CHAPTER – II

REVIEW OF LITERATURE

CHAPTER 2

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In this chapter, various studies of both national and international level were reviewed to find out the research gap and highlighted the uniqueness of the present study.

Ananth Gayan (1998)[1]in his article “Review of the working of the LIC of India: in the context of corporation finance during 1975-90”analysed the Life Insurance Corporation of India which highlighted the spectrum of corporate finance during 1975-90. He pointed out different problems faced by the organization in handling the corporate finance such as the time of procurement and investment of funds. He stressed that the organization must put itself with the necessity of changing environment by taking rational decisions through trained and skilled people.

David Cummins and Mary A. Weiss (1998)[2]in his working paper “Analyzing firm performance in the insurance industry using Frontier efficiency methods” viewed that in analyzing insurance firms, it is often important to measure their performance relative to other firms in the industry.

Ranade and Ahuja (1999)[3]in their article “Life Insurance in India - emerging Issues” presented an overview of life insurance operations in India, and have identified the emerging strategic issues in the light of liberalization and the impending private sector entry into insurance. The necessity of having private insurers has been justified on the grounds of increasing the efficiency of operations, attaining a greater density and penetration of life insurance, and for long-term savings.

Peter Drucker (1999)[4]in his article “Innovate or Die” disclosed that during eighteenth and nineteenth century, life insurance became the largest financial industry by ensuring financial protection.

MundraYogesh (2000)[5]“Insurance Prospective” expressed, through his article, the fear in the minds of the competitors and the possible strategies to face them. The main concern of the public sector companies, according to him, is that the private players, especially foreign ones, will swamp the market and grab a large share of it. They can create demand in some neglected and new areas. The possible strategies for combating the situation can be the adoption of latest information technology, use of data warehousing management, implementation of high level training and development programmes and practices of alliances and tie-ups.

Rao S (2000)[6]in his article "The Indian insurance industry the road ahead" argues that India is still an underdeveloped insurance market and has a huge catch-up potential. According to him, even though there is a strong potential for expansion of insurance into rural areas, growth has so far remained slow. Considering that the bulk of the Indian population still resides in rural areas, it is still imperative that the insurance industry's development should not miss this vast sector of the population.

Arunajatesan (2002)[7]in his article "Insurance in India and future prospects", attempts to find out the reasons for poor penetration of insurance. The findings of the study were that 70 per cent of the population is aware of insurance through television, newspapers and agents and among them only 24 per cent are insured. Regarding the knowledge of schemes, less than 15 per cent are aware about it.

Kundu (2003)[8] in the article titled "What's next in India's Insurance market" discussed the changes in various issues of insurance industry after the entry of new players. Despite having huge population, India still has a low insurance penetration. Today, people are increasingly looking not just at products but at integrated financial solutions that can offer stability of returns along with total protection. Technology will play an important role in aiding design and administrating of products as well in efforts to build long customer relationships.

Tone and Sahoo (2005)[9]in their article "Evaluating cost efficiency and returns to scale in the life insurance corporation of India using Data Envelopment Analysis" analyzed the cost efficiency and returns to scale of LIC by using time series data. The results showed that there existed heterogeneity in the cost efficiency over the period of study. There was a decreasing performance after 1994-95 mainly due to allocative inefficiency arising from the modernization measures undertaken by LIC. However it was encouraging to see that there was a significant increase in efficiency in 2000-01.

B.V. Rao (2005)[10] in his article "LIC agents- Are they all productive", indicated that the performance of LIC of India depends purely on the performance of its agents. The study also revealed that 15 percent of the agents of the LIC of India are highly productive and the remaining 85 percent are less productive. In a nut shell the former agents brought 61 percent of the new business while the remaining 85 percent contributed the balance 39 percent.

Rastogi S and SarkarR (2006)[11] in the research paper "Enhancing competitiveness: The case of the Indian life insurance industry", identifies the causes and the objectives with which the sector was reformed in 2000. The study was an effort in studying the trends emerging within this sector and an attempt has been made to analyze whether the industry has benefited from the governmental reforms. Hence this paper is an attempt towards analyzing the industry in its present form and comparing it with the pre-liberalized era, thereby understanding the alternate strategies that can facilitate the development of sound policies and practices leading to a globally competitive insurance industry within the country.

