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AN ANALYTICAL STUDY ON THE PROFITABILITY GROWTH RATE OF LIFE INSURANCE CORPORATION OF INDIA

S. Kirubadevi*, K. Pavithra & S. Brindha*****
Assistant Professor, Department of B.Com (Financial Services), PSGR Krishnammal College for Women, Coimbatore, Tamilnadu

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Abstract:

The Life Insurance Corporation of India was founded in 1956 when the parliament of India passed the Life Insurance of India Act that nationalized the private insurance industry in India. Over 245 insurance companies and provident societies were merged to create the state owned Life Insurance Corporation. LIC's slogan Sanskrit "Yogakshemam vahamyaham" which means "Your welfare is our responsibility". The insurance industry has undergone a drastic change since liberalization, privatization and globalization of the Indian economy in general and the insurance sector in particular. The setting up of the Insurance Regulatory and Development Authority (IRDA) was a clear signal of the end of the monopoly in the insurance sector. It has become imperative for LIC to face the competition posed by the entry new private players. The topic basically revolves around the Life insurance sector which has been recently opened for the private players. LIC has for a long period of time has enjoyed a dominant market of life insurance and the fact cannot be denied that LIC has a pre accomplished market leadership which makes it difficult for the new players to complete. The study entitled the Growth Rate of Life Insurance Corporation of India. Insurance is an integral part of national economy and a strong pillar of financial market. Therefore, waves of globalization have also deeply influenced the insurance market worldwide. Financial market Globalization has also been strongly supported by Globalization of Insurance. The performance of LIC has been exemplary and it has been growing from strength to strength be it customer base, agency network, branch office network and the like. LIC has played a significant role in spreading life insurance among masses and mobilization of people's money for people's welfare. Even after the entry of private insurers for almost a decade now, LIC continues to be the frontrunner in the industry in terms of market share. Life Insurance Corporation of India is one of the most significant public sector which plays excellent job in its selling products. LIC still continues to be dominant life of insurer even in the liberalized scenario of Indian insurance and is moving fast on new growth surpassing its own past record. The study entitled the Growth Rate of Life Insurance Corporation of India. Hence was taken for the research to analyze the growth efficiency rate of LIC.

Key Words: LIC, Growth Rate, Profitability, Performance of LIC, Efficiency of LIC & IRDA.

Introduction:

The insurance industry has undergone a drastic change since liberalization, privatization and globalization of the Indian economy in general and the insurance sector in particular. The setting up of the Insurance Regulatory and Development Authority (IRDA) was a clear signal of the end of the monopoly in the insurance sector. It has become imperative for LIC to face the competition posed by the entry new private players. The topic basically revolves around the Life insurance sector which has been recently opened for the private players. LIC has for a long period of time has enjoyed a dominant market of life insurance and the fact cannot be denied that LIC has a pre accomplished market leadership which makes it difficult for the new players to complete. Life Insurance in India was nationalized by incorporating Life Insurance Corporation (LIC) in 1956. All private life insurance companies at that time were taken over by LIC. Insurance is a form of risk management in which the insured transfers the cost of potential loss to another entity in exchange for monetary compensation known as premium. Insurance allows individuals, businesses and other entities to protect themselves against significant potential losses and financial hardship at a reasonably affordable rate. Insurance sector has undergone a phenomenal change after liberalization. Life Insurance Corporation of India (LIC) was the only means for insurance. But now days, flair of wind change, private sector has been shown tremendous growth in terms of better customer service and aggressive marketing strategies, and give better competition to LIC. In spite of these, LIC rules the roost with a market share of about 70% and become unshakable mainly due to its brand & its sheer reach. LIC has powerful network of coverage, launching attractive advertisement at regular interval to create awareness among general public and introducing phenomenal business strategies by offering colorful scheme products. It was established 52 years ago with a view to provide an insurance cover against various risk in life. The luminaries who spearheaded this move at that time visualized an entity that will provide life insurance to Indians, especially the vast rural people, at an economical cost and channel the savings for the betterment of the nation. It is the largest life insurance company in India and also the countries largest investor. It is fully owned by the Government of India and headquarter is at Mumbai. The first comprehensive legislation was introduced with the Insurance Act of 1938 to control the insurance business in the country. The main concern was to protect the interests of the insuring public. After independence, the Indian insurance business witnessed servere competition as a result of which the non-Indian insurers were dislodged by Indian life insurance companies. The decision of nationalization of life insurance business took place in 1956 by the first prime minister of independent India, Pandit Jawaharlal Nehru, when 245 Indian and foreign insurance and provident fund societies were first merged and then nationalized. The setting up of the Insurance Regulatory and Development Authority was a clear signal of the end of the monopoly in the insurance sector. It has become imperative for LIC to face the competition posted by the entry of new private players. The Indian Insurance industry was opened for private insurers in the year 1999, with the enforcement and establishment of industrial regulatory and development authority act. Insurance sector in India is one of the booming sectors in Indian economy. Huge untapped populations provides unlimited scope to life insurance companies for market expansion and penetration. There was a remarkable improvement in the Insurance industry soon after the Indian economic reform 1991 which is characterized by three elements that is Liberalization, Privatization, and Globalization (LPG). In the post Liberalization period, the life insurance industry of India witnessed a remarkable growth and it is being forced to face a lot of healthy competition from many domestic as well as international private insurance players.

