



**A DISCRIPTIVE STUDY OF THE PROBLEMS AND CHALANGES FACED BY
PRADHAN MANTRI JEEVAN JYOTI BIMA YOJNA IN INDIA**

MR. S. M. CHAUGULE

Research Scholar, Research Centre in
Commerce & Management, Arts, Commerce
& Science College, Narayanagaon, Pune,
India. Savitribai Phule Pune University,
Pune.

DR. J. P. BHOSALE

Research Guide, Research Centre in
Commerce & Management, Arts, Commerce
& Science College, Narayanagaon, Pune,
India. Savitribai Phule Pune University,
Pune.

The Central Government runs various schemes and activities for the welfare of poor people in India. 'Jan Dhan Se Jan Suraksha' is one of the most helpful schemes launched by the Indian Government in 2015. Under this scheme three different life insurance policies were started with the name of Prime Minister of India. Out of which one was Accidental Policy named PMSBY, second was Term Insurance named PMJJBY and the third one was a Pension Plan named Atal Pention Yojna. Prime Minister Hon. Narendra Modi declared all these insurance schemes under 'Jan Dhan Se Jan Suraksha' scheme on 9th May 2015 from West Bengal. Out of these, Pradhan Mantri Jeevan Jyoyi Bima Yojna (PMJJBY) is the term insurance policy started especially for the financially backward poor peoples in the country. The main purpose of this scheme to provide the benefit of the life insurance to the needy people in the society and make awareness about the benefits of the life insurance scheme. So this scheme was made available in a very small annual premium of just Rs. 330 only. Then the premium amount was increased up to Rs. 436 from June 2022. Under this scheme, a cover amount of Rs. 2 lacks is given to the family of the insurer person after his death. After launching this scheme made progress in all over India. But the enrollment made under this scheme is not satisfactory as per the aim of the Government. The main purpose of the research of this scheme is to study the history and overall progress of the PMJJBY and find out the problems and challenges faced by the insurance companies and banks while working on this scheme and give recommendation and suggestions so that the scheme will make tremendous progress and every needy people can take benefit of this useful scheme.

KEYWORDS: Insurance, Term Insurance, PMJJBY, Enrollment, Insurance Claim, Claim Settlement Ratio.

INTRODUCTION:

After independence, before the establishment of the Life Insurance Corporation of India, various private insurance companies were providing insurance services. However, there was no coordination in their work, these companies were not functioning in rural areas and the rate of profiteering was high instead of social welfare. Therefore, there was no possibility of such private insurance companies implementing welfare schemes for the common people of the country. With this realization, the then Finance Minister Hon. C. D. Deshmukh nationalized all the private insurance companies and established the Life Insurance Corporation of India (LIC) on 9th September 1956. Although the main function of the Life Insurance Corporation of India is to insure the people of the country and provide



them with insurance coverage and inculcate the habit of saving in the people of the country, along with this, the Life Insurance Corporation of India has played a valuable role in nation building by raising capital for the country, building roads, water, electricity and communication facilities. However, gradually the corporation expanded the insurance business by increasing the number of insurance officers and insurance Agents in rural areas and created awareness among the public about insurance. Therefore, gradually the general public of the country is also getting the benefits of life insurance in large numbers today. The entire credit for this goes to the Life Insurance Corporation of India. But later, in the year 2000, with the re-privatization of the life insurance business, many private insurance companies gradually started entering the insurance business. Today, along with the Life Insurance Corporation of India, various nationalized banks and financial institutions have also made great progress in the insurance sector. Today, many private insurance companies have been established in the insurance sector, and since they are inclined to make profits, there are very few insurance plans that will be beneficial to the general public of the country and will support the needy families. Large amounts of premiums are collected by private companies to provide insurance cover. However, it is not possible for economically poor families to pay large premiums to get insurance cover. Therefore, it was the need of the hour to provide insurance coverage to such poor families at the lowest insurance premium. With this awareness, the Prime Minister of our country, Hon. Narendra Modi, on May 9, 2015, launched the 'Pradhan Mantri Jeevan Jyoti Bima Yojana'. This term insurance scheme has been launched by the Government for the common man. Pradhan Mantri Jeevan Jyoti Bima Yojana is a very good initiative of the Government of India. Through this, not only the poor and deprived sections will get insurance, but their children will also get a lot of money from this scheme in the future. Due to this, the interested beneficiaries of the country will get the real benefit of this scheme.