C.S. Rao (2007)[12]in the article **"**The Regulatory challenges ahead" reported that insurance is a vital economic activity and there is an excellent scope for its growth in the emerging markets. There has been an optimistic approach among the people about the foundation of the insurance sector

Sinha and Chatterjee (2007)[13] in their article **"**Are Indian life insurance companies cost efficient?"highlighted the growth of the Indian insurance industry and analyzed the cost efficiencies of the life insurers which included LIC and the private players. The contribution of the paper is to practically apply the model on the insurance industry with reference to India. The researchers found that there are only theoretical discussions on the CARAMELS framework without any empirical study using the model.

Mushtaq Ahmed, R. (2007)[14]in his study on "Market strategies of public and private life insurance companies in India: A comparative study" vividly discusses a comparative analysis of the strategies adopted by both LIC and private insurance players in selling insurance to the customers. Due to the intensity of competition faced by the LIC after liberalization, the Corporation has thought seriously of inculcating innovativeness in the strategies adopted for selling insurance products to the customers.

LavanyaVedagiri Rao (2008)[15]in the article "Innovation and new service development in select private life insurance companies in India" explored that the global life insurance industry is facing major changes and the leading insurers are innovating their services in order to compete. The study also made an attempt to understand how service firms actually innovate. It can be concluded that there is an effective system of innovation in these service organizations.

G. Gopalakrishna (2008)[16]in his article "Protection of the economic value of assets through life insurance" lays down that all assets including the human life has economic value. Insurance is a mechanism that provides compensation for pre-financial value of the asset in case of loss and damage. It does not get back and replace the asset, it only compensates for the loss suffered. Insurance is transfer and sharing of risk by equitable loss sharing. It proves to be a profitable investment and fulfils a host of needs of a person. In fact, life insurance is a way of life

G. Raju (2009)[17]in his article "Factors determining life insurance purchase: A study of the customer behavior", advised that insurance is an important segment under financial services which provides long-term funds for various needs. However, the level of penetration is less when compared to the world average and many other countries. The findings of the study revealed that the life insurance is chosen primarily for risk coverage and tax benefits.

Murthy, R.Babu and Ansari (2009)[18] in the paper examined the "Performance evaluation of Life Insurance Corporation". The main purpose of the study is to measure the growth and development of LIC business before and after liberalization. The competition from the private players has urged the corporation to look for different policies, attractive schemes, and enhanced customer services. To achieve this, healthier competition has to be intensified.

Tripathi. S (2009)[19] in his study on "A comparative analysis of LIC of India and private insurance companies" compared LIC and private insurers on the basis of size, growth, productivity and grievances handling mechanism. The main findings of the study are that of all the parameters listed, LIC of India is facing heavy competition from private insurance companies.

Pasricha, Gursharan Singh (2009)[20]in his study analyzed the " Performance of Life Insurance Corporation of India (LIC)- An Appraisal" revealed why LIC is not going ahead and proposed the basic reasons as their products and technology are not upgraded. There is also need to improve the processes and popularize the scheme. So the author recommended that such channels be used aggressively by LIC to meet the rising level of competition. He also highlighted that advertisements plays an important role. With the help of advertisement LIC can increase the awareness about life insurance products among the masses.

RajendranR and Natarajan B (2009)[21] in their paper titled "The impact of LPG on life insurance corporation of India (LIC)" compared the overall performance of Indian Life Insurance Corporation of India between pre- and post-LPG era. The data were analyzed using the method of least squares. It was found that the business in India, the business outside India as well as the total business of LIC always has an increasing trend. The collected and analyzed data prove that LPG is incorporating a positive influence on LIC of India and its performance.

DuttaSubit (2010)[22] in his study on "Marketing strategy of Life Insurance Corporation of India in the context of liberalization of insurance sector -A study with special reference to Silchar division" makes a study of the insurance marketing strategies of the public sector giant after liberalization in Silchar division and finds that customer awareness has improved on insurance products and also the efficiency of marketing of these products by the LIC is also augmented due to increased competition from private insurance players

Shendey B.K. and Neelkant Rao, (2010)[23]in their article on "Trends in insurance industry in India since 21st century" admits that the entry of new players has enabled up the spread of life insurance and terminated the monopoly status of LIC of India. The study also revealed that the Indian insurance industry has enlarged after liberalization in terms of total life insurance premium. LIC has also taken effective steps to increase its number of policyholder through various new schemes.

Sailender Singh (2010)[24] in his study on "The investment pattern of Life Insurance Corporation of India and its customers" focuses on investment management of insurers. He lists out the characteristics of the emerging markets and the constraints faced by LIC in having a profitable and active portfolio. The regulations of the IRDA, in some cases, act as a disincentive for an active investment strategy of the LIC.

