



A STUDY OF PROGRESS OF PMJJBY SCHEME IN INDIA

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Abstract:

In today's modern age, the way of life of human beings is undergoing radical changes and their way of life and lifestyle is changing. The wrong lifestyle of a human being has affected on his health. Due to many diseases which has affected on the health of human beings the death rate has increased. Today, although humans have made great strides in technology, it had a devastating effect on nature and has led to many disasters. An example of this is the global catastrophe of the corona virus in 2019 that have wreaked havoc on the entire world. Now it is not possible to protect ourselves from such natural and man-made disasters, So it is time to take out insurance to protect their family financially and minimize losses. It is important to create awareness about the need of life insurance, especially among the uneducated and poor families in rural areas. In view of this need, the Prime Minister Narendra Modi launched two useful insurance policies viz Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY) in 2015. Out of which PMJJBY is term life insurance policy specially started for the poorest families in the society. The amount of insurance premium has been kept very low so that the economically weaker sections can avail the benefits of this scheme. The main purpose of this paper is to know how the insurance scheme benefited the Indian people during the pandemic period and what effect the covid-19 had on the progress of the insurance scheme.

Keywords: Insurance, Life Insurance, Health Insurance, PMJJBY, PMSBY.

Introduction:

Insurance instincts motivate people to protect themselves from various losses and disasters, even among the ancients. Insurance is an agreement between the insurance company and the

policy holder according to which the insurance company compensates the policy holder in case of financial loss due to any incident occurs. The policy holder submits a proposal to the insurance company, after studying the proposal form, the insurance company decides on the approval of the insurance, the terms of the insurance and it is communicated to the interested insured. All the terms and a policy bond with detailed information about how the agreement came into being if any of the accidents mentioned in the contract occurred during the insurance period, the insured gets compensation for the loss incurred.

There are two main branches of insurance.

I. A life insurance - where only human life is covered by insurance. Life insurance contracts are long term. In case of death of the insured, sum assured is paid to the heirs.

II. General Insurance - where all assets except life insurance are insured. General insurance contracts are for one year. In case of loss of property during this period, compensation is given only for the amount of damage caused by calculating the loss.

As the importance of insurance business is huge for the insured and the economy, it needs to be developed and regulated. In India, the Life Insurance Corporation of India was established on September 1, 1956. Then in 1993 government appointed a committee under the chairmanship of former Reserve Bank Governor Malhotra. In accordance with the recommendations of the committee, the Insurance Regulatory and Development Authority Act, 1999 was passed by Parliament and the Insurance Regulatory and Development Authority of India (IRDA) was established in April 2000. IRDA stands for Insurance body working to regulate and promote the law to protect the interests of the insured.

Today, along with the Life Insurance Corporation of India, various nationalized banks and financial institutions have also made great strides in the field of insurance. But a large premiums are charged by non-companies for providing insurance cover. So it is not possible for ordinary poor people in the country to pay such a large amount. Therefore, it has become the need of the hour to provide insurance cover to such poor families at the lowest possible premium. With this in mind, the Prime Minister of our country, Hon. Narendra Modi launched '**Pradhan Mantri Jeevan Jyoti BimaYojana**' on 9th May, 2015. This life insurance scheme has been introduced by the government for the general public. PMJJBY is a very good initiative of the Government of India. Not only the poor will get insurance but also their children will get a lot of money from this scheme in future. Therefore, the aspiring beneficiaries in the country will get the real benefit of this scheme. During the pandemic, PMJJBY became so useful and helpful to the peoples who has lost their parents due to corona virus.