LITERATURE REVIEW:

Research has been done on many research and reviews given by other researchers on multiple issues mostly on life insurance policies.

Vidyashree D V and Prathod Rathod (2015), have beautifully explained that how insurance companies and participating banks are making efforts in reaching the uninsured, mainly poor families. As a response, subscribers of PMJJBY scheme are increasing at an unprecedented pace. As per 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.

In the words of Prof. Mukul G Asher and Prof. Sauziah Zen (2018), PMJJBY and PMSBY has encouraged the informal workers to get enrolled under such beneficial social insurance programme. The government has allocated Rs.200 million in their General Budget F.Y.2017-18. As per Tausif Mistry (2021) The research article A Study on consumers behavior, Awareness and Perception in working Professionals towards term life insurance discovered the consumers behavior regarding the life insurance policies.



Rahul C M & Dr. V M Tharaka Rani (2024) The research article on A study of problems faced by Pradhan Mantri Jeevan Jyoti Bima Yojna analyzed and explained the problems in front of this scheme and gave some suggestions for the improvement of the scheme.

STATEMENT OF THE PROBLEM:

After the launching of Pradhan Mantri Jeevan Jyoti BimaYojana scheme, the number of insured people gradually increased. Later, after Covid-19, it seems to have increased significantly from 2020 onwards. However, although it seems so at first glance, it does not seem that the objective that was kept in mind while launching this insurance scheme for the poor people has been completely achieved. Because if we look at the statistics of this scheme for nine years from 2015-16 to 2023-24, it is clear that there has been progress in it, but according to the statistics of 2020-21, only 10.27 cr. people means only 10% of the total population, have taken up this scheme. Further, by 2023-24, 20.16 cr. people, about an average of 14% of the total population, have registered for this scheme. This means that a large section of the country is still deprived of this scheme. This is the main problem of this scheme and after conducting research to solve it, it was observed that although this scheme was started for the poor and economically weaker sections of the society, in reality this scheme has not reached that society completely. The main reason for this is that due to the lack of proper publicity and dissemination of this scheme in the rural areas, awareness about the scheme has not been created in the society. If we observe our country closely, it is found that even today, almost 72% of the total population lives in rural areas as villagers. A large part of them live in very remote areas and somehow fulfil their daily needs. Also, banking facilities are not available in these villages and remote areas. At the same time, this community in remote areas is still illiterate and they do not yet have sufficient knowledge of banking transactions, nor do they have bank accounts. Therefore, the Pradhan Mantri Jeevan Jyoti BimaYojana could not reach these needy people. Therefore, how can this insurance scheme be reached to the economically weaker sections of the society? This is a major problem that has arisen and what solutions and changes will have to be made in the future to solve it? A detailed study has been done in this research work

SCOPE OF THE STUDY:

The study is limited to the term insurance policy plans which are Pradhan Mantri Jeevan Jyothi Bima Yojana. PMJJBY is a term insurance policy launched by the Central Government under Jan Dhan se Jan Suraksha scheme. The research will help us to know the feature and progress made by both the schemes during eight years from 2015 to 2024. The main focus of the study is to know the problems and the challenges faced by the insurance companies and the master policy holder banks while implementing this scheme to the peoples in India and give recommendation that how they will face it to make these schemes successful in the upcoming years and will make a tremendous progress in all over the country.



OBJECTIVES OF THE STUDY:

The main objectives of the study are:

- To know about the PMJJBY term insurance scheme.
- To study the features of PNJJBY scheme.
- To study the progress of PNJJBY scheme.
- To find out the problems and challenges in front of the scheme.
- To recommend the Suggestions for the progress of the scheme.

METHODOLOGY:

This research paper is based on a descriptive study. The study is based on Secondary data. The data was collected from various sources like IRDAI Annual Reports, Ministry of Finance, Statistical Data available on the Government websites, books, Ministry's reports, various websites, journals, newspapers, magazines and past research papers relating to insurance schemes of Pradhan Mantri Jeevan Jyoti Bima Yojana and other schemes launched by the Government of India.

