



LIFE INSURANCE CORPORATION OF INDIA: The Pacemaker Towards Corporate Social Responsibility

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ABSTRACT:

The term "corporate social responsibility" (CSR) describes an organization's social obligations. The idea that companies should be socially responsible to all parties—stockholders, workers, customers, governments, suppliers, and society at large—is becoming more and more accepted these days. When implemented properly, CSR helps to raise the standard of living for all parties involved and for society at large. This paper is the outcome of a descriptive study that was carried out to assess the impact of corporate social responsibility (CSR) on LIC's life insurance business and its numerous stakeholders. The study also looked at the impact of CSR on the underprivileged segments of society through programs like Janashree Bima Yojana, Swarna Jayanti, Gram Swarojgar Yojana, Siksha Sahayog Yojana, and others. The research claims that corporate social responsibility expenditures are a worthwhile investment since they not only foster greater goodwill but also improve profit through moral company conduct and sincere efforts. This work's primary drawback is that it only uses secondary sources, and its scope of analysis is restricted to LIC. In actuality, the study is necessary to ascertain the value of the CSR investment. According to the article, corporate social responsibility (CSR) has become a crucial component of accomplishing organizational goals and is a useful strategy for businesses looking to stand out from the competition and maintain a dominant position in the market.

Keywords: Corporate Social Responsibility, Stakeholders, Society, Goodwill, Investment

1.1 INTRODUCTION

LIC has occasionally carried out its social obligations as a responsible corporate citizen. Actually, national development, infrastructural growth, and industrial growth are the main priorities of LIC investments. The paper is structured as follows, with an introduction, four sections: review of literature, research methodology, impact of

CSR, problems and obstacles in implementing CSR, and lastly, the study's conclusion. A brief firm profile of LIC is provided in the introduction, and it is identified as follows:

Company Profile of LIC:

With the intention of expanding life insurance much further, especially to rural areas, the Life Insurance Corporation of India was founded on September 1, 1956, after the Indian Parliament approved the Life Insurance Corporation Act on June 19, 1956. This was done in order to reach all eligible citizens of the country and provide them with sufficient financial protection at a reasonable cost. LIC is the market leader in life insurance even in the more liberalized Indian insurance market, and it is rapidly establishing new standards for expansion. This year, LIC has issued more than one billion insurance policies. In some areas, LIC has accomplished performance benchmarks and made great strides.

Objectives of LIC:

The Life Insurance Corporation of India (LIC) has a number of goals that are indicative of its place in the insurance industry and the larger financial system. The following are some of LIC's main goals:

Offering Life Insurance Coverage: LIC's goal is to provide life insurance coverage to people, safeguarding policyholders and their families financially in the case of unanticipated events like death or incapacity.

Raising Public Awareness of Life Insurance: LIC seeks to make people more conscious of the value of life insurance. This entails teaching them on the advantages of life insurance and the security it can offer in terms of finances.

Mobilizing Savings: LIC uses life insurance products to help people save money for the future. LIC assists in raising capital and directing it toward profitable ventures by providing a range of investment- and savings-linked products.

Supporting Economic Development: By making investments in a range of economic areas, LIC is a key player in promoting economic development. LIC makes investments that support the expansion and stability of the financial markets.

Social Welfare: LIC works to improve society by participating in social welfare initiatives. This entails taking part in projects pertaining to healthcare, education, and other community development initiatives.

Customer Service and Satisfaction: One of LIC's main goals is to guarantee outstanding customer service and satisfaction. Providing policyholders with prompt and effective services contributes to the development of trust and upholds the company's reputation.

Financial Inclusion: To encourage financial inclusion, LIC seeks to connect with a wide range of people, especially those who live in rural and isolated places. This entails facilitating access to insurance products for individuals from diverse backgrounds.

Adapting to Market Changes: LIC works hard to remain competitive in the ever-changing financial and insurance markets. This entails adopting cutting-edge technology, launching fresh and creative insurance products, and adapting to changing client demands.

Together, these goals support LIC's purpose to be one of India's top providers of life insurance, not only promoting financial stability and economic development but also care about its social responsibilities.

NEED OF THE STUDY:

The concept of corporate social responsibility is becoming more and more popular worldwide due to the intense rivalry in today's markets. CSR is thought to be a useful tool for maintaining social and corporate peace. Over the course of its more than 65-year existence, LIC has significantly impacted society. Numerous CSR initiatives by LIC in the fields of home development, healthcare, education, and insurance programs for the impoverished have benefited a sizable segment of India's population. This analysis would also help to understand the benefits and current status of numerous LIC CSR programs. The research will provide innovative ideas for creating new strategies, programs, and initiatives that will effectively support LIC in achieving its goals through an effective CSR.

1.2 LITERATURE REVIEW:

Malik, A. (2015). The study focuses on the CSR programs run by Indian insurance companies. The two major insurance providers in India, LIC and ICICI Prudential Life Insurance Company, were the subject of the study. The investigation discovered that both companies were running their operations while also keeping society in mind. The study discovered that, in contrast to ICICI Prudential Life Insurance Company, LIC was more committed to their CSR initiatives and advancing societal wellbeing. The study is an effort to emphasize and concentrate on the actions carried out by both businesses.

