



PREFACE

Insurance market worldwide continues to undertake pro-competitive reform. As a consequent, dozens of countries have deregulated and liberalized their insurance markets. Insurance sector in India has also gone through the process of reforms following the recommendation of Malhotra Committee's report submitted in 1996. In the progression of events towards liberalization Insurance Regulatory and Development Bill (IRDA) was passed in 1999. This along with amendments to the LIC (and also GIC) Acts paves way for the entry of private players. Since then, India's insurance sector is undergoing a radical change for the past decade.

This study tries to give an overview of the impacts of liberalization and deregulation processes in Indian life insurance industry. With the liberalization, there is entry of private companies in Insurance sector with attendant changes. There are changes in terms of market concentration, product innovations, marketing strategy and use of technology for processes, all attributable to liberalization and deregulation. So it is very important to evaluate and understand various impacts in terms of competition, growth, development and future prospects in the sector. The issues covered in this analysis also include the efficiency and productivity improvement in the life insurance industry due to deregulation. The main research questions explored in the study include

1. What is the present scenario of the industry? How different it is from the pre liberalization scenario? What changes may be brought about by competition in the industry?

2. How far the life insurance companies have improved in terms of the efficiency and productivity?
3. How did liberalization contributed in product innovation, risk management, customer service parameters in life insurance industry?
4. What are other implications of liberalization in life insurance industry?

The study covers the period from 2001-02 to 2009-10. The number of insurers taken varies from analysis to analysis. In some cases, 15 insurers are taken for the study instead of all the insurers, as the data pertaining to new entrants are not available or may deteriorate the overall result. It primarily depends on the secondary data available with Insurance Regulatory and Developmental Authority of India (IRDA), Annual reports of respective life insurance companies in India. Also text books, national as well as international articles and dailies are referred to collect relevant and required data.

The thesis is divided into seven chapters in all. The first chapter gives introduction of liberalization and deregulation, purpose and importance of research. The second chapter provides a brief overview of the Indian life insurance industry from the pre nationalization to nationalization and further to liberalization breaking the monopoly regime of LIC of India. Chapter three confines to literature survey mostly related to the liberalization and deregulation related studies at home and abroad, its impact on various areas specially efficiency and productivity. Chapter four discusses the possible impact of liberalization on concentration. Chapter five is devoted to the measurement and analysis of efficiency and productivity of Indian

life insurance industry. Chapter six is confined to innovations in the life insurance industry. Chapter seven gives conclusions of study and policy suggestions based on the findings.

ACKNOWLEDGEMENTS

In the preparation of this study, lots of people have helped me in some way or the other and therefore acknowledgements are due to them without whose co-operation, support, encouragement and guidance this research study could not have been completed.

This study was done under the guidance of Dr. T. R. Bishnoi. I would like to acknowledge my deepest appreciation and undying gratitude for the scholarly guidance, constant encouragement and confidence he has given to me. He has been my mentor not only during the course of this work, but also in my entire graduate study. I am truly indebted to him.

I am extremely thankful to all my teachers, the Department of Economics, M. S. University of Baroda. My teachers, Prof. P. R. Joshi, Head, Department of Economics, Prof B. S. Kantawala, Prof. A. S. Rao, Prof. S.M Joshi, Prof. U. M. Naik, Prof. A.U Nanavati, Dr. A.S Mehta and Dr. V. K Padaria are the ones without whom, I may not be where I am today. I would also like to thank Hemant, Maya and the administrative staffs of Department of Economics for their timely help and co-operation during the course of my work.

I express my gratitude to the University for providing me with an opportunity to conduct my Ph D work and also for the three years Ph D scholarship awarded to me. I also appreciate the help and co-operation received from the librarian and the staffs of the Hansa Mehta Library of the University.

I am extremely grateful to Dr Dilip K. Chellani, Head, Department of Banking and Insurance, Faculty of Commerce, M.S. University of Baroda for his suggestion and guidance. My grateful thanks are also due to Amitkumar Vaidya, the dy.Manager LIC of India, Vadodara for helping me to access the library at its office premises. My thanks are extended to Dr. Ramesh D. Smarth, Retd. General Manger, GIC and Mr. S.J Gidwani, Secretary General, Insurance Institute of India, Mumbai for contributing much to my understanding of the subject.

My fond thanks are due to my friends, Santa, Nanda, Menaka, Sofia, and Vishakha and also to my juniors Chandabadani and Seema. They gave lots of energy and freshness to life. Moments with them during the study and hostel life will be cherished throughout.

In a very special category, my love and respect are extended to my Baba and Ema. They are and will always be source of inspiration, encouragement and strength to me throughout this work and my life. I am also indebted to my sisters and brothers. Eche, Chemcha, Echao, Chenao, Bochou and Bocha's support and eagerness to complete my work was an inspiration to me. Guna's support as well pressure to complete my work was

truly helpful. Lastly but not the least, I express my sincere thanks to Cha for believing in me.

No one mentioned above shares any responsibility for any error, if any, or conclusion arrived at in this thesis, for which I take full responsibility.

Vadodara

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December, 2011