



The Role of LIC towards Corporate Social Responsibility

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Abstract

Corporate Social Responsibility (CSR) refers to the obligations and duties of business to the society. Now a days there has been growing acceptance of the view that business should be socially responsible to all the stakeholders says shareholders, employees, consumers, government, suppliers and society. CSR, if implemented in true sense, helps in enhancing the quality of stakeholders and the society at large to uplift the unprivileged section of the society and also made an attempt to study the effect of CSR on life insurance business of LIC and on its various stakeholders. The study reveals that cost incurred by companies on Corporate Social Responsibility activities is a worthwhile investment as it enhances not only goodwill but also contribute to more profit by doing honest efforts and ethical business practices. The present paper is solely depends on secondary sources and scope of study is confined to LIC is the main limitation. From a practical perspective, the study is needed to assess whether the investment in CSR is worthwhile or not. The paper concludes that CSR are now quite an integral part of organizational objectives and becomes an effective tool by which a company can differentiate itself from their competitors and holds strong position in the market

Key words: Corporate Social Responsibility, Goodwill, stakeholders

Introduction:

LIC as a responsible Corporate Citizen has been fulfilling its social responsibilities from time to time. In fact, most of the LIC investments are geared towards industrial growth, infrastructure growth and national development. The paper consists of four sections besides introduction viz. review of literature; research methodology, impact of CSR, Issues and Challenges in CSR implementation and finally conclusion of the study. The introduction part has discusses about a brief company profile of LIC which has been given as below:

Company Profile of LIC

The Parliament of India passed the Life Insurance Corporation Act on the 19th of June 1956, and the Life Insurance Corporation of India was created on 1st September, 1956, with the objective of spreading life insurance much more widely and in particular to the rural areas with a view to reach all insurable persons in the country, providing them adequate financial cover at a reasonable cost. LIC continues to be the dominant life insurer even in the liberalized scenario of Indian insurance and is moving fast on a new growth trajectory surpassing its own past records. LIC has issued over one crore policies during the current year. LIC has crossed many mile



stones and has set unprecedented performance records in various aspects of life insurance business.

Research Methodology

Objectives of LIC:

1. Spread life insurance widely and in particular to the rural areas and to the socially and economically backward classes.
2. Promote all agents and employees of the corporation a sense of participation, pride and job towards achievement of corporate objective.

Need for the Study

In today's cut throat market competition the evolving concept of Corporate Social Responsibility is gaining wide acceptance and popularity all across the globe. CSR is recognized as an effective tool to maintain balance between both business and society LIC with long back history of more than five decades has played a very prominent role in the society. Various CSR initiatives undertaken by LIC has benefited a large population of India in ways of education, health, medical, housing development, upliftment of poor through insurance schemes. Further, this study would help in understanding the benefits and present situation of various CSR projects of LIC. The study will provide innovative ideas in designing new strategies, policies and roadmaps which can effectively help in achieving the main objectives of an organization through appropriate CSR schemes.

Review of Literature

Rajesh C Jampala and Bh.Venkateswara Rao (2005) examined the role of LIC in Corporate Social Responsibility. The study found that CSR, if implemented in true sense will enhance the quality of stakeholders and the society at large.

Folake Olowokudejo and S.A. Aduloju (2011) in the research paper titled on "Corporate Social Responsibility and Organization effectiveness of insurance companies in Nigeria found that there is a positive impact of CSR on organization effectiveness. The study concludes that company's involved in CSR related activities can help insurance companies to succeed, increase their profitability and improve performance.

Kaur Maneer and Agarwal Sudhir (2011) investigate the efficacy of Corporate Social Responsibility initiatives creating positive brand image in the minds of the consumers.

LIC: A Place in Everyone's Life

LIC has been synonymous with insurance in India for a long time now. Ever since its inception in 1956 Life Insurance Corporation of India (LIC) has not just been insuring lives as the country's largest life insurance company but has also been creating wealth for the masses as the country's largest investor.