Dr.M.V.S.SrinivasaRao (2011)[25]in his article "Performance of Indian insurance industry in the era of liberalization" described the various key economic indicators as annual premiums, new policies underwritten by the insurers, relative market share, insurance penetration and insurance density for evaluating the performance of insurance companies. The study revealed that liberalization of the sector has been most encouraging not only in terms of growth rate but also in the overall increase of the market share of both private and public players.

Harpreet Singh Bedi and Dr. Preeti Singh (2011)[26]" in their article "An empirical analysis of life insurance industry in India" attempted to study the overall performance of life insurance industry of India between pre and post economic reform era. It measured the current status, volume of competitions and challenges faced by the Life Insurance Corporation of India and to measure the effectiveness of investment strategy of LIC over the period 1980 to 2009. The Statistical tools used are t-test and ANOVA to measure the overall performance of life insurance industry of India between pre- and post-economic reform era. The study observed that there is a huge growth in the performance of Indian life insurance industry and LIC of India.

Tanveer Ahmad Darzi (2011)[27]in his study "Financial performance of insurance industry in post liberalization era in India" explored that the insurance industry in India has witnessed paradigm shift in a short period of time since liberalization. Post liberalization and favorable regulatory environment put in force by IRDA has given positive sign to insurance penetration and insurance density. The study used CARAMEL (Capital Adequacy, Asset Quality, Reinsurance and Actuarial Issues, Management efficiency, Earnings and Profitability, Liquidity Analysis) parameters to analyze the performance of insurance companies

Dr.SonikaChaudhary and PritiKiran (2011)[28]in their study "Life insurance industry in India- current scenario**"** highlighted that the government made a paradigm shift in the economic policy by adopting the process of liberalization, privatization and globalization at the end of the previous decade. The outcome of LPG regime was that the private insurance companies have given tough competition to LIC of India in all aspects.

Sankaramuthukumar and Alamelu.k (2011)[29]in their article "Insurance Inclusion Index: A state-wise analysis in India" analyzed the insurance inclusion for India and her states. It also ranks the states according to insurance inclusion index, and compares the insurance inclusion index with the latest financial inclusion index for Indian states. The study revealed that the insurance penetration level is 29 per cent. The authors suggest that a comprehensive financial inclusion measurement with all financial services including banking, insurance, micro finance institutions must be developed to track financial inclusion targets and achievements in the country.

DharmendraSingh(2011)[30]in his article "Factors affecting customer's preferences for life Insurers: An empirical study" aims to identify the factors influencing the selection of insurance company for purchasing the policy. The study made an attempt to know the consumer's buying behavior with a focus on determining the factors affecting the consumer's preference for insurance companies. The consumers were asked to rate their preferred insurers on the basis of the parameters which have strongly influenced them. ANOVA tests were applied and it was found that the proper redressal of complaints, product features accessibility, low premium amount, advertising, better claim settlement are some of the factors that influenced consumers to choose a company.

Dr. Govind P. Shinde, Prof. Kuldeep Bhalerao and Dr. D.Y.Patil (2011)[31] studied the "Journey of insurance sector in India since its inception" and revealed that life insurance will grow very rapidly over the next decades in India. The major drivers include sound economic fundamentals, a rising middle-income class, an improving regulatory framework and rising risk awareness. The major regulatory changes during the year 1999 were considered as crucial for the development of insurance sector. Despite the restriction of 26 per cent on foreign ownership, large foreign insurers entered the Indian market. However, state owned insurance companies had a dominant market position.

C. Barathi, C. D. Balaji and Ch. Ibohal Meithei (2011)[32], in their research paper "Innovative strategies to catalyze growth of Indian life insurance sector-an analytical review" revealed the effect of recession over Indian insurance market. The paper explores the various strategic options that can be effectively implemented by the life insurers to improve the coverage and penetration of life insurance. The findings of the study are that the life insurance companies should focus on flexible plans, innovative schemes, attract policyholder's in order to achieve sustained growth and ensure profitability of business as well as growth of insurance coverage.

Sharma N.C (2011)[33]in his article **"**A Decade of Competition (2001-02 to 2010-11) LIC is the Clear Winner II" commented that LIC has successfully weathered the storm of competition in the last decade and has emerged a clear winner. It is expected that it will continue to provide the lead in the second decade of competition also. He also urges that if LIC has to graduate from a good to a great organization it will have to develop and strengthen mechanisms that provide authentic feedback to the policy framers in the organization about the reality of the experience of the average policyholder and the common agent in the operating offices that can become the basis for formulating policies, products and strategies which in turn will contribute to the greater satisfaction of the customer and the agent alike.

