Life insurance sector. Generally insurance is understood as financial safety net the consumer buys from the insurer in which both parties make a legal agreement according to which the insurer is required to cover any financial losses arising in the event of the contingency against which the insurance is bought. It usually protects the people from the uncertainties regarding future events.
Broadly insurance policies available in India can be classified as follows.

1. Life Insurance: Life insurance is insurance on your life. One buys life insurance to secure the financial position of his/her dependents in the event of his/her untimely death.
2. Health Insurance: Health insurance is bought for covering the expenses of medical treatments. Different types of health policies are available to cover an array of diseases and ailments.
3. Motor Vehicle Insurance: It provides cover against any damage arising from unforeseen incidents like accidents. It also covers third-party liabilities where the policy holder has to compensate other vehicle owners.
4. Education Insurance: An education insurance is a great way to ensure a substantial sum of money to the child's higher education.
5. Home Insurance: Home insurance covers damage caused to one's house or even the loss of the house.
6. Agricultural Insurance: It covers the loss of crops due to calamities, climatic changes etc. It helps in securing the financial position of farmers who are already in vulnerable position.

LIMITATIONS OF THE STUDY

The study is beset with the following deficiencies.

- The scope of the study is constrained by limited time, money and other influential factors.
- The samples obtained may be of biased character since sample items are drawn on the basis of convenience.
- The study is focused on two broad groups of rural population which may overlook upon the other different social groupings.
- The responses might be of inconsistent nature.

DATA ANALYSIS AND DISCUSSION

Sample profile

The sample drawn from the general community is called sample1 and the sample drawn from SC/ST population is called sample2.

The occupations of the respondents are broadly classified into two namely temporary/seasonal and permanent. This classification is used to simplify the analysis. The classification is as follows.

Temporary/seasonal

1. Casual labour / MGNREGA
2. Holdings of miniscule farms(size less than an acre)
3. Diary

Permanent

1. Employed in urban centers
2. Holdings of farms of size greater than an acre
3. Shops and other employment which ensures a steady flow of income in a given time period

The sample is then classified into three income groups viz; below 30000 , between 30000 to 50000 and above 50000 rupees per annum.

Then the sample profiles in terms of variables relevant to the study are given as follows.

SAMPLE 1

The number of sample items drawn is 30.

The educational qualifications of respondents of sample 1 are given as follows.

Table 1

EDUCATION	NUMBER OF RESPONDENTS
School Level	3
Matriculation/10th	8
Pre-degree/plus-two	11
Degree or above	8

Then the occupational distribution of sample 1 is given in the following table.

Table 2

OCCUPATION	NUMBER OF RESPONDENTS
Temporary/ seasonal	25
Permanent	5

The income distribution of sample 1 is given in the following table.

Table 3

INCOME GROUP	MEAN INCOME	NUMBER OF RESPONDENTS
Below Rs 30000	Rs 17000	14
Between Rs30000 to Rs50000	Rs 36000	11
Above Rs 50000	Rs 1.27 Lakhs	5

SAMPLE 2
Sample2 drawn from the SC/ST population also consists of 30 respondents.
The educational status of the sample is given in the following table.
Table 4

EDUCATION	NUMBER OF RESPONDENTS
School Level	5
Matriculation/10th	14
Pre-degree/plus-two	5
Degree or above	6

The occupational distribution is based on the earlier classification of temporary/seasonal and permanent employment. The following table shows this.
Table 5

OCCUPATION	NUMBER OF RESPONDENTS
Temporary/seasonal	26
Permanent	4

The income distribution of sample2 is as follows.
Table 6

INCOME GROUP	MEAN INCOME	NUMBER OF RESPONDENTS
Below Rs30000	Rs 15000	12
Between Rs30000 to Rs50000	Rs 35000	16
Above Rs50000	Rs 66000	2

Data analysis

Having given the relevant aspects of each sample, the data collected through direct personal interview are analyzed in light of the research objectives.
SAMPLE 1:- COVERAGE OF GOI's SOCIALLY ORIENTED INSURANCE PROGRAMMES
Of the 30 respondents 20 are covered under Government of India's one or more life/health insurance schemes. Specifically 11 were covered under only RSBY, 7 were covered under both PMSBY and RSBY and 2 were covered under only PMSBY. On the whole 66.6% of the sample items of sample1 are covered under any socially oriented life/health scheme of GOI.
Table 7

SCHEME	NUMBER OF RESPONDENTS
Only RSBY	11
Both PMSBY AND RSBY	7
Only PMSBY	2
NO Cover	10
Percentage of people having cover	66.66%

It is, however, worth noting that 3 out of the 10 people not having GOI's life/health cover has failed to re-register for their cover which makes them uncovered. This, points to ignorance on the part of the people as well as the authorities concerned.