Objective of the Study: The primary objectives of the study are as given below:

- ✓ To evaluate the operating efficiency of Life Insurance Corporation of India
- ✓ To measure the performance of Life Insurance Corporation of India
- ✓ To analyze the growth rate of Life Insurance Corporation of India during the study and period.

Statement of the Problem: The study entitled the Growth Rate of Life Insurance Corporation of India. Insurance is an integral part of national economy and a strong pillar of financial market. Therefore, waves of globalization has also deeply influenced the insurance market worldwide. Financial market Globalization has also been strongly supported by Globalization of Insurance. The performance of LIC has been exemplary and it has been growing from strength to strength be it customer base, agency network, branch office network and the like. LIC has played a significant role in spreading life insurance among masses and mobilization of people's money for people's welfare. Even after the entry of private insurers for almost a decade now, LIC continues to be the frontrunner in the industry in terms of market share. Life Insurance Corporation of India is one of the most significant public sector which plays excellent job in its selling products. LIC still continues to be dominant life of insurer even in the liberalized scenario of Indian insurance and is moving fast on new growth surpassing its own past record. The study entitled the Growth Rate of Life Insurance Corporation of India. Hence was taken for the research to analyze the growth efficiency rate of LIC.

Scope of the Study: The proposed research work attempts to study growth rate of life insurance Corporation of India. It also attempts to identify the factors influencing the selection of life insurance products. This study covers secondary data of LIC of India during the period of the study. Besides, commission expenses and operating expenses of LIC have also been included for the analysis of operating efficiency. This study is useful to insurance companies of India as well as the insurance sector is developing in India, the study is useful to common person selecting insurance policies of correct insurance companies.

Limitation of the Study:

- ✓ As there are number of private insurance companies in India, but this study concentrated only Life Insurance Corporation of India.
- ✓ The current research concentrated only on the secondary data collected from the magazines and websites.

Research Methodology: According to Clifford Woody research comprises defining and redefining problems, formulating, hypothesis or suggested solutions; collecting organizing and evaluating data; making deductions and reaching conclusions and at last carefully testing the conculsions to determine whether they fit the formulating hypothesis. The Advanced Learner's Dictionary of Current English lays down the meaning of research as "a careful investigation or liquidity specially through search for new facts in any branch of knowledge.