Kulkarni and Sagar (2011)[34]in their article **"**Recent trends in marketing strategy of LIC of India" focused on the position of LIC in terms of its market share. Moreover they discussed the marketing strategies being adopted by LIC to improve its competitive strength and dominance in the market. They found that LIC had a market share of 70.92 per cent at the end of 2008-09. They also mentioned the strategies adopted by LIC to fight the increasing competition which included innovative product development, variety of products, banc assurance and many more.

Joy Chakraborty and Dr. ParthaPratimSengupta (2012)[35] in their study "Measuring performance and efficiency growth of the selected Indian life insurance companies: A total factor productivity approach" compares the performance and efficiency in terms of Total factor Productivity growth of 13 Indian life insurance companies in respect to Catch-up efficiency and Frontier-shift efficiency using Data Envelopment Analysis (DEA)-Solver Software version 5.0. For this purpose, Net Premium Income and Number of products launched during the year have been taken as the output indicators and operating expenses along with Commission expenses has been taken as the inputs.

Dr.Selva Kumar M and Dr.Vimal Priyan J (2012)[36]in their study " A comparative study of Public and Private life insurance companies in India" analyzed the public and private life insurance companies by formulating various hypothesis For this purpose, MANN - WHITNEY - U - TEST was applied. Though privatization of the insurance sector is feared to affect the prospects of the LIC, the study concluded that LIC continues to dominate the sector.

Dr. Martina R. Noronhand Dr. Sanjay R. Shinde(2012)[37] in their study "A comparative study of cost efficiency of life insurance companies in India" compared the cost efficiency of life insurance companies in India for the period 2000-01 to 2009-10. The study used Data Envelopment Analysis to analyze the cost efficiency score of life insurance sector in India.LIC of India has steadily secured a cost efficiency score in all the years and making itself a cost efficient organization.

Debabrata Das and Jasojit Debnath (2012)[38] **"**Performance of Insurance companies in India: A comparison of public and private insurers" viewed that liberalization of the insurance market in India gave entry to many private insurers, resulting in drastic changes in respect to people's choice of companies and paved way for growth and development of insurers. Companies are employing different marketing channels, apart from the conventional channel of marketing through individual agents, to stay in the competition. The paper thus, highlighted the performance of life insurance market in terms of different parameters, and also helped to throw light on the different marketing channels employed.

Monalisha Ghosal (2012)[39] in her article "Role of Insurance in economic development of India" believed that the Indian Insurance market is the 19th largest globally and ranks 5th in Asia. An average Indian spent USD 16.4 on insurance products which are lower compared to countries like Japan, china, Taiwan but not worse. The author explores that the insurance sector is poised for huge growth by way of number of policy holders, policy premiums, new products and increased technology focus. Today, Life insurance has become a backbone of many market economies. The author concludes that the life insurers should offer innovative products to its customers to satisfy them.

Prabakaran V and VelmuruganJ.M (2012)[40] in their article An analysis of the growth of Life Insurance Corporation of India – in the context of post liberalization era" analyzed the performance of LIC of India in terms of number of polices issued, first year premium collected and the profit before tax earned. In terms of profit before tax, LIC has maintained sustained growth in the financial year 2005 -06 to 2010 – 11.

In the year 2007 – 08, LIC of India met heavy decline in the collection of first year premium (18.60% less than the previous year) but however, LIC came up with tremendous collection of first year premium during the financial year 2010 – 11, Rs.21756.38 crore. The number of polices sold by LIC of India has also seen increase year wise in spite of heavy competition in Indian insurance industry.

JaydebBera (2012)[41] in the study "Comparative study between public sector life insurance companies and private sector life insurance companies in India" found that the private insurance companies are entering into the insurance field with attractive package so LIC of India has to change their business strategies for the benefit of the policyholders and for the benefit of the corporation itself. The study also identified that the main battle for private sector life insurance companies and public sector life insurance companies lies in capturing the rural areas.

Dr.H H Bharadi (2012)[42]in his article "Life Insurance Corporation of India: An overview of its performance" made an attempt to study the performance of life insurance business of India. To know the business performance of both LIC and private players, the parameters like insurance density, insurance penetration, management of life fund, premium collection, individual new business and death claims settlement have been taken in to consideration. It is found that both LIC and private insurer adapted similar strategy while managing the life fund.