Having 33% of people left out of the coverage implies a serious deficiency in the implementation of such policies owing to the fact that most of the rural population will not find it inevitable cover themselves against adversities.

As far as the agricultural cover concerned, offered by GOI, 2 of the 30 respondents have cover under PMFBY while others are not covered(6.66%). However, the sizes of farm holdings are miniscule and only 7 respondents have sizeable holdings (more than 1 acre) and in that respect the percentage of people have GOI's agricultural cover becomes 28.57%.

Table 8

Total Number of Respondents	30
Number of Respondents with GOI Agri. Cover	2
Number of Respondents with Sizeable Holdings	7
Percentage of People Covered to Total	6.66%
Percentage of People Covered to People with Sizeable Holdings	28.57%

SAMPLE 1:- COVERAGE OF OTHER MAJOR INSURANCE PROVIDERS

It is easy to start by stating a finding that doesn't need any explanation. The number of people having any agricultural insurance cover provided by other than GOI is 0. This can be attributed to most people having miniscule holdings as well as lack of awareness about its importance.

Only 5 out of the 30 respondents have life/health insurance cover provided not by GOI. All those policies are provided by Life Insurance Corporation of India. It's an obvious result considering there is only LIC as the other insurance provider. Moreover, 5 out of the people not having such a life/health cover used to have them which they have lapsed by not subscribing to them regularly. It implies ignorance on the part of people. Currently the percentage of people having life/health cover is 16.66%.

Table 9

Total Number of People	30
People Having Life/Health Cover	5
People Not Having Life/Health Cover	25
Percentage of People Having Life/Health Cover	16.66%
People who have Lapsed their Cover	5

SAMPLE 1:- CROSS-SECTION ANALYSIS

The **income structure** of people having GOI cover and/or other insurance cover is given in the following table.

Table 10

Income Group	Number of People	GOI Life/Health Cover	GOI Agro-cover	Other Life/Health Cover	Other Agro-cover
Below RS30000	14	8	0	0	0
Rs30000 to RS50000	11	8	1	3	0
Above Rs50000	5	4	1	2	0

It is then clear that people belonging to the lower income group have the least coverage under GOI schemes (57.14% for life/health cover and 0% for agro-cover) as opposed to the middle income and higher income groups (middle income: 72.72% for life/health cover and 9.09% for agro-cover, higher income: 80% for life/health and 20% for agro-cover). The notations of low, middle and higher income groups are purely subjective and are defined specifically within the context of study.

As far as the other insurance providers concerned, still the low income group ranks last in terms of coverage (0% for both life/health and agriculture) as opposed to the middle and higher income groups (middle income: 27.27% for life/health and 0% for agriculture, higher income: 40% for life/health and 0% for agriculture). Further 4 out of 30 people have both GOI and other life/health covers 2 each from middle and higher income groups.

Thus it can be concluded that there is some relationship between insurance cover and the incomes of the people in the rural area. That is, insurance cover is less among people having lower levels of income. It may be noted that altogether the coverage under other insurance providers is found to be abysmal and certainly justifies the existence of GOI's socially oriented insurance policies.

The **occupational structure** of people having GOI insurance cover and or other insurance cover is given in the following table.

Table 11

Occupation	Number of People	GOI life/ health cover	GOI agro-cover	Other life/ health cover	Other agro-cover
Temporary/seasonal	25	16	1	2	0
Permanent	5	4	1	3	0

Then it can be inferred that coverage of GOI's life/health schemes and agriculture schemes is greater among permanently employed group (80% and 20% respectively) as compared to temporarily employed group of people (60% and 4% respectively). Similarly the coverage of other insurance providers in case of life/health is also greater among people with permanent employment (60%) as compared to temporarily employed group of people (8%).

Then it can be concluded that the nature of employment (source of income) – permanent or temporary- influences the insurance coverage among the general community of rural population.

SAMPLE 2:- COVERAGE OF GOI's SOCIALLY ORIENTED INSURANCE PROGRAMMES
Sample 2 refers to the sample drawn from SC/ST population.
The coverage of GOI's agricultural insurance schemes is 0.
Of the 30 respondents 26 are covered under either RSBY and/or PMSBY. Specifically, 21 are covered under RSBY, 3 are covered under both PMSBY and RSBY and 2 are covered under PMSBY only.