FEATURES OF PMJJBY:

Some of the salient features of this insurance plan are as follows.

1 Nature of the Scheme: This is a term insurance scheme and the insurance cover is provided for a period of one year. The insurance has to be renewed every year for the subsequent period. In case of natural, unnatural or accidental death due to any reason during this period, the nominated person gets an insurance cover of Rs. 2 lakh.

2 Eligibility: To avail this scheme, a person must have a savings account in a bank. Any Indian person between the age of 18 and 50 years who has a savings account in a bank is eligible for this scheme and can avail the benefits of this scheme.

3 Age of the insured: The minimum age of the person to avail the benefit of this scheme is 18 years and the maximum age limit is 50 years. However, since the policy maturity is 55 years, the benefit of this scheme is available up to the age of 55 years. During this period, any Indian citizen can register for this scheme. After completing the age of 55 years, no benefit is given to the insured under this scheme.

4 Medical Examination: Unlike other insurance schemes, the applicant does not need to undergo any medical examination to purchase insurance under this scheme.

5 Insurance Benefit Amount: If the insured dies due to any reason during the one-year insurance period, his nominee will get an amount of Rs. 2 lakh as insurance benefit from the government.

6. Denial of Insurance Benefit: If the insured dies due to any reason other than an accident within 30 days from the date of enrolment in this insurance plan, insurance cover is not provided to his family. Therefore, in such a situation, the insurance claim is not accepted by the insurance company and the insurance benefit is not provided.

7 Insurance Premium: After the launch of this scheme in 2015, the insurance premium amount for this scheme was initially kept at Rs 330 per annum. However, after seven years, from June 2022, the insurance premium has been increased to Rs 436 per annum.

8 Insurance Term: The insurance term is one year and is from June 1 to May 31 every year. The term of this scheme expires on May 31 every year.



Renewal: This scheme has to be renewed every year on 1st June. For this, the facility of auto debit is provided to the insured.

9 Auto Debit Facility: The annual premium amount is automatically transferred to the insurance company every year through the auto debit process from the insured's bank savings account. To activate this facility, a written consent is obtained from the account holder. In this, it is indicated that the required amount for renewal will be kept in the bank account for a specific period and that the insurance policy will be closed if the amount is not in the balance.

10 Pro-rata Premium Facility: If a person is taking out a new insurance policy for the first time between June 1 and May 31, then the facility of paying pro-rata premium is provided and the premium is calculated as per the pro-rata premium as follows.

A) If enrolled in June, July and August - Annual premium Rs. 436

B) If enrolled in September, October and November - Premium amount Rs. 342

C) If enrolled in December, January and February - Premium amount Rs. 228

D) If enrolled in March, April and May - Premium amount Rs. 114

11 Master Policy Holder: Under this scheme, the post office and banks are playing the role of master policy holders and are making a significant contribution in the promotion and dissemination of the scheme. These master policy holders are responsible for collecting the annual premium amount from the insured account holder every year and transferring it to the concerned insurance company. In this way, this scheme is being implemented by tying up with public and private sector banks.

12 LIC's share: Initially, as per the central government's policy, LIC had a 58% share in this scheme and the remaining 42% was with private insurance companies. However, this proportion increased further and in 2021-22, LIC had an 80% share and only 20% was with other insurance companies.

13 Claim Settlement: After receiving the claim from the heirs of the insured, the claim settlement process is completed by the insurance companies in consultation with the participating banks within the next 30 days. Then the insurance amount is disbursed to the concerned beneficiary. However, a claim cannot be filed within 45 days of new registration in this scheme. However, if the insured dies accidentally during this period, the government accepts the claim.

PROGRESS OF PMJJBY:

After studying the progress of this scheme over the nine years from its launch in 2015 to 2024, the following statistics give an idea of the progress of this scheme.

Table 1: Number of enrollments, Claims disbursed under PMJJBY:

Financial Year	Cumulative Enrollments (in crore)	Claim Settlement	Claim settlement Ratio	Claim Amount paid (in crore)
2015-16	2.97	25,555	79.99 %	824.62
2016-17	3.13	62,479	95.10 %	1,249.58
2017-18	5.36	94,262	91.39 %	1,885.24
2018-19	6.05	1,39,917	92.76 %	2,798.34

© Association of Academic Researchers and Faculties (AARF)

A Monthly Double-Blind Peer Reviewed Refereed Open Access International e-Journal - Included in the International Serial Directories.