Dr. Ravi N. Kadam (2012)[43]in his article "Life Insurance Corporation of India: A Giant in India's Insurance Sector" argued that in the today's complex and busy life, risk is at every step. The insurance in these days has become essential for managing risk. The LIC is efficiently functioning among many competitors in the field and has not given up its place to any competitor. Over the last three decades. In India, the life insurance business has grown tremendously. The progress of life business of LIC can be evaluated by various parameters such as growth of new business, performance of business in force etc. People of India have more faith and confidence in LIC. Hence retaining, maintaining and developing confidence are essential factors and it has to give more attention towards innovative policies.

Sanjay Kanti Das (2012)[44]in his paper "Critical issues of service marketing in India: A case of life insurance industry" made an effort to study the key concerns and challenges of life insurance companies of India. The study revealed that the private insurers, in spite of adopting various strategies were far behind LIC of India. The study further revealed that when private insurance companies underwent huge losses, it was only LIC which earned profits.

Kirtilal C. Judal (2012)[45]in his research paper made an attempt to study the "Trends in total new business LIC of India: Gandhinagar division for the last five years ". The major findings of the study were: Total new business in terms of policies of Gandhinagar division has been decreased from 2006- 07 to 2010- 11 except 2009- 10 financial year. New business in terms of policies of various branches of Gandhinagar division has no specific trend related to increase and decrease in new business. In the financial year 2008- 09 most of the branches of new business has decreased. All branches except Kadi and Chandkheda branches have increased in new business in financial year 2009- 10. Out of twenty, five branches stood first with policies and stood last with policies in all new business in terms of policies for the last five years.

Vineet Kumar and PoonamKumari(2012)[46]in their research article "A comparative study on public verses private sector in life insurance in India" opined that large number of initiatives have been taken by public sector companies to compete with private sector companies. But their survival depends upon their performance in terms of profitability, productivity, efficiency and service quality.

AbhijitSinha (2013)[47]in his article "Financial soundness in Indian Life Insurance: A comparison between two leading private players" attempted to analyze the financial soundness of two insurers. Bajaj Allianz life insurance and ICICI Prudential life insurance was chosen as the sample for the purpose of the research. The methodology applied is the CARAMELS framework developed by International Monetary Fund to understand the financial strengths and weaknesses of different sectors like banking, insurance etc. The study found that all is not well for the life insurers and needs more focus and attention on liquidity position of the companies, operating expenses to Net Premium ratio thereby calling for improvement strategies.

Charumathi B (2013)[48]in her article "On the determinants of solvency margin of Indian life insurers- An empirical study" tries to model the factors determining the solvency margin of Indian life insurers. The study uses multiple regression model pertaining to two financial years Viz., 2009-10 and 2010-11. The results revealed that operating margin, investment performance, premium growth were the influencing factors of solvency ratio of life insurers in India.

Leela Ram Newar (2013)[49]in the study “Understanding reforms in the life insurance sector of India” argued that the overall growth in the insurance industry has been positive. The author believes that though a rational customer prefers bank savings more than any other, still there is a huge potential for the insurance sector. Many researchers have predicted that the Indian insurance industry will flourish in the coming years. The growth in the life insurance is estimated to be faster than the non-life insurance.

NeelamGulati and Jain C.M(2013)[50] in their article “A study of impact of liberalization of Indian insurance sector on the strategies of Life Insurance Corporation of India since 2001”analysed the impact of liberalization towards LIC and found that LIC’s overall productivity has undergone a drastic change after liberalization. There are various reasons for the change. It is the change in the policies and strategies of LIC which have really brought a change in its productivity. The five essential factors that have affected LIC are changing customer behavior, deregulation and government intervention, competition-in respect to technology, distribution networks, automation etc, technological innovations, Client relationship and quality.