Table 12

SCHEME	NUMBER OF PEOPLE
Only RSBY	21
Both RSBY and PMSBY	3
Only PMSBY	2
NO Cover	4
Total Number	30
Percentage of People having GOI life/health cover	86.66%

It is worth noting that the re-registration failure of GOI's life/health cover hasn't taken place in the case of SC/ST population which may be attributed to SC/ST promoters.

No agriculture cover among the respondents implies that their holdings are miniscule and hence they do not consider it as important. This points to an inequality prevailing, in terms of land holdings.

SAMPLE 2:- INSURANCE COVERAGE OF OTHER INSURANCE PROVIDERS

We start by stating the convenient result that no respondent in the sample 2 have any agricultural insurance cover provided by any insurance company. This can be understood in terms of small land holdings, lack of awareness about its importance and the constraints upon income.

In case of life and health cover, as stated earlier the only provider in operation is LIC and 3 out of the 30 respondents have life/health cover (10%). Further, these 3 respondents also have RSBY cover too. One person lapsed his LIC policy by not subscribing regularly.

Table 13

Total Number of Respondents	30
People having Life/Health Cover	3
People NOT having Life/Health Cover	27
Percent of People having Life/Health Cover	10%
People who Lapsed their Life/Health Cover	1

SAMPLE 2: CROSS-SECTION ANALYSIS

The **income structure** of the sample is given in a similar manner to that of sample 1.

Table 14

Income Group	Number of People	GOI's Life/ Health Cover	GOI's Agro-cover	Other Life/ Health Cover	Other Agro-cover
Below Rs30000	12	11	0	0	0
Between Rs30000 to Rs50000	16	13	0	2	0
Above Rs50000	2	2	0	1	0

The coverage of GOI's Life/Health insurance schemes is greater among the high income group (100%) though their number is just two. Between the middle and lower income group the coverage of GOI's Life/Health schemes is higher among lower income group (91.67%) than middle income group (81.25%).

The coverage of life/health schemes provided by other insurance companies is 0 among the lower income group while it is respectively 12.5% and 50% for middle income and higher income groups. Since the number of higher income respondents are small we can only presume that even if a greater number is interviewed this income structure to continue to exist.

Nothing has to be noted about agricultural cover since it is mentioned earlier.

The **occupational structure** of sample2 is given in the following table and figure.

Table 15

Type of Employment	Number of People	GOI's Life/ Health cover	GOI's Agro-cover	Other Life/ Health Cover	Other Agro-cover
Temporary/ Seasonal	26	23	0	2	0
Permanent	4	3	0	1	0

The GOI's life/health coverage is 88.46% among the temporarily or seasonally employed group of people which is greater than the 75% of permanently employed group of people though the

numbers are significantly different. As far as life/health insurance provided by other companies, the coverage is respectively 7.69% and 25% for temporarily employed and permanently employed groups.

As far as the agricultural cover concerned, the coverage is nil.

Other observations

Regarding both the samples certain other observations were made covering the aspects of insurance claims and their extent along with the possible reasons for not buying insurance. Since these are of complementary nature to the scope of study, analysis is done not on the basis of General and SC/ST categorization. The major findings are as follows.

1. No one who ever bought any life/health policy other than GOI schemes has claimed their policy.
2. 3 of the 46 respondents who presently are covered under GOI's life/health schemes have claimed their RSBY cover (6.52%).
3. Majority of the respondents held that they don't recognize the importance of buying insurance of any kind from insurance providers (42 out of the 52 who presently have no other life/health or agro-cover. That is 80.76% of people not having life/health or agro-cover).
4. A few people stated that there is no convenient policy or institution around them. Even if they choose to buy insurance they have to foregone a day's earnings which is considerably significant (5 out of 52).
5. The remaining 5 had no possible reasons to state.
6. There is only one single provider of insurance (LIC) covering the vast rural area of the place of study.