Literature Review:

In order to understand the utility of the topic clearly, some sample review of various reports, research papers, and academic journals were reviewed. Out of which, some have been given below -

i) Vidyashree DV and PrathodRathod (2015) : have nicely explained that how insurance companies and participating banks are making efforts for reaching to the uninsured poor peoples.

ii) Prof. O.P. Sarathe and Prof. Vipin Sharma (2017) : PMJJBY is a term insurance schemes campaigned with the objective of covering the highly diversified population of

India. But its capped sum assured and sophisticated age bracket are creating hurdle potentials.

iii) Miryala Shekar and Sadaba Veeramani (2017) :PMJJBY and PMSBY has addressed the problem of financial inclusion and social inclusion through benefitting a large number of people from the unorganized sector. Both urban and rural people are almost equally obtaining these schemes. Television has played an important role in improving awareness about this scheme among the people

iv) Prof. Mukul G Asher and Prof. Sauziah Zen (2018) :PMJJBY has encouraged the informal workers to get enrolled under such beneficial social insurance scheme.. The government has very smartly allocated Rs.200 million in their General Budget F.Y.2017-18. This initiative has noticeably brought the deprived class of the society into insurance purview.

Scope of the Study:

The study is limited to the life insurance policy known as Pradhan Mantri Jivan Jyoti Bima Yojna launched by the P.M. Narendra Modi in the year 2015. In this research we study the need, importance, impact and implementation of the scheme in India. The main object of the study is to collect the information about the policy, premium, terms and service provided through which would motivate and attract the Indian public to the scheme.

Objectives of the study:

This research paper will systematically and properly study the role of Indian government in promoting the life insurance scheme in rural India, . The following logical objectives are kept in mind: -

- i. To study the need and importance of PMJJBY scheme. .
- ii. To analyze the performance of PMJJBY insurance scheme.
- iii. To know the challenges facing by the Insurance companies in rural area.
- iv. To find out the opportunities for PMJJBY in upcoming years.

Research Methodology :

For reliable and accurate results of the study depending on the objectives, the following scientific procedures are followed: -

A) Research Type :-The structure of the research is mainly descriptive and is followed by analytical analysis.

B) Source of Data :-Extensive data has been collected from secondary sources. Secondary data was collected from multiple RTIs, government publications, IRDA annual reports, journals, newspapers, detailed analysis and interpretation of the collected information.

Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) :

Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) was introduced on 09th May, 2015 by Prime Minister Narendra Modi. PMJJBY is a term life insurance policy created by Indian government specially for needy poor peoples in India. Under this scheme, in case of death of the insured by any reason, Rs. 2,00,000 are given to his family. To avail of this scheme

the insured has to pay such a low annual premium Rs. 330 annually. The Government of India has initiated this scheme in the present circumstances, especially to increase the awareness of poor people in insurance sector.

a. Objectives of Scheme :- The main objective of this scheme is to create a universal social security system in the country. It is especially targeted at the poor and uneducated peoples in India specially in rural area.

b.Age of Insured: -Any person living in India which age is between 18 to 50 years is eligible to join the scheme,The insurance policy on completion of 55 years of age of the policyholder.

c.Requirement : The policy holder requires to open a Saving Account in Bank for starting this policy.

d. Amount of Premium :-The annual amount of premium is Rs. 330 only. It will be automatically debited each year from the insured's bank account annually if he has given permission to the bank for auto debit.

e. Distribution :The premium amount is distributed between Insurance Company, Agent and bankers as follows.

Table No. 1 : Distribution of Annual Premium amount.

Sr. No.	Particular	Amount (Rs.)
1.	To LIC / other insurance company per member	289
2.	BC /Micro/ Corporate /Agent Reimbursement of Expenses	30
3.	Administrative expenses to the banks per member	11
Total (Rs.)		330

f. Sum Assured: - Under this scheme Government of India provides life cover of Rs. 2,00,000in case of death of the insured for any reason.

g. Coverage Period: -This policy is valid for one year which is started from 01st June to 31st May of each year.

h. Administrators : -This scheme is administered by LIC and other private insurance companies in tie-up with many specialized banks. Participating banks are free to engage any such life insurance company to make available insurance plans for their customers.

Progress of PMJJBY in India :

After launching the Pradhan Mantri Jeevan JyotiBimaYojana Life Insurance scheme, year by year it increased their customers and claims in India. The statistical data of progress is given below.

