

“FDI led growth of the Indian Insurance Sector – Stakeholders perspective

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“ABSTRACT”

Insurance companies collaborate with a diverse range of market actors, including the insurance companies' owners, managers, and employees, as well as their exclusive agents and independent brokers, private and institutional clients, banks and reinsurers, outsourcing companies, and other insurance organizations and community members. Insurance companies must address the unique needs of each stakeholder group. Owners, managers, staff, and exclusive agents all contribute to the internal environment of an insurance company. The surrounding environment of an insurance company is composed of the following. An insurance firm is made up of individual and institutional clients, brokers and other insurers, research and development groups, and community members.

This inquiry makes use of both primary and secondary data. Internal stakeholders in the insurance sector are surveyed; external stakeholders in the insurance sector are polled for primary data. The dependent variables were analyzed using descriptive and tabular analysis, while the mean values of various elements were determined using averages. Additionally, t-tests were utilized to determine the results' statistical significance.

Keywords: FDI, Insurance, Internal Stakeholders, External Stakeholders.

I. INTRODUCTION”

India's booming economy is luring global investors to invest there. Foreign direct investment (FDI) benefits the economy by increasing demand for foreign currency, capital creation, job creation, and GDP growth. In the insurance sector, the FDI cap was formerly set at approximately 26%, but was increased to 49 percent in 2018. Foreign insurers will be able to enter the Indian market, and current insurers will be able to expand their operations, thanks to a new 74 percent FDI cap

included in the 2021 budget. Banking and insurance services currently make for over 7% of the country's gross domestic product. Insurance benefits economic growth and development by providing long-term finance for a country's infrastructure development.

II. “LITERATURE REVIEW”

Foreign direct investment (FDI) in the insurance sector is critical for increasing insurance penetration in India, according to an essay titled "Foreign Direct Investment in the Insurance Sector: A Key to Increased Insurance Penetration." Additionally, FDI assists India in meeting its long-term capital needs for infrastructure development. Deloitte(2021) projected an increase of 49 percent to 74 percent in the automatic route for foreign joint venture partners' equity ownership in Indian insurance enterprises in their study titled "Government of India Amends Foreign Direct Investment (FDI) Policy in the Insurance Sector."

“Need for the study”

Insurance has existed in India for more than 150 years. It had a high number of private sector firms at one point; it was then nationalised and later reverted to private hands. The IRDA initiated insurance reforms by allowing private players to register to write insurance products subject to a 49 percent FDI cap (now it is 74 percent). This study evaluated FDI in the insurance business from the standpoint of stakeholders.

“Objective of the study”

“To analyze the opinion of internal and external stakeholders on growth of insurance sector after increase in FDI

“Null Hypothesis (H0)”

“There is no significant difference between Internal Environment Stakeholder and External

Environment Stakeholder with regards to growth of insurance sector after increase in FDI

””
“Alternate Hypothesis (H1)“

“There is a significant difference between Internal Environment Stakeholder and External Environment Stakeholder with regards to growth of insurance sector after increase in FDI“

“Research Methodology”

The term "research" refers to a systematic and organised quest for meaningful data. The basic goals of research are to find previously undiscovered truths or to improve on existing study discoveries.

"Data Collection Techniques": Once the data has been gathered, the research into the underlying cause of the problem can begin. The majority of research is data-driven. The study gathered data

from primary and secondary sources. Questionnaires were used to collect data. 525 answers were received from internal and external parties. We employed questionnaires with open-ended and closed-ended responses.“

“T-TEST

Null Hypothesis (Ho)

There is no significant difference between Internal Environment Stakeholder and External Environment Stakeholder with regards to growth and development of insurance sector

Alternative Hypothesis (H1)

There is a significant difference between Internal Environment Stakeholder and External Environment Stakeholder with regards to growth and development of insurance sector.

Table-4.9

Internal Environment Stakeholder and External Environment Stakeholder with regards to growth and development of insurance sector

Questionnaire-1 and from Table-4.3.11			Questionnaire-2 and from Table-4.6.11		
Internal Environment Stakeholder	Mean	S.D.	External Environment Stakeholder	Mean	S.D.
“A higher FDI limit will help insurance companies’ access foreign capital to meet their growth requirements.”	3.5124	1.09402	“A higher FDI limit will help insurance companies’ access foreign capital to meet their growth requirements.”	3.3657	1.30016
“Foreign direct Investment is profitable both to the country receiving investment and the investor.”	3.4876	1.24726	“Foreign direct Investment is profitable both to the country receiving investment and the investor.”	3.3829	1.37455
“FDI offers an exclusive opportunity to enter into the international or global business””	3.4800	1.17142	“FDI offers an exclusive opportunity to enter into the international or global business””	3.3867	1.31528
“”The host country receives foreign funds for development, transfer of new profitable technology”	3.4914	1.26854	“”The host country receives foreign funds for development, transfer of new profitable technology”	3.3295	1.43298
“Increase in FDI brings better wealth of expertise and experience “	3.4571	1.27235	“Increase in FDI brings better wealth of expertise and experience “	3.2533	1.45892
“Hiking of FDI would be good for customer in terms of better product, good infrastructure and best service levels.”	3.5048	1.35863	“Hiking of FDI would be good for customer in terms of better product, good infrastructure and best service levels.”	3.4438	1.46172
“FDI is helpful in enhancing employees’ lifestyle and standard of living.”	3.2933	1.25767	“FDI is helpful in enhancing employees’ lifestyle and standard of living.”	3.1467	1.41806
“FDI improves the quality	3.6133	1.26650	“FDI improves the quality	3.5086	1.40148

of the product and reduces the input cost.”			of the product and reduces the input cost.”		
“Foreign expertise management helps in retaining the customer.”	3.5429	1.21244	“Foreign expertise management helps in retaining the customer.”	3.4495	1.35629
“Policy holders will get a wide choice, access to more innovative products”	3.4362	1.28490	“Policy holders will get a wide choice, access to more innovative products”	3.2743	1.44128

Source : compiled and calculated from earlier tables, output from SPSS

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair1	Internal Stakeholders	3.4819	10	.08222	.02600
	External Stakeholders	3.3541	10	.10708	.03386

Paired Sample Correlation

		N	Correlation	Sig.
Pair1	Internal Stakeholders & External Stakeholders	10	.930	.000

Paired Sample Test

		Paired Difference			Interval				
		Mean	Std. Deviation	Std. Error Mean	Lower	Upper	t	df	Sig. (2-tailed)
Pair1	Internal Stakeholders - External Stakeholders	.12780	.04310	.01363	.09697	.15863	9.378	9	.000

The researcher used the T test to see if there was a statistically significant difference between the mean values of Internal Environment Stakeholders and External Environment Stakeholders in terms of the growth and development of the insurance sector. The correlation (.930), T-value 9.378 and significant value (.000) were found in paired sample correlation. A p-value of less than 0.05 is considered significant. We've come to the conclusion that the growth and development of the insurance industry is influenced significantly by both internal and external environment stakeholders, and that the null hypothesis should be rejected.

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