FINDINGS

The major findings of data analysis can be stated as follows;

1. The GOI's life/health cover is by and large successful among the general and SC/ST populations. In proportion terms,
   Coverage among general population (P_1) = 0.6666
   Coverage among SC/ST population (P_2) = 0.8666
2. The GOI's agricultural cover have had a little or no impact at all on the rural population owing to factors such as lower incomes, small holdings and ignorance etc. In proportion terms,
   Coverage among general population = 0.0666
   Coverage among SC/ST population = 0.0000
3. Other insurance providers' life/health schemes have an abysmal level of penetration among rural population which is mostly explained by the differences in income and occupation, lack of awareness about its importance, ignorance on the part of people and lack institutional facilities etc. In proportion terms,
   Coverage among general population (Q_1) = 0.1666
   Coverage among SC/ST population ($Q2$) = 0.1000
4. Other insurance providers' agricultural insurance schemes have no impact at all. That is, zero penetration.
5. Failure to subscribe to insurance policies or re-register for them regularly, can be observed in a significant proportion to the whole penetration in each category

These findings point to the need for a considerable number of policy reforms on the part of the government as well as the insurance providers along with a fundamental change in the attitude of rural population toward insurances for ensuring financial security among the rural population to some extent.

TESTING OF HYPOTHESES

Testing 1

1. H_0: There is no significant difference between the general community and the SC/ST community of the rural population with respect to the coverage of government of India's socially oriented insurance schemes, particularly those relating to life/health and agriculture.

   Versus

   H_A: There is significant difference between the general community and the SC/ST community of the rural population with respect to the coverage of government of India's socially oriented insurance schemes, particularly those relating to life/health and agriculture.

Since there is abysmal coverage of agricultural insurance schemes we leave out it from testing.

The coverage of life/health schemes of GOI, in proportion terms are;

Coverage among general population (P_1) = 0.6666

Coverage among SC/ST population (P_2) = 0.8666

The overall sample proportion is found to be

$$P = 46/60 = 0.7666$$

The calculated value of test statistic is found to be $Z = 1.83$

Let $\alpha = 0.1$, that is, level of significance is 10%, the tabled value is $Z_{\alpha/2} = 1.65$

And then the null hypothesis is rejected since $Z > Z_{\alpha/2}$.

That is, the coverage of GOI's life/health schemes is not equal for general and SC/ST categories of rural population at 10% level of significance.

Testing 2

2. H_0: There is no significant difference between the general community and the SC/ST community of the rural population with respect to the coverage of other insurance providers' insurance schemes, particularly those relating to life/health and agriculture.

   Versus

   H_A: There is significant difference between the general community and the SC/ST community of the rural population with respect to the coverage of other insurance providers' insurance schemes, particularly those relating to life/health and agriculture.

Since there is no coverage of agricultural insurance schemes we leave out it from testing.

In proportion terms, the coverage of other insurance providers' life/health schemes are;

Coverage among general population (Q_1) = 0.1666

Coverage among SC/ST population (Q2) = 0.1000

The overall proportion is found to be, $Q = 8/60 = 0.1333$

The calculated value of test statistic is found to be, $Z = 0.76$

Let $\alpha = 0.1$, that is, level of significance is 10%, the tabled value is, $Z_{\alpha/2} = 1.65$

The null hypothesis is accepted.

SUGGESTIONS

The important policy recommendations arising out of this study can be articulated as follows;

1. To develop and expand rural insurance market, low premium policies covering a wide array of financial burden must be introduced.
2. To reduce or eliminate re-registration failure native promoters may be appointed.
3. The Government of India must introduce a wide variety of insurance products specifically aimed at the rural population in collaboration with other insurance providers.
4. The covering amount should be adequate and sufficient to cover the losses.
5. Crop specific and low-cover policies for small holdings may be introduced.
6. The awareness among the rural population regarding the importance of insurance must be enhanced.
7. The other insurance providers must be encouraged to enter the rural segment through appropriate government policies.
8. Income generation among the rural population must be enhanced.
9. Less complication in the administration of insurance schemes should be promoted.
10. Understandable terms and conditions shall be adopted.

CONCLUSION

Rural population represents an untapped and huge opportunity for the insurance business. To expand insurance business beyond the urban and semi urban sectors, appropriate policy measures shall be adopted on the governmental and organizational sides. Majority of the rural population being unprivileged in terms of income and employment, suitable policies should be devised in this respect also. Though successful to an extent, the GOI's socially oriented insurance schemes have to correct its flaws regarding administration and customizability to enhance the financial position of the rural population.

In the introduction the study has assumed that the insurance cover, especially those not provided by the GoI, can be taken as a measure of inequality persisting across different income and/or employment groups in the rural area. However, the rural population's income being much lower and the coverage being much poor along with the fact that the population under study was more or less homogeneous, in the present study the presumption made in introduction is less appropriate(evident in testing). Further study in this regard maybe undertaken, between different population groups.

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