Source of Data: The present study is based on secondary sources of data collected from licindia.com, the LIC website, the IRDA website, insurer.com and reference from the LIC agents and officers. The researches done by other authors were also considered. The methodology used by the researcher for the present study were explained below:

Tools and Techniques: The researcher has used the tools as per the need and type of the study. The information so collected has been classified, tabulated and analyzed as per the objectives of the study. According to the nature of the data available the graphical presentation was also done. The tools and techniques used for the study were as follows;

- ✓ Ratio Analysis
- ✓ Summary Statistics
- ✓ Growth Rate Analysis

Ratio Analysis: In mathematics, a ratio is a relationship between two numbers indicating how many times the first number contains second.

- ✓ Current ratio
- ✓ Liquid ratio
- ✓ Debt –equity ratio
- ✓ Propriety ratio
- ✓ Debtors turnover ratio
- ✓ Inventory turnover ratio\
- ✓ Gross profit ratio
- ✓ Net profit ratio
- ✓ Operating ratio
- ✓ Operating profit ratio

Period of Study: The period of the study was from 2006-07 to 2015-16 of 10 years. This study aims at growth rate of life insurance corporation of India. The secondary data was collected from the Annual Report of Life Insurance Corporation of India.

About the Company: Life Insurance Corporation of India (LIC) is an Indian state-owned insurance group and investment company headquartered in Mumbai. It is the largest insurance company in India with an estimated asset value of Rs.1,560,482 crores (US$230 billion). As of 2013 it is found life fund of Rs.1433103.14 crores with total value of policies sold of 367.82 lakhs that year.The Life Insurance Corporation of India was founded in 1956 when the Parliament of India passed the Life Insurance of India Act that nationalised the private insurance industry in India. Over 245 insurance companies and provident societies were merged to create the state owned Life Insurance Corporation. Life Insurance is one of the fastest growing sector in India since 2000 as Government allowed Private players and FDI up to 26 percent and recently Cabinet approved a proposal to increase it to 49%. Life Insurance in India was nationalised by incorporating Life Insurance Corporation (LIC) in 1956. All private life insurance companies at that time were taken over by LIC. In 1993, the Government of India appointed RN Malhotra Committee to lay down a road map for privatisation of the life insurance sector. While the committee submitted its report in 1994, it took another six years before the enabling legislation was passed in the year 2000, legislation amending the Insurance Act of 1938 and legislating the Insurance Regulatory and Development Authority Act of 2000. The same year the newly appointed insurance regulator - Insurance Regulatory and Development Authority IRDA has started issuing licenses to private life insurers. The LIC is a very powerful factor in the securities market in large and medium-sized non-financial companies and is significant in size. In a great many individual companies its equity shareholding is sizeable, going up to 30 per cent. Thus, the ownership interests of the Lie alone in industrial equity show the hold the public sector financial institutions have come to acquire in the private corporate sector. The total would make the public financial institutions the single largest group of owners of a large number of private-sector companies. However, these ownership rights (actual and potential) have been exercised to a very limited extent so far. As would be expected, the LIC's investments in large companies are large. This is because the shares of such companies are normally more profitable to hold commercially and are relatively easier to acquire, too. The floating market supply of shares of good small companies is generally small. The LIC acts as a kind of downward stabiliser for the share market, as the continuous inflow" of fresh funds with it enables it to buy even when the market is weak. Since it is a long-term investor rather than a speculator, it is happy to buy good scrips when their prices are low and therefore benefit from their price appreciation when the market improves. But, for the same reason, it does not usually sell shares from its holdings even when the market has overshot. This is partly due to the continuous pressure for investing new funds and partly due to the disincentive of the capital gains tax. The result is that on the upward movement the stock market is not mellowed by the presence or the investment policy of the LIC. In this context it should also be noted that this kind of investment policy of the LIC (as also of the UTI and the GIC and its subsidiaries) does not facilitate or promote wider participation by the public in equity investment by acting as 'seasoning' houses for shares, releasing them for the general public when it is willing to hold them and buying back a part of them on the market downturn at lower prices.These way price fluctuations on the stock market will be smaller, the public confidence and participation in the stock market will improve, and the public financial institutions will gain, if they do not count out the tax they pay the government on the capital gains they make in the process.