Today, LIC with the work force of 1.2 Lakhs and an agency force of 12.78Lakhs with other intermediaries services about 30crores policies. Today LIC functions with 2048 fully computerized branch offices, 113 divisional offices, 8 Zonal offices, 1202 satellites offices and the corporate office. LIC's wide Area Network covers 113 divisional offices and connects all the branches through a Metro Area Network. LIC has tied up with some Banks and Service providers to offer on-line premium collection facility in selected cities.

The range of products offered by LIC is unmatched in the industry too- both in terms of number as well as the range. From retirement plans to take care of your needs after retirement to schemes that help you cater to the financial needs



of your child. LIC has solutions for every need of a policy-holder.

Apart from providing individuals and corporations with a mechanism for transferring their risks, LIC provides a means for mobilizing long term savings and investing them prudently. Over the last several decades LIC has been implementing state social insurance programmes, especially in the areas of pension and disability. LIC offers group policies to various groups such as employer-employee, cooperatives, weaker sections of society, etc and insurance coverage to people below poverty line at subsidized rates under social security group schemes and has been managing AABM for rural landless households. Another scheme namely JBY is implemented for BPL or for people marginally above BPL. Each of the above schemes has scholarship benefits to the children of the member of the scheme.

LIC Golden Jubilee Foundation

This was established in 2006 as part of the organization's commitment towards corporate social responsibility. The objectives include relief of the poverty or distress, advancement of education, medical relief and advancement of any other object of general utility. The Foundation has supported projects ranging from construction of hospitals, providing educational facilities, old age homes, hostels buildings for children in tribal areas, etc. It has also provided ambulances and mobile medical vans for the underprivileged sections in remote areas and special school buses for differently abled children. The foundation has also supported cochlear implant surgeries for children from economically weaker sections of society through KEM Hospital, Pune. Apart from this, LIC Golden Jubilee Scholarship Scheme is an excellent CSR initiative

where scholarships of Rs 10000 each per annum are awarded to meritorious students across the country belonging to economically weaker sections of society.

Business Initiative

While taking care of its social responsibilities, LIC has also kept a keen eye on the market to seize opportunities to grow its business.

Product development: LIC continues to launch innovative products to address the needs of different segments of the society.

Training: LIC conducts regular workshops and training modules for its office staff and field staff both internally and also in association with reputed names in industry.

Overseas Operation: LIC serves the Indian Diaspora overseas through its branch offices and joint ventures.

Banc assurance and alternate channels: LIC has tie-ups with 8 PSU banks, 4 private banks and 33 UCBs/RRBs/cooperative banks under Corporate Agency agreement. In the current year, LIC has planned to show a substantial income from this source.

The Road Ahead

Being the largest financial institution in the country-managing assets worth Rs 14.17lakh crore which is about 15% of India's GDP also brings its share of responsibilities. It is our endeavour to not just grow our already formidable market share but also be nimble enough to embrace new ideas and new technology to cater to the needs of every Indian.

Conclusion

The concept of corporate social responsibility has gained prominence from all avenues. Organizations must



realize that government alone will not be able to get success in its endeavour to uplift the downtrodden of society. LIC is one of the oldest and leading life insurance company in India has been contributed impressively high in various socio-economic development projects through appropriate CSR schemes. Presently, many group insurance and social security schemes such as Janashree Bima Yojana, Aam Aadmi Bima Yojana, Shiksha Sahayog Yojana and many more CSR projects has been undertaken by LIC for the welfare of poor and spreading insurance to under penetrated rural population who cannot afford to pay premium. In addition, the corporation provide loans and invests huge amount of its fund in different sectors like power, agriculture, housing, water supply, Central and State securities etc. With the implementation of new schemes and CSR initiatives, the performance of LIC has been improved noticeably high in rural areas where private players are yet not reached. CSR activities have their advantages. The benefits are in terms of building a positive image, encouraging social involvement of employees, which in turn develops a sense of loyalty for the organization. CSR activities help bond employees as a team with the organization, which in turn helps in creating a dedicated workforce. Therefore we can conclude that Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of the workforce as well as of the local community and society at large

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