Balachandran, V., & Saranya, S. (2015). The study tries to draw attention to the numerous CSR initiatives carried out by HDFC Life Insurance Corporation of India. The business concept of HDFC Life emphasizes the provision of employment opportunities to the family of the policyholder who is ill. The mission of HDFC Life's Corporate Social Responsibility (CSR) effort is to become a socially conscious corporate citizen by interacting with stakeholders and making a positive impact by easing suffering and advancing society. HDFC Life has made a commitment to social responsibility, and a codified policy governs its CSR framework.

Uddin, F. (2020). The goal of the study is to critically evaluate Life Insurance Corporation (LIC) of India with regard to their CSR initiatives during the study period. The LIC of India's yearly reports from 2010 to 2018

provided secondary data for this study. The present study has employed the paired t-test to examine its hypotheses. According to the study's findings, LIC of India achieved a significant milestone in the insurance industry in 2017–2018 by covering about 60 million lives and resolving over 150,000 claims under the group and social security programs. LIC of India invested about ₹400,000 million in the social sector in 2017–2018, which is a significant indication of that LIC is much interested in taking up CSR.

1.3 RESEARCH METHODOLOGY:

Objectives of the Study

1. This article will examine the nature and extent of LIC's corporate social responsibility (CSR) initiatives in order to evaluate them and determine whether they are applicable to business.
2. To investigate how CSR programs generally affect society and the life insurance sector.
3. To investigate various issues and challenges pertaining to the implementation of CSR.

The current descriptive study made use of the majority of secondary data sources. The data was collected from a wide range of reliable sources, such as websites, insurance magazines, LIC annual reports, and IRDA journals.

1.4 VARIOUS CSR SCHEMES OF LIC:

A wide range of groups, including employers, employees, professionals, and members of the lower social classes, can obtain life insurance through group plans from LIC. The basic features of group insurance plans are low premiums and simple standards for insurability. Integrated rural programs, group gratuity programs, and group term insurance programs are a few examples of group insurance programs. For people who are below the poverty line, LIC also offers insurance in compliance with social security group plans. A brief explanation of various schemes is provided below:

1. Janashree Bima Yojana: Since its inception in 2000, the government-backed Janashree Bima Yojana initiative has targeted India's rural and urban populations with the goal of offering life insurance coverage to them. As the previous paragraph illustrates, moms and children can also receive financial support through this program. The new program has replaced two widely used programs, the Social Security Group Insurance Scheme (SSGIS) and the Rural Group Life Insurance Scheme (RGLIS). The scheme is designed for individuals who are marginally over and below the poverty line, which is why the premium is only Rs. 200 per member. Participants in nodal organizations, such as Self Help Groups (SHGs) and NGOs, or the State Government, each pay half of the premium cost. The balance of the premium is paid from the Social Security Fund. Members of Female Self Help Groups profit most from the JBY system because it pays for their kids' education. It also comes with a term insurance policy that covers 30,000 rupees for an annual payment of \$200.

2. Aam Aadmi Bima Yojana: The Indian government's Aam Aadmi Bima Yojana (AABY) is a social security program that is managed by the Life Insurance Corporation of India. It provides death and disability benefits to unorganized workers, 48 specific occupational/vocational categories, and rural landless households. One advantage of this plan is that in the event of a member's natural death, LIC will reimburse the nominee with a death claim of Rs. 30,000. Protection against unintentional death In accordance with this plan, the nominee will get payment of Rs. 75,000 in insurance coverage in the event of the member's accidental death.

3. Shiksha Sahayog Yojana: Introduced in December 2001, the Shiksha Sahayog Yojana (SSY) is a social security scholarship program meant for children whose parents are Janashree Bima Yojana members. Under the Janashree Bima Yojana, people who are just above or below the poverty line can obtain life insurance. Students in standard 9, 10, 11, and 12 (including ITI courses) are eligible for scholarships through the Shiksha Sahayog Yojana if their parents are Janashree Bima Yojana participants. Nevertheless, a student will not be able to reapply for this program's scholarship the following year if his poor performance keeps him behind in the same standard. Under the Shiksha Sahayog Yojana, a student may get Rs. 300 (every three months) for a maximum of four years. It's important to keep in mind that families may only apply for scholarships with two children under the Shiksha Sahayog Yojana. Furthermore, there is no premium associated with this scholarship program.

4. Investments: The LIC has made investments across a number of industries. One can invest in corporations, government securities, firm shares and debentures, etc. A total of 11.89 lakhs crore of rupees were invested in these areas in 2022-2023. Furthermore, a significant amount of the funds donated by LIC are utilized for community and social development across the country by organizations like the Prime Ministers' National Relief Fund and the Rajiv Gandhi Foundation, which support relief efforts in the event of natural disasters like earthquakes and tsunamis

.5. Loans to Social and Economic Programmes: The LIC has provided funding for a range of national social and economic development initiatives, including loans for the building of infrastructure such as homes and power plants..