History of the Company: The Oriental Life Insurance Company, the first company in India offering life insurance coverage, was established in Calcutta in 1818 by Anita Bhavsar and others. Its primary target market was the Europeans based in India, and it charged Indians heftier premiums Surendranath Tagore (son of Satyendranath Tagore) had founded Hindusthan Insurance Society, which later became Life Insurance Corporation. Life Insurance in its modern form came to India from England in the year 1818. Oriental Life Insurance Company started by Europeans in Calcutta was the first life insurance company on Indian Soil. All the insurance companies established during that period were brought up with the purpose of looking after the needs of European community and Indian natives were not being insured by these companies. However, later with the efforts of eminent people like Babu Muttylal Seal, the foreign life insurance companies started insuring Indian lives. But Indian lives were being treated as sub-standard lives and heavy extra premiums were being charged on them. Bombay Mutual Life Assurance Society heralded the birth of first Indian life insurance company in the year 1870, and covered Indian lives at normal rates. Starting as Indian enterprise with highly patriotic motives, insurance companies came into existence to carry the message of insurance and social security through insurance to various sectors of society. Bharat Insurance Company (1896) was also one of such companies inspired by nationalism. The Swadeshi movement of 1905-1907 gave rise to more insurance companies. The United India in Madras, National Indian and National Insurance in Calcutta and the Co-operative Assurance at Lahore were established in 1906. In 1907, Hindustan Co-operative Insurance Company took its birth in one of the rooms of the Jorasanko, house of the great poet Rabindranath Tagore, in Calcutta. The Indian Mercantile, General Assurance and Swadeshi Life (later Bombay Life) were some of the companies established during the same period. Prior to 1912 India had no legislation to regulate insurance business. In the year 1912, the Life Insurance Companies Act, and the Provident Fund Act were passed. The Life Insurance Companies Act, 1912 made it necessary that the premium rate tables and periodical valuations of companies should be certified by an actuary. But the Act discriminated between foreign and Indian companies on many accounts, putting the Indian companies at a disadvantage. The first two decades of the twentieth century saw lot of growth in insurance business. From 44 companies with total business-in-force as Rs.22.44 crore, it rose to 176 companies with total business-in-force as Rs.298 crore in 1938. During the mushrooming of insurance companies many financially unsound concerns were also floated which failed miserably.

