

# Assess the Awareness, Need, Preference of the Rural People Towards Insurance and Investment Schemes in Nizamabad District of Telangana

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## ABSTRACT

The present study was undertaken in Nizamabad district of Telangana to assess the awareness, need, preference of rural people towards Insurance and Investment schemes. Primary data collected from 100 respondents in five villages (Mosra, Govuru, Chinthakunta, Chandur and Varni) of Nizamabad district through well-structured questionnaire. For analysis Descriptive statistics used such as averages, percent analysis. The study revealed that awareness level in rural areas on rural insurance and investment schemes, in case of insurance 53 per cent, in case of investment 47 per cent. Govuru respondents have more awareness on rural insurance and investment schemes (65 per cent and 55 per cent) than Mosra, Chinthakunta, Chandur and Varni respondents.

**Keywords:** Awareness, Preference, Rural Insurance and Investment schemes, Descriptive Statistics

Financial inclusion is defined as the provision of banking services at a low cost to various disadvantaged and low-income groups. Financial exclusion refers to people with no access to standard financial services. Financial inclusion includes a variety of financial services such as savings, insurance, payments, and remittances, while credit is the most significant. Financial inclusion also refers to increased efforts in support of small and marginal farmers, as well as vulnerable social groups. Farmers and other vulnerable groups benefit from inclusion not only in terms of financing, but also in terms of increased productivity and long-term viability. Farmers and vulnerable groups receive financial services such as insurance, savings, and payments. The fact that 70% of India's population lives in rural areas and contributes significantly to the country's development makes it critical for them

to take advantage of welfare schemes. Farmers and their agriculture businesses, it is fair to say, play a vital role in the development of our country. As a result, it makes sense for this category to obtain coverage in the form of rural insurance plans that meets their demands (Dev, 2011).

Rural people face problems related to crop loss, livestock loss and farm machinery repairs, health related problems etc., these can be overcome by taking insurance policy. Insurance is a device which is used for eliminating risks and sharing the losses. It provides insurance to the rural people to safeguard and secure their future so that they

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can lead a secured life. It helps them to cover the uncertainties and risk related aspects of their life. The risk is uncertain but the policy holders pay the premium regularly and share the burden of the loss. Thus, a loss suffered by a person is spread all over the whole insured community. It cannot prevent the risks, but surely minimize the impact of the loss by spreading it all over the large number of policy holders. Rural insurance policies come with affordable premium rates and faster claim process. It covers motor insurance, property insurance, accident insurance, crop insurance, livestock insurance, poultry insurance, health insurance etc (Keelery, 2020).

Most of the rural masses in India are still facing problem of less opportunities to earn their livelihood. Rural investment helps in making individuals financially independent and potentially improve their livelihood. Making available funds for investments for rural people is a long-term solution to so many problems like hunger, poverty and unemployment. To reduce poverty and unemployment, the government has launched several schemes for inclusive growth and development. The schemes include *Jan Dhan Yojana*, the world’s largest financial inclusion scheme which aimed at ensuring every family has a bank account and the MUDRA (Micro Units Development and Refinance Agency) Scheme, which is financing the unorganized sector of the economy and the National Rural Livelihoods Mission, which has organized rural women into 5.8 million self-help groups and the Mahatma Gandhi National Rural Employment Guarantee Scheme, which ensures people have 100 days a year of wage employment (International Fund for Agricultural Development, 2019). Rural investments to households accessing institutional credit including commercial banks, co-operative banks, RRBs (Regional Rural Banks), NABARD (National Bank for Agriculture and Rural Development), SHG (Self-help groups) other micro finance institutions (Dev, 2011).

Most of the rural people (rural artisans, rural households, rural labours) are not aware of insurance and investment schemes (Padamatini and Esther, 2013). So, it is very important to spread awareness about various types of rural insurance and investment schemes so that people residing in rural areas get to benefit from schemes meant

for them. Since, most of the rural people’s income is less, it led to less savings. So, there is a need to develop investment and insurance schemes to cater to the needs of rural people. Hence, there is a need to understand the present structure of insurance and investment schemes in India.