2019-20	7.15	1,82,271	93.70 %	3,645.42
2020-21	10.35	2,45,452	90.72 %	4,909.04
2021-22	12.89	5,85,644	97.17 %	11,712.88
2022-23	16.31	6,64,520	98.95 %	13,290.40
2023-24	20.16	7,97,706	96.09%	15,954.12

Source: Indiatat , PIB and IBEF

After a close examination of the above data, it was observed that the progress of this scheme has been very rapid after Covid-19. This is because this year, there have been more deaths in the country due to the Corona virus (Covid-19) pandemic and more than 50% of the total death claims under this scheme were due to Covid-19. During this life-threatening disease like Corona, the family of the insured who took out this insurance has been provided with financial assistance of Rs. 2 lakh under this scheme, which makes it clear that the cheap premium scheme launched by the Government of India is definitely very necessary and beneficial for the common people.

After Covid-19, in the financial year 2020-21, the Central Government has paid death claims worth Rs 1,134 crore under this scheme and 56,716 citizens have been provided benefits through this scheme. Till 2022-23, out of a total of 6,84,915 insurance claims, 6,64,520 insurance claims have been accepted and Rs 13,290.40 crore has been disbursed to the beneficiaries by the insurance company. According to the data received for 2023-24, 1,41,964 new claims were received this year, taking the total death claims to 8,30,099. Out of this, 7,97,706 insurance claims were settled. That is, more than 96% of the death claims were settled. This shows that the scheme is progressing well.

FINDINGS:

While conducting the present research study, we found the following problems and challenges in front of the insurance companies and banks about this term insurance plan.

1. lack of awareness of the scheme: However, since the publicity and dissemination of this scheme has not been as desired in urban, rural and remote areas, there is a lack of awareness among the public about this scheme and not enough information has been received about the scheme.
2. Low Premium Amount: Since the insurance premium amount is very low, insurance companies, insurance agents and master policyholder banks receive very little money to operate this scheme compared to other schemes.
3. Small Coverage Benefit Amount: The insurance benefit amount of Rs 2 lakh given to the family of the insured after his death seems low compared to today's inflation.
4. No Bank Saving Account: To avail this scheme, a person must have a savings account in a bank. However, even today, due to the lack of banking facilities in many places, people do not have bank accounts and are not fully aware of banking services. Despite banking facilities in some places, due to poverty, illiteracy and ignorance, there are many people who do not have bank accounts and this scheme has not reached them.

5. Illiteracy and Poverty: The illiterate society, ignorance and poverty in rural and remote as well as urban areas of the country are the major problems in the progress of this scheme.
6. Lack of Coordination: This term insurance policy scheme started by the Central Government under the control of LIC and other private Insurance companies, banks and Post offices. It require a proper coordination between all the elements for effective implementation of the scheme.
7. Frauds in Claim Settlement: As many forms of fraud were exposed while settling insurance claims, it was felt that there was a lack of coherence in this process.
8. Lack of LIC Offices in Rural area: As there is still no insurance office in some remote districts of the country, the insurance business has not reached these areas and therefore there has been no awareness about insurance.

SUGGESTIONS:

After a detailed study of the progress of this scheme, the researcher has made the following recommendations to make this scheme successful so that every common family in the country can get the benefit of this scheme.