Growth of Life Insurance Corporation: From its inception, the Life Insurance Corporation of India, which commanded a monopoly of soliciting and selling life insurance in India, created huge surpluses and by 2006 was contributing around 7 percent of India's GDP.The corporation, which started its business with around 300 offices, 5.7 million policies and a corpus of INR 45.9 crores (US$92 million as per the 1959 exchange rate of roughly Rs. 5 for US$1), had grown to 25,000 servicing around 350 million policies and a corpus of over Rs. 800,000 crore (US$120 billion) by the end of the 20th century. Life insurance business in India was being transacted by private companies until 1956. As a result of the long felt need and in the interest of insuring public, the life insurance business was nationalized in 1956. The nationalization resulted in the establishment of Life Insurance Corporation of India (LIC) by an act of the Parliament. The Corporation was formed and began to function on September1, 1956 by taking over 170 companies and 75 provident societies. The entire initial capital of Rs.5crore was contributed by the government of India. The objective of nationalization was described by the then finance minister, Dr. Deshmukh as "to see that the gospel of insurance is spread as far and wide as possible so that we reach beyond the more advanced urban areas well into the hither to neglected rural areas". Headquartered in Mumbai, which is considered the financial capital of India, Life Insurance Corporation of India currently has 8 Zonal Offices, 101 Divisional Offices, 2048 Branch Offices located in different cities and towns in India. The Corporation has a network of above one million agents for soliciting life insurance business from the public. It is the largest life insurance agency in the world. The LIC also transacts business abroad and has offices in Fiji, Mauritius and United Kingdom. The Corporation is associated with joint ventures abroad in the field of insurance, namely, Ken India Assurance Company Limited, Nairobi, United Oriental Assurance Company Limited, Kuala Lumpur and Life Insurance Corporation (International) E.C. Bahrain. As a result of the insurance sector reforms process initiated in India, the monopoly of the Corporation came to an end in 2000. The long 44 years of monopoly shows many ups and downs in the business of LIC. The Corporation has been rated as number one Company in net worth and net profits and number two in total income in India. The Central Office located at Mumbai has mainly a policy making and co-ordinating role. In general, at the Central Office broad policy decisions are taken on the recommendations of the Departmental Heads by the Chairman or the appropriate committee of the Corporation or the Corporation itself. Marketing department of the Central Office deals with the planning of the development of new business, opening up of new offices. All matters relating to development officers and agents are processed by the marketing department of the Central Office, in assistance with the various operating Divisional Offices. The foreign operations cell of the marketing department handles all foreign business of the Corporation. The Corporation mobilizes peoples' savings and invests the same according to the investment priorities prescribed by the IRDA Regulations and the LIC 104 of India Act, 1956. It acts as trustees of the policyholders. It is the duty and responsibility of the Corporation to conduct business with care. Product development and pricing are the important functions of the Corporation. It is the function of the Development Department to develop training program for branch officials, development officers and agents. Publicity and public relations are also looked after by this department. The expansion of the railroads, the advent of the automobile age, the mass production techniques of modern industry, the wars, the introduction of the air plane, and the changing social consciousness of an affluent society - all these factors and many more closely affected the rise of insurance as a major business of the 20th century. Major developments in casualty insurance were the rise of workmen's compensation insurance since 1911 to a $ 3 billion a year business and the growth of automobile insurance to insure 100 million drivers and 90 million automobiles today at a cost of $ 12 billion per year. Negligence laws have increased the need for many other forms of liability insurance. Concentrated valuable properties have expanded crime insurance needs, and high medical costs and loss of income have skyrocketed health insurance to a multibillion-dollar part of the casualty insurance field. Life insurance, too, has undergone a significant change since 1900. Group insurance through employers for their employees has shown rapid growth in the past 50 years. The life insurance has a most remarkable record for a financial institution during the Great Depression of the 1930s, with less than 1/10 of 1 percent of policyholders' funds lost during that period. Life insurance amount in force has grown sevenfold since 1945. Many insurers in the late 1960s were expanding their corporate structure to include mutual funds and broadened financial services.

Analysis and Interpretation:

Table 1

Years	Current Ratio	Liquid Ratio	Debt- Equity Ratio	Proprietary Ratio
2006 - 2007	0.759	0.443	0.900	0.434
2007 - 2008	1.073	0.725	0.688	0.491
2008 - 2009	1.641	1.300	0.864	0.439
2009 - 2010	0.981	0.509	0.824	0.476
2010 - 2011	1.933	0.265	0.686	0.494
2011 - 2012	1.294	0.647	0.679	0.493
2012 - 2013	1.025	0.340	0.650	0.476
2013 - 2014	0.935	0.371	0.607	0.484
2014 - 2015	0.994	0.561	0.464	0.501
2015 - 2016	1.015	0.409	0.457	0.527