Mr. BidyadharPadhiand Dr.MayadharSatpathy (2013)[51]in their article **“**Performance of LIC of India after Liberalization” analyzed the Performance of LIC of India after liberalization. The study revealed that every year both the private insurance companies and LIC of India have been increasing the numbers of policies sold and the total amount of premium collected. Both the total numbers of policies sold and the total amount of premium collected by the insurance industries have increased significantly. After the insurance sector reforms, most of the private insurance companies entered the Indian market as joint ventures with recognized foreign players across the globe. As a result, the market shares of LIC of India have reduced significantly. But while comparing the market shares of public sector insurance company LIC with the private sector insurance companies it is found that LIC still holds 70 per cent market share and remains as the market leader in the insurance Industry

Venkatesan G. A and Sundhara RamanR. (2013)[52] in their article “Swot analysis of Life Insurance Corporation in India – An overview” found that in the life insurance business, apart from its strength, LIC is obtaining a lot of weaknesses and threats particularly lack of innovation, payments from banks on five different dates in a month, ECS bounce along with penalty, delayed renewal receipt for subsequent months, tough competition, economic crisis and so on. Hence LIC must take necessary actions to remove all weaknesses and threats. If LIC removes all the hurdles its market economy will flourish a lot.

Dr. Sudhinder Singh Chowhan(2013)[53]in the study “A comparative study of public and private life insurance” explored that the life insurance has become a mainstay of any market economy since it offers plenty of scope for garnering large sums of money for long periods of time. The study revealed that LIC of India continues to lead the insurance sector even after the entry of private insurers.

Dr.Sangeetha Natarajan(2013)[54]through her research “Determinants for evaluating Life Insurance Corporation of India” studied the performance of the entity, namely Competence, Productivity and Allocation which was taken as the base in terms of Performance, Productivity and Investment. The key determinants are sourced from the balance sheets and the annual reports of Insurance Regulatory and Development Authority of India, the sole governing body of Insurance. The determinants identified are listed on the basis of three categories as performance, productivity and investment portfolio.

Dr. Sonal Nena (2013)[55] in her article “Performance Evaluation of Life Insurance Corporation (LIC) of India” evaluated the performance of LIC of India which showed consistent increase in its business. The study revealed that though the performance of LIC of India has not taken great heights initially, later it has changed its strategies which have benefitted the corporation.

Dr. Yogesh Jain (2013)[56] in his article “Economic reforms and world economic crisis: Changing Indian life insurance market place” indicated that in the life insurance sector, for instance, there has been a slowdown because of the country's economic travails. There has been a severe impact in insurance as when the rate of savings becomes less. All factors are in place for the Indian life insurance industry to blossom into one of the fastest-growing financial services markets in the world.

Dr. NeelamGulati (2014)[57] in his article "Analysis of the Productivity of Life Insurance Corporation (LIC) of India" analyzed the productivity of LIC by different variables such as New Business Procured per Branch, New Business Per Active Agent, Number of Policies Per Branch, Number of Policies Per Agent, Premium Income Per Branch, Premium Income Per Agent, Ratio of Expenses to Premium Income, Complaints per Thousand Mean Number of Policies in Force, Percentage of outstanding Claims to total Claims Payable. From the discussion on various parameters of productivity, LIC has been able to earn higher rate of return amidst high competition.

JyotiAgarwal and Dr. K.K. Shukla (2014)[58] in their paper "Awareness and impact of globalization of life insurance in India" argued that the insured households do understand the insurance concept better than the uninsured. The study revealed that many families relate the concept insurance as loss of life. Agent's role in creating awareness about insurance is considered as important. Apart from agents, friends, relatives, mass media take a leading role in educating the people.

Divakara Rao(2015)[59] in his paper "Recent trends in Life insurance business in India: A comparative study of LIC and private players in post liberalization era" analyzed that during Post LPG era, life insurance industry witnessed a marvelous growth and touched its historical heights. In spite of private insurance expanding their business, LIC still continues to hold the dominant position and the most trusted brand among the people. He further added that competition has brought more product innovation and better customer servicing on the life insurance business.

Monoj Kumar Chowdhury (2016)[60] in his research article "Rise and growth of insurance sector in Pre & Post Liberalized India" urges that competition enhances the efficiency of market participants, the process of creative destruction, which ensures the sustenance and enhancement of efficiency, is not strictly applicable to the financial markets. Hence, while exit is perhaps the most efficient option for insolvent firms in many markets, insolvency of financial intermediaries calls for government action and usually affects the government's budgetary positions adversely. Thus, IRDA has to take stringent rules and regulations, prudential norms, regularly observing the insurers thereby making the robustness of the industry (in India) critically dependent on the organization. Preventing a malady, as conventional wisdom goes, is better than trying to cure it once the disease has set in.

The above review of literature on insurance at national and international level have revealed that there were only limited studies on the performance of LIC of India in terms of many key determinants. Hence the researcher has selected the key determinants viz., business operations, productivity, efficiency, profitability, investment diversification and customers satisfaction i.e., policyholders satisfaction for evaluating the performance of LIC of India

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