

Life Insurance Industry: A New Hope for Unemployed Youth towards Building a Secured Future in India

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Abstract

It is not possible for civilization to flow backwards while there is youth in the World, youth may be headstrong but it will advance it allotted length. The World's biggest power is the Youth Power. The world is a dangerous place to live; not because of the people who are evil, but because of the people who don't do anything about it. {Albert Einstein}. Ever since Independence, the youth power has trying to instinctive urge for expansion and growth in the society. For them, the function and duty of a quality human being is the sincere and honest development of one's potential. This paper highlights clear picture of youth at risk in India and possible suggestion for ending insured Youth in India by providing life insurance measures, a new hope for building a protected future, and check them from not being involved in criminal activities. As unemployment is the key reason of all sorts of criminal activities like snatching, robbery, and smuggling, murder so on and so forth.

Keywords: Civilization; Demographic; Environment; Economic

Introduction

All that is valuable in human society depends upon the opportunity for development accorded the Individual. Constant development is the law of life; man is always trying to maintain this order through consistent drive to success."One of the great liabilities of history is that all too many people fail to remain awake through great periods of social change [1]. Every society has its protectors of status quo and its fraternities of the indifferent who are notorious for sleeping through revolutions. Today, our very survival depends on our ability to stay awake, to adjust to new ideas, to remain vigilant and to face the challenge of change." Rev. Dr. Martin Luther King, Jr. "If you have come to help me, you are wasting your time. If you have come to because your liberation is bound up in mine, we can work together." Lilla Watson. "I don't believe in charity. I believe in solidarity. Charity is vertical, so it's humiliating. It goes from the top to the bottom. Solidarity is horizontal. It respects the other and learns from the other. I have a lot to learn from other people." Eduardo Galeano. These are the real views and ideas of a self esteemed youth, who thinks for himself, for his family, for his State and for his Nation by doing his duty sincerely and earning respectfully through a minimum job security. The principal objective of development planning is human development and the attainment of higher standard of living for the people in India. This requires a more equitable distribution of development benefits and opportunities, better living environment and empowerment of the poor and marginalized. There is special need to empower youth who can act as catalysts for change. In making the development process inclusive, the challenge is to formulate policies and programmes to bridge regional, social and economic disparities in as effective and sustainable a manner as possible. The Eleventh Five Year Plan sought to address this challenge by providing a comprehensive strategy for inclusive development, building on the growing economic strength of the economy in the past decades. This strategy has to be continued and consolidated further in the Twelfth Five Year Plan. The Approach Paper to the Twelfth Five Year Plan (2012-17) rightly stresses the need for more infrastructural investment with the aim of fostering a faster, sustainable and more inclusive growth. India is passing through a phase of unprecedented demographic changes. These demographic changes are likely to contribute to a substantially increased labour force in the country. By keeping the above things in mind, this paper is an attempt to highlights the need of unemployed

youth, the challenges they are facing and developmental measures for ending of unemployment crises from India by ensuring minimum job guarantee to the local unemployed youth in the mining Industries in Odisha (Figure 1).

Objective of the study

To Study different aspects of youth insecurity in India. To Study different factors which compel them to block their protected life in Indian Society? To understand various initiatives are taken by life insurance industries for providing youth protection in India.

Statement of the problem

There are number of reasons why youth at risk both in domestic and professional life. The youth at different stages face some of the



Figure 1: Human society depends upon the opportunity.

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Received November 11, 2014; Accepted February 25, 2015; Published March 19, 2015

Citation: Kanungo A (2015) Life Insurance Industry: A New Hope for Unemployed Youth towards Building a Secured Future in India. Social Crimonomol 3: 116. doi:10.4172/2375-4435.1000116

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most difficult sustainability challenges due to their hazardous work environment. To secure their continued 'social position', minimum sustainable life, to operate with job security, the life insurance industry may respond to these challenges by providing more protection measures to the youth at risk in different walks of life. Since they are important asset for the society, they should be protected by addressing their sustainability concerns by knowing their level of education. This paper is an attempt to protecting youth at risk by proving safty, security and protection measures to youth in India; Odisha is lagging behind in this mission.

Methodology

There are different methods used for the data collection, major source of data collection was from secondary sources though magazines, papers, internet sites and library.