**METHODOLOGY**

In Telangana, Nizamabad district contains 8 towns and 912 and majority of people 19,62,963 are living in rural area. The district covers an area of 7,956 square kilometres, 130.98 sq km is urban and 7825.02 sq km is rural. Out of total population of 25,51,335 in the district, 5,88,372 are in urban area and 19,62,963 are in rural area. (*Source:* Directorate of Economics and Statistics, Telangana 2020).

The study has been carried out in Nizamabad district as it is the highest number of rural areas in Telangana. In Nizamabad district 5 villages (Mosra, Govuru, Chinthakunta, Chandur and Varni) selected and from each village 20 respondents selected to assess their awareness and preference based on Stratified random sampling method.

**Table 1:** Village wise distribution of Sample

Sl. No	Villages	Frequency
1	Mosra	20
2	Govuru	20
3	Chinthakunta	20
4	Chandur	20
5	Varni	20

For the study Primary data collected from rural people about their awareness, preference regarding various insurance and investment schemes. The data collected from various sources is compiled and analyzed using various mathematical and statistical tools in order to derive the results of the study.

Descriptive statistics like Percentage analysis and Averages used to describe demographic characteristics of the sample respondents like age, gender, occupation, qualification and income to assess awareness towards insurance and investment schemes. It includes Tables, Bar charts, Pie charts.

**RESULTS AND DISCUSSION**

In Nizamabad district five villages (Mosra, Govuru, Chinthakunta, Chandur and Varni) selected and from each village 20 respondents selected to

assess their awareness and preference about rural insurance and investment schemes.

**Table 2:** Awareness on Rural Insurance and Investment schemes (N = 100)

Sl. No.	Categories	Frequency	Awareness on Rural Insurance %	Awareness on Rural Investment %
1	<b>Age</b>			
	21-30	23	65	83
	31-40	26	62	38
	41-50	51	43	35
2	<b>Education</b>			
	No education	27	38	34
	Primary education	42	45	40
	Secondary education	18	77	55
	Graduation	12	83	92
3	<b>Occupation</b>			
	Farming	47	49	44
	Household	31	29	28
	Business	22	89	94
	Labor	59	38	13
4	<b>Gender</b>			
	Male	64	58	50
	Female	36	50	42
5	<b>Income levels (INR)</b>			
	<20000	31	35	29
	20000-50000	49	55	45
	50001-100000	20	75	80
6	<b>Marital status</b>			
	Single	0	0	0
	Married	100	53	47

Awareness on rural Insurance scheme, results revealed that in case of Age, majority of awareness among 21-30 (65%). In educational profile, majority of awareness observed in Graduation (83%). In occupation, majority of awareness observed in Business (89%). In Gender, majority of awareness on Insurance among Male (58%). In Income levels, majority of awareness among INR 50001-100000 (75%) respectively.

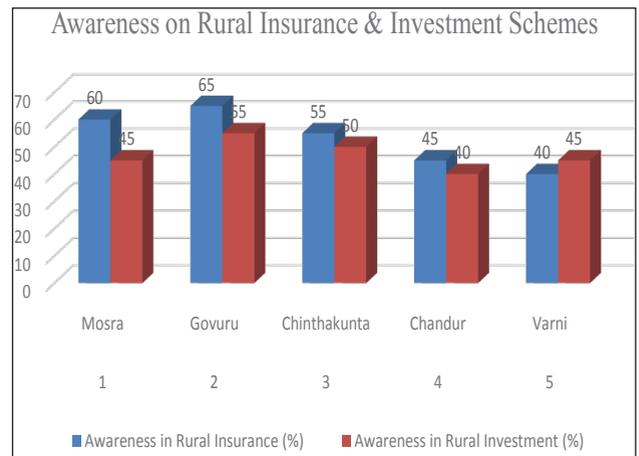
Awareness on rural Investment scheme, results showed that in case of Age, majority of awareness among 21-30 (83%). In educational profile, majority

observed in Graduation (92%). In occupation, majority of awareness observed in Business (94%). In Gender, Majority of awareness on Insurance among Male (50%). In Income levels, majority of awareness among INR 50001-10000 (80%).

**Table 3:** Village wise Awareness on Insurance and Investment schemes (N = 100)

Sl. No.	Villages	Awareness on Rural Insurance (%)	Awareness on Rural Investment (%)
1	Mosra	60	45
2	Govuru	65	55
3	Chinthakunta	55	50
4	Chandur	45	40
5	Varni	40	45
	Average	53	47

From the above Fig. 1. among five villages (Mosra, Govuru, Chinthakunta, Chandur and Varni), four villages (Mosra, Govuru, Chinthakunta, Chandur) have majority of awareness on rural insurance scheme compared to rural investment scheme.