It is clear from the above table that the current ratio was high during the financial year 2010 – 2011. The rule of thumb of the current ratio is 2 : 1. The ratio has fulfilled the rule of thumb only for the financial year 2010 – 2011. This indicates that the liquidity position of the company is not good and it may have difficulties in paying its current liabilities. The current ratio was high and has reached the rule of thumb during the financial year 2010 – 2011 and the liquidity position of the company is not satisfactory. It is understood from the above table that the liquid ratio was high during the year 2008 – 2009. The rule of thumb for quick ratio is 1.5: 1, which is not satisfied in any of the financial years. The quick ratio is high during the financial year 2008 – 2009 and the low ratio indicates bad liquidity position of the company. It is inferred from the above table that the debt – equity ratio is high (0.90) during the financial year 2006 – 2007 which is satisfactory. The ratio indicates that the organization trades on a safer side having a very low debt, indicating that the organization doesn’t trade on equity and does not utilize debt funds. The debt equity ratio is high (0.90) during the financial year 2006 – 2007 and a very low amount of debt funds are utilized by the company. It is evident from the above table that the proprietary ratio is high (0.53) during the year 2015 – 2016. The equity ratio is very low indicating that the long term solvency position is not satisfactory. It is concluded that the proprietary ratio was high (0.53) during the year 2015 – 2016 as it was low during the other financial years it is inferred that the long term solvency position is not satisfactory.

Table 2

Years	Debtors Turnover Ratio	Inventory Turnover Ratio
2006 - 2007	14.839	8.222
2007 - 2008	21.949	10.497
2008 - 2009	32.833	10.657
2009 - 2010	25.321	11.700
2010 - 2011	25.312	12.482
2011 - 2012	15.413	8.436
2012 - 2013	16.580	6.568
2013 - 2014	17.179	7.237
2014 - 2015	17.051	9.035
2015 - 2016	16.969	8.122

It is evident from the above table that the debtors turnover ratio was high (32.83) during the financial year 2008 – 2009. The debtors turnover ratio shows a good turnover and the collection mechanism and the credit terms of the company is good. The debtor’s turnover ratio was high (32.83) during the financial year 2008 – 2009 and the ratio shows more efficient management of debtors and also as the sales is high. It is observed from the above table that the inventory ratio was high during the financial year 2010 – 2011. The number of times the inventory is sold in a year very low. This indicates that organization holds stock for a long period, which means high cost of holding inventory. The ratio was high (12.48) during the financial year 2010 – 2011 as the turnover ratio is very low it indicates that the company holds the stock for a long period of time and hence increase in the cost of holding stock.

Table 3

Years	Gross Profit Ratio	Operating Ratio	Operating Profit Ratio	Net Profit Ratio
2006 - 2007	29.2	83 %	17 %	14.8
2007 - 2008	27.2	84 %	16 %	11.7
2008 - 2009	29.6	84 %	16 %	11.3
2009 - 2010	28.4	84 %	16 %	11.2
2010 - 2011	25.6	86 %	14 %	9.2
2011 - 2012	27.4	86 %	14 %	7.7
2012 - 2013	26.1	87 %	13 %	8.3
2013 - 2014	29.7	85 %	15 %	9.85
2014 - 2015	27.3	84 %	16 %	11.3
2015 - 2016	26.3	86 %	14 %	10.7

It is clear from the above table that the gross profit was high (29.7) during the financial year 2013 – 2014. The gross profit ratio is not constant and it is volatile. In spite of tremendous increase in sales and profit the ratio of gross profit shows a declined ratio of profit. It is known from the above table that the gross profit was high (29.7) during the financial year 2013 – 2014, increase in sales in the recent years was not followed by proportionate increase in gross profit which results in fall of gross profit ratio. It is revealed from the above table that the operating ratio was high during the financial year 2012 – 2013. The operating cost of the organization absorbs major part of the sales and thus there is a very small margin left out for other expenses and hence the profit. The operating cost was high during the financial year 2012 – 2013 and thus the profit margin of the company gets narrowed down. It is knows from the above table that the operating profit was high during the financial year 2006 – 2007. The operating expenses of the origination forms a major part hence the margin of profit is very meager. The operating profit was high during the financial year 2006 – 2007 and the operating profit is low as the expenses are high. It is also observed from the above table that the net profit ratio was high during the financial year 2006 – 2007. It showed a declining trend up to the financial year 2011 – 2012, it shows an increasing trend up to 2014 – 2015 and there has been a fall in the ratio in the 2015 – 2016.