Conceptual outline

Though, the eleventh five year Plan {2007-2012} in India envisioned inclusive growth and advocated ending the exclusion and discrimination. Still each year, millions of youth are faced unemployment challenges due to lack of scope in development projects, whether dams, roads, reservoirs or oil, gas and mining projects. While such projects can bring enormous benefits to society, they also impose costs, which are often borne by its poorest and most marginalized member's i.e. local unemployed youth of nearby Mining Industry. The Census projection report shows that the proportion of working age population between 15 and 59 years is likely to increase from approximately 58 per cent in 2001 to more than 64 per cent by 2021. In absolute numbers, there will be approximately 63.5 million new entrants to the working age group between 2011 and 2016. Further, it is important to note that the bulk of this increase is likely to take place in the relatively younger age group of 20-35 years. Such a trend would make India one of the youngest nations in the world. In 2020, the average Indian will be only 29 years old. Comparable figures for China and the US are 37, 45 for West Europe, and 48 for Japan. This 'demographic dividend' provides India great opportunities, but it also poses a great challenge. It will benefit India only if our population is healthy, educated, and appropriately skilled. Therefore, greater focus on human and inclusive development is necessary to best utilize the demographic dividend. India focuses on 'inclusive development' and uses both international as well as inter-state comparisons to shed light on the subject. Apart from highlighting the international position of India vis-à-vis other emerging market economies and similarly placed countries in terms of the human development index (HDI), an attempt has been made to examine the interrelations between different parameters of the HDI. From the domestic angle, the chapter focuses on trends in social-sector spending both at central and state levels. It looks at social-sector policies implemented by the government, particularly poverty alleviation and employment generation, health, education, rural infrastructure, development of the weaker sections of society, women and child development, and social security. Whether skilled or unskilled, Motivated or de-motivated, Knowledgeable or ordinary but job opportunity of Human resource Youth employment in the workplace are very important for the organizational point of view, This requirement is varied from Organization to Organization. They are considered as the backbone of the Organizational structure, Varieties of human resource structures are found in different organizations, In the Organization Structure, People Stands in a hierarchical order, Starting from bottom "unskilled labourer" to top level Managers they are different in their position, according to their knowledge and skills

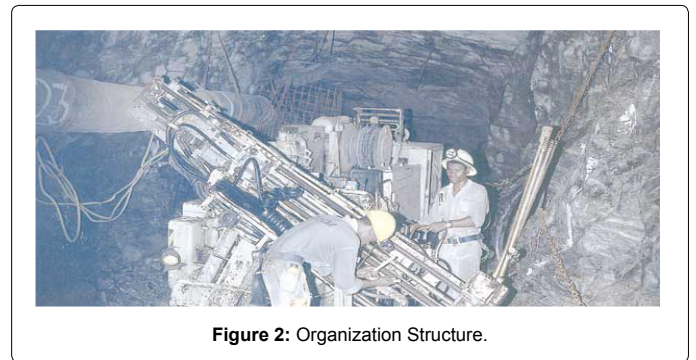


Figure 2: Organization Structure.

they need to be engaged in different Industries for their sustainability with minimum protection measures (Figure 2).

How secured the local youth in job sector in different industry? Have they taken sufficient job guarantee measures? Or whether their safety/ security/protection measure, is adequate to meet all the youth at risk in India? These are the challenging questions of the day. Does youth really need to think about their security in different industries? Whether Industries have taken protection measures for the youth in their Industries?

Review of Literature

Youth Employment: Youth Perspectives on the pursuit of decent work in changing times.

Key facts and selected quotes from worldwide youth contributors to the Report:

Youth employment: rates and consequences

- The global youth unemployment rate [2], which has long exceeded that of other age groups, saw its largest annual increase on record in 2009; at its peak, 75.8 million young people were unemployed.
- In 2010, the global youth unemployment rate was 12.6 per cent, dramatically overshadowing the global adult unemployment rate of 4.8 per cent.
- Today about 152 million young workers live in households that are below the poverty line (US\$1.25 per day) comprising 24 per cent of the total working poor.

Young people who are able to find a job must accept "an extremely low salary. Some employers are using this as an opportunity to exploit youth." PARTH, 24 years old, India.

"The revolution in Egypt, which is led by frustrated but hopeful youth, is stimulated by a long history of failure to solve the unemployment problem, corruption and human rights violations. We revolt with a hope that once we have a good governance system, Egypt will attract more investments and jobs... There is a strong connection between security and economic and social empowerment, with a young generation understanding that close relationship and fighting for securing both." EMAD, 28 years old, Egypt

- In response to their employment situation, there is some evidence that young people are delaying marriage and pregnancy, adjusting family size and assuming increased caregiving responsibilities. Many young people are also moving back home with family or sharing homes to cut expenses.

High rates of unemployment “discourage people from getting married because they won’t have enough means to build a family.” LOUBNA, 23 years old, Morocco.

Gender differences

- In 2010, the total youth unemployment rate was 25.5 per cent in the Middle East and 23.8 per cent in North Africa. Female youth unemployment in these regions was particularly striking, at 39.4 per cent in the Middle East and 34.1 per cent in North Africa.

