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RURAL PARADIGM SHIFT - EXPLORING BRANDING STRATEGIES FOR RURAL INSURANCE INDUSTRY

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ABSTRACT

Today with the paradigmatic shift in the development strategy, the Rural Insurance sector which remained relatively untouched by reforms also became part of it and is no exempt. In this way IRDA has initiated steps in order to ensure the transition. Hence choosing a competitive strategy becomes a must for all insurers with respect to rural insurance. The present study is an attempt to introspect the level of expectations from customers of rural India with respect to insurance and thereby to compare the actual performance of insurers with the expectations of the customers. The analysis revealed what actually is lacking and where the gap arises between the two extremes of the insurer's perception and customer's expectations.

Key Words: BRANDING, STRATEGIES, RURAL INSURANCE, LIC, IRDA, INSURERS, SERVICE PROVIDERS, SERVICE USERS.

Rural India – The Paradigm Shift :

The fact that the census of 2001 showed that rural India comprises 72% of the population might be old. But it accounts for 12.2% of the world is new. In addition the statistics shows that every one person in eight on earth lives in rural India. This forms the very core for all companies to tap this market.

Today, rural India is far from dry land and irrigated agriculture. The high tech and low tech agriculture, new age farming practices, greenhouse cultivation, fert irrigation and hydro phonics resulted in a paradigm shift in the economics of farming. All these sharply increased the disposable income of the rural folk along with a hike in purchasing power. The proportion of the very rich has increased five-fold. The growing incomes have modified demand patterns and buyer behavior. In addition, the need for a product or service is adequately backed up with the capacity, ability and willingness to pay. This theory would be duly supplemented with some research facts and findings already available.

(Table No. 1)

Fair idea of consumers in rural India

- 46% of soft drinks
- 49% of motorcycles
- 58% of cigarettes
- 18 million TV sets
- 26% of microwave ovens
- 17% of A/Cs
- 15% of washing machines
- 12% of refrigerators
- 50% of 2 million BSNL mobile connections
- 53 % of FMCG products
- 58% of consumer durables are sold in rural India.
- Nearly 42000 supermarkets in rural India.

- In 2002-03 LIC sold 50% of its policies in rural India.
- Of 20 million who have signed up for rediffmail about 60% are from small towns
- Electricity consumption increased from 17.6% in 1960-81 to 20.2% in 1999-2000
- Telecom sector subscriber rate 71% is growing at a much faster rate
- Rs. 1.76 trillion Bharat Nirman Rural Infrastructure program (05- 09) for improving electricity, Roads, Housing and Irrigation?
- Rs. 300 billion wage payment under NREGA -38 million MHS in 330 districts already paid
- More than 60% of India's income comes from rural and small towns

The above information paves the way for the future projection of rural India. In spite of these rapid advancements in the rural consumer market, service sector in rural India remains largely untouched and unexploited. These markets need to be found and even created especially for products like insurance.

1.1 Indian Rural Insurance – A Scenario

The insurance scenario in rural India, in terms of its coverage is quite unsatisfactory. The insurable population in India is about 250 million* out of which LIC and postal life insurance agencies in India covered 89.36 population as on 341.3 1998. LIC claims that over 51% of its new policies are sold in rural India and ensured half of LIC's agents are from rural India and above half of its branches are in rural areas. This is relevant from the following chart no 1 and chart no 2.

The statistics with regard to health insurance are even more dismal and low. As per GIC's own estimates the number of health insurance policy holders amount to 2 million. All this

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