It is concluded that the Net profit ratio was high during the financial year 2006 – 2007.

Finding, Suggestions and Conclusion:

The collected data's were analyzed and interpreted by using various statistical tools. The findings of evaluated data's has been summarical below:

Findings:

- ✓ The current ratio was high and has reached the rule of thumb during the financial year 2010 – 2011 and the liquidity position of the company is not satisfactory. The quick ratio is high during the financial year 2008 – 2009 and the low ratio indicates bad liquidity position of the company.
- ✓ The debt equity ratio is high (0.90) during the financial year 2006 – 2007 and a very low amount of debt funds are utilized by the company. The proprietary ratio was high (0.53) during the year 2015 – 2016 as it was low during the other financial years it is inferred that the long term solvency position is not satisfactory.
- ✓ The debtor's turnover ratio was high (32.83) during the financial year 2008 – 2009 and the ratio shows more efficient management of debtors and also as the sales is high. The average collection period was high (24 days) during the financial years 2006 – 2007 and 2010 – 2011 and the average collection period is very satisfactory as it indicates quicker collection and hence minimization of occurrence of bad debts.
- ✓ The ratio was high (12.48) during the financial year 2010 – 2011 as the turnover ratio is very low it indicates that the company holds the stock for a long period of time and hence increase in the cost of holding stock. The inventory conversion period was high during the year 2012 – 2013. The inventory conversion period is high indicates the longer holding period of stock by the organization.
- ✓ The gross profit was high (29.7) during the financial year 2013 – 2014, increase in sales in the recent years was not followed by proportionate increase in gross profit which results in fall of gross profit ratio. The operating cost was high during the financial year 2012 – 2013 and thus the profit margin of the company gets narrowed down.
- ✓ The operating profit was high during the financial year 2006 – 2007 and the operating profit is low as the expenses are high. The Net profit ratio was high during the financial year 2006 – 2007.The low Coefficient of variance of current assets indicates that the consistency of current assets is high.
- ✓ The coefficient of variance of the quick or liquid assets is low indicating that it is consistent that the current liabilities. The coefficient of variance is low for shareholders funds indicating that the holder's funds are much consistent when compared to total assets.
- ✓ The coefficient of covariance was less for the net sales showing its consistency when compared to Net profit. The coefficient of variance was almost the same for operating cost and net sales.

Suggestions:

- ✓ LIC should try to increase their selling of plans to introduce new plans with different kinds of facilities, so that it can increase its income amount, especially premium amount.
- ✓ As private insurance companies capture the market now a day, therefore, LIC should strengthen their working & should launch plans with more facilities.
- ✓ The corporation should strive to increase its business by issuing more and more policies in order to retain its market share in the competitive scenario.
- ✓ LIC need to find out which attribute of the operating expenses need to be controlled.

Conclusion:

LIC has been successfully able to create value for its policy holders. The profitability growth rate shows consistent increase in its business. During the period of the study there are some fluctuations. So it clarifies that the growth rates may be changed and LIC has maintained the market value of their products. After introduction of IRDA (Insurance Regulatory and Development Authority), LIC has become more conscious for their products. As private players are coming up now a days, competition increasing and LIC has made efforts to continue its business. Apart from this, LIC need to control the Investment level. The study has evaluated the various components of expenses with scientific methodology to justify the growth rate; so to conclude, LIC is doing good job, managing the products effectively. But as per analyzed data the LIC need to control the operating expenses and not to affect its income. LIC is pioneer institute in Indian economy: so after IRDA and privatization of insurance sector, the way of achieving the effective result is not smooth task, but LIC has to work.

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