“Young women are doubly affected as they face not only lack of opportunities, but poor

Quality of work, especially in the informal segments – characterized by low wages, less secure employment, and no voice representation.” LODY, 25 years old, Cambodia

- Globally, in 2010, 56.3 per cent of young males participated in the labour force, against 40.8 percent of young females.

The global unemployment rate for young females was 12.9 per cent, compared with 12.5 percent for young males. In the developed economies, in the European Union and in East Asia, young men have experienced slightly higher unemployment rates than young women.

“In the past, girls were also excluded from some jobs. But in recent years, they have been more and more favored. So in some jobs proposals we often see ‘female candidates are encouraged to apply.’ YOUSSEPH, 23 years old, Senegal.

Regional differences

- Developing countries are home to 87 per cent of the world’s youth, who are often underemployed and working in the informal economy under poor conditions. Youth living in poverty cannot afford to be unemployed.

“Governments don’t do a lot to implement ideas... It’s like they are not interested in making the situation better.” SANDRA, Slovenia

- In developing countries, unemployment tends to be high among more educated youth, leading to the problem of educated unemployment.

There is an “excessive obsession for qualifications and certifications”, and “jobs tend to be restricted within informal social networks (familial and friendship ties).” AYSHAH, 26 years old, Kenya

“Many young people, particularly the poorest, are starting work too early without the basic skills that could make them marketable. Students are completing secondary schools without having the skills that allow them to adapt to changes in the labour market.” Roger, Ghana

“What is the use of education if we are not given a chance to put our knowledge and skills into work?” MRIDULA, 16 years old, India

Labour migration

- Increasingly, young people are moving to cities or migrating to countries with greater job opportunities, separating from their families and social support networks.

“We, the youth, we are losing hope. We try to blame others expecting that one day everything will be fine, that one day someone will knock on our door offering us the job of our dreams...but why do we have to wait? We need to innovate, to risk, to create, to search...why

not in another country, for example?” LEO, 28 years old, Spain.

Looking ahead

“Young people are, in general, more conscious of global issues like climate change and social equity. I think that promotion of green economies among youth is a winning solution.”MICHAEL, 23 YEARS OLD, Italy, world esperanto youth organization.

“Instead of training young people to seek jobs, they should train students to create jobs.”

Bwenje, Uganda

“The most important thing is to not give up and learn new things every day.” YANIRA, 29 years old, Mexico

“We want to make a difference. We want a chance to work. We want to prove ourselves.”

Navjot K. The world youth report is available at unworldyouthreport.org published by the United Nations department of public information.

Back drop

As noted earlier any vision of the future has to be rooted in the current reality and policies and processes have to be identified to bridge the gap between the current reality and the future vision.

A significant change in inequality in income and wealth is possible only in a longer term perspective. Employment structure of an economy is the normal instrument that can cause a change in inequality either way, i.e. an increase or a decrease in the inequality. Other economic instruments such as target group policies and programmes have a short term impact, but the redistribution through employment is sustainable. Since the governments function within the administrative and fiscal constraints, the target group programmes normally have a marginal impact on income redistribution. Income of labour enables flow of resources across income classes of people and across the social and ethnic groups. Flows of income across locations are influenced both by assets available and by other modes of creating employment opportunities. However, income generated by employment of labour, facilitates flow of resources across regions for a given regional distribution of capital assets. Employment and equity of income across classes of people and across regions are, therefore, closely related to each other in the long term.

Unemployment situation in India

It is, therefore, essential to have an understanding of the broad employment picture as it exists today, which would also indicate the directions for improvement in future. Some aspects of the current employment scenario are listed below:

1. 7.32% of the labour force, in the year 1999-2000, was unemployed. In absolute terms the number of unemployed stood at 26.58 million.

2. Since the above estimates are on Daily Status basis, the number of unemployed also includes the number of those who are underemployed in terms of underutilization of the labour time. But it excludes such underemployed who are working at very low levels of income and productivity.

3. Among the employed, the proportion of poor is as high as in the population at large, suggesting a large proportion of workers engaged in subsistence employment.

4. Only about 8% of the total employment is in organized sector.

More than 90% are engaged in informal sector an activity, which is, largely outside the reach of any social security benefits and also suffers from many 2 handicaps in form of limited access to institutional facilities and other Support facilities.

5. The educational and skill profile of the existing workforce is very poor.

Factors determining the employment situation in the long term

Supply of labour: The factors, which influence employment outcomes of an economy in the long term, operate both on the demand side of the labour as well as on the demand side. The supply side factors which need to be considered include the following.

- 1 Age structure of population.
- 2 The participation of population in labour force; and
- 3 Characteristics of labour force.