1. Proper publicity and dissemination: Since the scheme is very useful for the common families of the country, this scheme should be publicized and disseminated in a very systematic manner. For this, various media should be used properly so that this scheme reaches every needy person.
2. Public Awareness: When a consumer needs to have all the information about any item to buy it, that consumer buys that item. Therefore, all the information about this scheme, its need, importance, benefits, eligibility for it, should be conveyed to the people concerned about this scheme in an effective manner and awareness created. After people get all the information about this scheme, their inclination towards this scheme will increase and citizens will be attracted to the scheme and take advantage of the scheme.
3. Availability of banking and insurance facilities in rural areas: In-depth research into this scheme has revealed that the lack of various facilities in rural areas is a major reason. Therefore, to expand this scheme, it is first necessary to provide banking, insurance and other facilities in rural and remote areas.
4. Incentives : Insurance companies and banks are the key components of this scheme. Therefore, all government and private banks and insurance companies participating in this scheme should be encouraged and motivated for the development of this scheme, and all insurance officers, bank officials, employees, insurance representatives should be encouraged and given incentives for this, and new scheme policies should be formulated and action should be taken.
5. Coordination: For any work to be done optimally, it is very important to have coordination among all the elements related to that work. Proper coordination should be achieved among all the elements related to this scheme, such as insurance companies, banks, post offices, and so on, and a new plan should be prepared to create coherence in the work.
6. Increase in premium amount: As the government launched this scheme specifically for the general public in the country, the insurance premium amount was kept very low. Later, in 2022, due to increasing costs, it was increased slightly to Rs 436 per annum, but the three

components, insurance companies, insurance agents and banks, get a very small share of this amount. Due to this, they get a very negligible amount from this scheme. Therefore, to encourage these components, it is expected to increase the insurance premium amount as much as possible.

7. Increase in insurance benefit amount: This life insurance scheme provides an insurance benefit of Rs 2 lakh to the insured's family. But this amount seems low compared to today's inflation. Therefore, people are not interested in taking up this scheme. To increase the public's inclination towards this scheme, it is necessary to increase the insurance benefit amount. After increasing the insurance benefit amount, the public will be attracted to this scheme and the scheme will expand and develop.
8. Safe method of settling insurance claims: While settling insurance claims under this scheme, it was observed that many times the insurance claim amount was paid to the wrong and fake person, resulting in the real beneficiaries not getting the insurance benefit amount. To prevent such incidents from happening, a safe method of settling insurance claims should be found in a very transparent manner. Due to which the real heir of the insured should get the insurance benefit.
9. Establishment of new insurance offices in rural and remote areas: While establishing new offices to promote, disseminate and expand life insurance in rural and remote areas, public and private insurance companies should give priority to rural areas and establish new branches to promote and spread life insurance and create awareness among the people.

CONCLUSION:

In the present research study, the life insurance business in the country has been first studied. After independence, the history, scope, importance of the life insurance business have been studied, as well as the important developments in the life insurance business such as nationalization of the life insurance business, establishment of LIC, establishment of IRDAI and re-privatization and their impact on the insurance business. It was found that although the insurance business has expanded in a real sense after the establishment of the Life Insurance Corporation of India, there is scope to reach the general poor people of the country. Recognizing the need for life insurance business among the common people of the country, the Government of India has been expanding this scheme since it was launched. Although the registration under this scheme has increased after Covid-19, it is still expected that this scheme will spread in rural and remote areas. For this, the Central Government should promote and disseminate the scheme through various media through public and private insurance companies and banks and encourage insurance companies and banks to prepare appropriate measures and policies for this and implement them strictly. Along with this, if people are encouraged to register under this scheme by advertising the scheme through various media, creating awareness and promoting this scheme across the country, it will be possible to achieve the objective of the Central Government by providing the benefits of this scheme to the needy people.



REFERENCES:

- 1) www.pradhanmantriyojana.co.in
- 2) [www.indiastat.com/data/insurance/ pmjjby-pmsby](http://www.indiastat.com/data/insurance/pmjjby-pmsby)
- 3) "Jan Suraksha: Social security for masses, pricing woes for insurers".
- 4) "Revealed by RTI: PM Jeevan JyotiBimaYojana Not Working Even in COVID Crisis".
- 5) "Banks advertise Pradhan MantriBimaYojana ahead of the roll out"
- 6) <http://licindia.in>
- 7) <https://financialservices.gov.in/insurance>
- 8) <https://pmjdy.gov.in/statewise-statistics>
- 9) <https://pib.gov.in/Pressreleaseshare.aspx>
- 10) www.ijhssm.org
- 11) https://en.wikipedia.org/wiki/Demographics_of_India 12) Annual Reports of IRDA from 2015-16 to 20223-24.
- 13) [https://bfsi.economictimes.com/blog/the success-story-of pmjjby-and-pmsby](https://bfsi.economictimes.com/blog/the-success-story-of-pmjjby-and-pmsby)