**Fig. 1:** Awareness on Rural Insurance & Investment Schemes

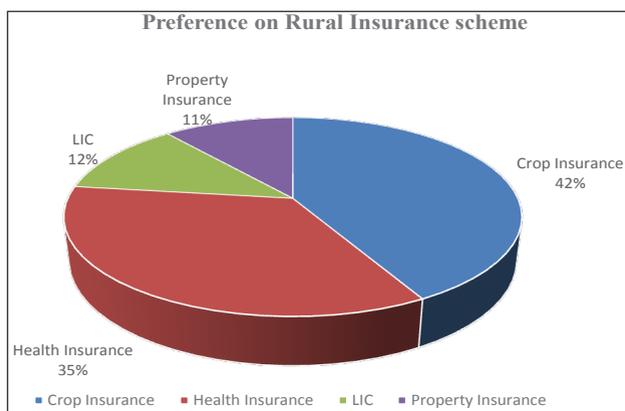
According to village wise awareness on insurance and investment scheme, with respect to rural insurance scheme, majority of awareness was observed in Govuru village with 65 per cent. With respect to rural investment scheme also, majority of awareness was observed in Govuru village with 55 per cent. So, the respondents of Govuru village have highest awareness level with regards to insurance & investment schemes when compared to other four villages Mosra, Chinthakunta, Chandur and Varni.

### Preference of Respondents towards Rural Insurance and Investment schemes

**Table 4:** Preference of Respondents towards Rural Insurance (N = 100)

Sl. No.	Insurance scheme	Preference %
1	Crop Insurance	42
2	Health Insurance	35
3	LIC	12
4	Property Insurance	11

Fig. 2 shows most of the respondents shown interest towards crop insurance with 42 per cent followed by health insurance (35 per cent), LIC (12 per cent) and property insurance (11 per cent).

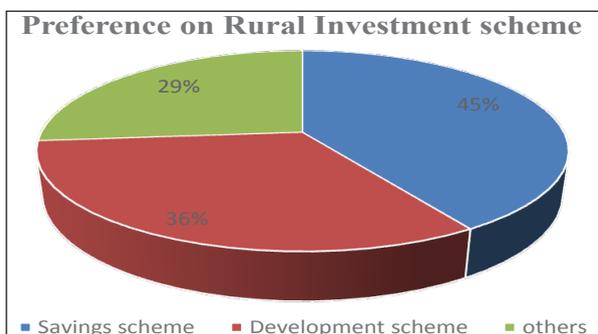


**Fig. 2:** Preference on Rural Insurance scheme

**Table 5:** Preference of Respondents towards Rural Investment Scheme (N = 100)

Sl. No.	Investment schemes	Percentage %
1	Savings scheme	45
2	Development scheme	36
3	Others	29

From the Fig. 3 the respondents mostly shown interest towards saving scheme (45 per cent) followed by development scheme (36 per cent) and others like bank deposits, post office, provident funds and shares & debentures (29 per cent).



**Fig. 3:** Preference on Rural Investment scheme

### CONCLUSION

For this study Descriptive statistics used such as Averages, Percent analysis to assess awareness, preference about Rural Insurance & Investment schemes in five villages (Mosra, Govuru, Chinthakunta, Chandur and Varni) of Nizamabad district. Hence, from the above results it can be concluded that the respondents who are under the age group of 21-30 years, who completed graduates, who are doing business, who are male and whose income level between INR 500001-100000, they have more awareness on rural insurance & investment schemes.

According to village wise awareness on insurance and investment scheme, with respect to rural insurance scheme, majority of awareness was observed in Govuru village with 65 per cent. With respect to rural investment scheme also, majority of awareness was observed in Govuru village with 55 per cent. So, the respondents of Govuru village have highest awareness level with regards to insurance & investment schemes when compared to other four villages Mosra, Chinthakunta, Chandur and Varni.

Most of them interested to take crop insurance (42 per cent) followed by health insurance (35 per cent). Further, majority of them interested to take savings scheme (45 per cent) followed by development scheme (36 per cent).

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