Table No. 2 : Progress of PMJJBY in India

Financial Year	Cumulative no.of people enrolled (unit)	Total no. of claims received (unit)	Total no. of claims disbursed (unit)
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2016-17	3.10 crore	62,166	59,118
2017-18	5.33 crore	98,163	89,708
2018-19	5.92 crore	145,763	135,212
2019-20	6.96 crore	190,175	178,189
2020-21	10.27 crore	250,351	234,905

(Source: Jansuraksha Website)

Findings :

After making deep study, we came to know the following information about the PMJJBY scheme.

1. In India today People seem to be focusing more on investing in mutual funds without investing their extra money in insurance.
2. Public Insurance Corporations still have more confidence in the insurance policy of Indians than private companies.
3. Pradhan Mantri Jeevan JyotiVimaYojana has done a marvelous job in bringing the poor, neglected and deprived sections of the society into the mainstream. However most of the peoples living in rural areas are still not properly known about the scheme.
4. Most of the uneducated policyholders in rural areas do not know the claim settlement process in this scheme. Also most of the policyholders are not aware of the coverage of these policies.
5. According to insurance company and banks, if we make compulsion for taking insurance for every citizen is the best way to increase insurance policy in the country.
6. During pandemic people realized the need of PMJJBY scheme. So after the pandemic the progress of this scheme moved rapidly.

Challenges:

1. For getting PMJJBY scheme, customer must have a bank account. However, many people still do not have a bank account, so it is difficult to get insurance policy without having bank account.
2. Internal process about bank account holders are constantly registering to meet the target PMJJBY. Unfortunately, the bank's current operating software is unable to face person who has already an account. As a result, so many time double enrollment is made by the bank.
3. In most cases no insurance receipt or certificate is issued to the insured person. Therefore, after the death, the family of the deceasedperson may not be aware of the insurance.
4. For the insurance company, the amount of premium for providing quality services is very

small. So the private insurance companies are not showing interest for providing the service of this scheme.

5. In this insurance plan the sum insured is only Rs. 2 lakhs. This coverage amount does not affect the high level income groups in India.

Suggestions :

Following are some suggestions for motivating the peoples about this life insurance policy and the importance and need for the peoples in the society.

1. The government should invite post-offices and NGOs to come forward to cover rural and semi-urban areas of the country to aware them about the importance of insurance scheme.
2. To motivate the peoples to open a new bank account and take the PMJJBY insurance scheme for the welfare of their family.
3. The bankers and officers are awarded with financial incentives and motivated for effective implementation of the PMJJBY scheme in future.
4. for attracting the customers to insurance sector, the government and insurance companies must provide some incentives to the customers.
5. A topic about importance of insurance should be given in schools and colleges to create awareness in the minds of the people about insurance.
6. The government should be encouraged to Private sector banks and insurance companies to promote the scheme PMJJBY.

Conclusion:

We must motivate the peoples that while buying insurance may not change your life, but it can be very important for your family after you. The need of the hour is to create this awareness in the mind of every doer in the family. Because buying insurance will not make you bankrupt. But if you don't take out life insurance, it will definitely make bankrupt to your family after you.

As the expansion of competent insurance sector is considered to be the foundation of a healthy and fit nation, the present Central Government of India has launched Pradhan Mantri Jeevan Jyoti Bima Yojana, an innovative, low premium and customer-centric insurance scheme, recognizing the vital role of insurance in the new India. The objective of this scheme is to provide maximum financial benefits to the poorest members of the society through this scheme.

The government has joined strong power with LIC, Private Insurance Companies and banks to cover the poor and rural are sections of the society at a very economical and effective plan. Due to the proper plans and exact action taken by the insurance companies, the progress of the scheme in the country has resulted in more than 13 crore enrolments within a very short period and is expected to continue the progress with more efficiently in the future also. But it requires the combined efforts of insurance companies, banks and the Government to improve the scheme in all over India in upcoming few years.

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