6. LIC Golden Jubilee Oath: The Bombay Public Trust Act of 1950 allowed the LIC Golden Jubilee Foundation to be registered with the Charity Commissioner. The foundation was established on October 20, 2006, with the intention of promoting a number of issues of general public benefit, such as health, education, and relief from poverty and other adversity. The foundation achieves these objectives by utilizing the staff and funds that it receives from LIC. A few of the projects include health programs, education initiatives in rural areas, scholarships, and infrastructure support for both health and education.

7. Microinsurance: An insurance policy designed with the country's rural areas in mind is called a microinsurance plan. The purpose of these programs is to offer coverage to people living in remote areas. Rural residents can get these insurance policies because of their incredibly low rates and amount promised cap. LIC provides three distinct

plan types in the microinsurance category: the Micro Bachat Plan, the New Jeevan Mangal Plan, and the Bhagya Lakshmi Plan, each of which is designed to meet the unique demands of the rural populace.

1.5 CSR SCHEMES AND ITS IMPACT ON STAKEHOLDERS

1. SOCIETY: A sizeable amount of LIC's earnings is directed toward a range of social initiatives, including health and medical care, pension benefits for the elderly, and group insurance for individuals who fall below the federal poverty level.

2. CONSUMERS: After selecting from a range of products, the customer finds a good fit that provides them with more affordable insurance coverage. CSR lessens the possibility of policy deceiving by enhancing the practice of ethical business conduct.

3. GOVERNMENT: Taxes are the main source of funding for the government. Taxes from LIC provide a substantial amount of money to the government. The government finances a range of social and economic development programs with the revenue it receives.

4. LIFE INSURANCE BUSINESS: As of March 2023, the individual category's LIC premium surpasses Rs 10,000, making it the highest of all Indian life insurance firms. For the fiscal year 2022–2023, the total premium collected by LIC of India increased by 16.67 percent to Rs. 2.32 trillion from Rs. 1.99 trillion. This demonstrates that LIC is leading this cutthroat industry and is performing admirably in the life insurance sector.

1.6 ISSUES AND CHALLENGES INVOLVED IN IMPLEMENTATION OF CSR:

Today, corporate social responsibility offers commercial opportunities. The following are some of the elements driving companies toward CSR:

1. The Declining Importance of Government: As a result of dwindling government resources and a mistrust of regulations, research on voluntary and non-regulatory activities has increased.

2. Calls for Greater information: All stakeholders, including customers, partners, employees, communities, investors, and activist groups, are increasing their demands for corporate information.

3. Customer Interest Has Increased: There is proof that the moral conduct of companies is having an increasing impact on consumers' purchasing decisions.

4. There has been a rise in investor pressure: Investors are evaluating a company's performance differently and are making decisions based on criteria such as social and ethical issues.

Main Challenges in implementation of CSR schemes are listed below:

Lack of Community Support for CSR Initiatives: The Company's CSR initiatives are not well received by the local community.

Concerns regarding Transparency: The local implementing agencies appear to be lacking in transparency since they do not go far enough in disclosing details about their programs, legal matters, impact assessments, and use of funds.

Absence of Clearly Defined CSR Guidelines: Corporate social responsibility initiatives lack a clear regulatory framework or set of guidelines to guide them.

Deviation from Main Goal: A company's capacity to make money or bring in income determines how far it can grow and endure. Meeting social obligations comes at a high expense, which will hurt the business's bottom line.

Lack of Social Skills: A businessman could not have the requisite skills to deal with difficult social situations.

1.7 CONCLUSION:

All over, the concept of corporate social responsibility has grown in popularity. Organizations need to realize that the government is unable to uplift society's impoverished on its own. One of the biggest and most established life insurance providers in India, LIC has contributed significantly to various efforts for socioeconomic development by implementing effective corporate social responsibility projects. The Life Insurance Corporation of India (LIC) has recently introduced various CSR initiatives and group insurance and social security programs, such as the Janashree Bima Yojana, the Aam Aadmi Bima Yojana, the Shiksha Sahayog Yojana, and many others, to help the impoverished and provide insurance to rural populations that cannot afford premiums. The company also makes investments and lends out a large amount of its money. The company also provides loans and allocates a significant amount of its capital to a number of other industries, including housing, electricity, agriculture, water supply, and Central and State securities. With the introduction of new programs and CSR initiatives, LIC's performance has grown significantly in rural areas where private enterprises have not yet drawn attention. CSR projects yield advantages. Benefits include improving the company's standing and encouraging social interaction among staff members, both of which increase customer loyalty. CSR programs help to build a loyal workforce by bringing employees closer to the company. Hence, it is evident that corporate social responsibility denotes a continuous pledge made by companies to act responsibly, promote economic expansion, and elevate the bar for employees, the neighborhood, and society at large.

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