Age structure of population: The size of economically active population is determined by the age structure. Population growth will reduce from the current level (1991-2001) of 1.95 per cent per annum to about 1.25 per cent by 2020. Growth of population in the working age group (15 to 59) is at present around 2.4 per cent, substantially higher than growth of overall population. This will continue to be so for many years. Convergence between growth of population and that in the age group 15-59 years occurs around the year 2030. Since labour force participation is not uniform across age groups, the size of labour force is influenced by age structure. Participation in labour force i.e. the labour force participation rate (LFPR) is influenced by need to work versus other alternative uses of one's time. A unidirectional relationship between growth of population and labour force has not been observed in the past.

Structure of economy: Input of labour in production process depends upon technology used, and technology used varies across the industries. Traditional agriculture is more labour intensive than the modern manufacturing industries [3]. With the modernization of economy, share of agriculture in workforce reduces due to two factors; food demand grows at a much slower pace at high levels of income, which moderates the demand for food-grains. Secondly, the technology used in agriculture, at higher yield levels is much less labour absorbing than traditional agriculture. Agriculture absorbed 65 to 70 per cent of workforce between the years 1991 and 2001 as per demographic Census. At all India level the proportion of workers getting work in agriculture came down by 9 percentage points between 1991 and 2001. In some of the States the number of agricultural workers in 2001 is less than in 1991. These substantial shifts in ability of agriculture to absorb labour are also confirmed by the NSSO survey on Employment – 55th Round (1999-2000).

Detailed tables in the National Sample Survey Organization's (NSSO's) Employment and Unemployment Situation in India (2011-12 report) show that the UPA years haven't been too kind to those between 15 and 29 years of age, which constitutes close to 30 percent of the population (Figure 3).

Fact 1: The ratio of employed persons from that age group is declining, as a measure called age-specific worker population ratio (ASWPR) shows. In 1999-2000, the ASWPR for young rural males was 741 out of 1000. It went up to 742 in 2004-05 and then slipped to 648 and 616 in 2009-10 and 2011-12. It's the same story for rural women



Figure 3: NSSO survey on Employment.

and urban men. Urban women, however, deviate from the pattern only in 2011-12, when their ASWPR increases.

In contrast, the ASWPR of those in the 30-44 age group shows a steady increase through all the four survey years.

Fact 2: The percentage of the youth (15-29 years) among those in jobs is also declining, while that of those in the older group (30-44 years) is the same or has increased slightly.

This could mean either of two things. Either the job market isn't creating avenues for new entrants, even as it increases employment for the existing workforce, or the youth is staying away from the job market, preferring to continue with studies. But the second assumption is negated by another figure.

Fact 3: The unemployment rate – which means people who are seeking but not getting jobs - among the 15-29 age group youth is also higher than that of the entire economically active population (15-59 years), of which it is a sub-set. In 2011-12, the unemployment rate for the 15-29 age group was 5 percent and 4.8 percent for rural men and women, and 8.1 percent and 13.1 percent among urban men and women. In contrast, the unemployment rate for those in the 15-59 age group was 1.9 percent and 1.7 percent for rural men and women, and 3.1 percent and 5.5 percent for urban men and women.

This problem cuts across education levels. It is well-acknowledged that unemployment generally tends to increase with rising levels of education. Illiterate persons, or those with low levels of education, are generally poor and can't afford to remain unemployed, while better educated people may be choosy about the work they take up. But, as the report points out, unemployment rates are higher for the youth for every educational level (Tables 1 and 2).

There are, of course, other major states with higher levels of youth unemployment. Kerala, for example, has an unemployment rate of 21.6 percent among rural youth and 18 percent among urban youth. Bihar, too, has elevated levels of urban youth unemployment at 14.8 percent. Uttar Pradesh, Odisha, Tamil Nadu and West Bengal are other states with youth unemployment levels above 5 percent. But these are mostly ruled by regional parties (barring Kerala). The smaller, hilly and special category states (where both BJP and Congress rule in some cases) also have elevated levels of youth unemployment, but their situation has to

Age Specific Worker Population Ratio(Per 1000) 15-29 Years				
	1999-2000	2004-05	2009-10	2011-12
Rural male	741	742	648	616
Rural Female	400	410	288	258
Urban male	593	623	564	558
Urban Female	149	184	144	157
30-44 Years				
	1999-2000	2004-05	2009-10	2011-12
Rural male	982	984	991	986
Rural Female	572	614	473	461
Urban male	969	975	980	981
Urban Female	266	310	252	267

Table 1: Age specific worker population ratio (per 1000).

Share of those usually Employed by age group (%) 15-29 Years				
	1999-2000	2004-05	2009-10	2011-12
Rural male	35	34.4	31	29.5
Rural Female	34.5	32.3	29.1	27.1
Urban male	34.5	32.3	30.4	29.7
Urban Female	30.9	31.5	30.2	30.4
30-44 Years				
	1999-2000	2004-05	2009-10	2011-12
Rural male	34.1	34.6	36.1	36.5
Rural Female	36.9	39.1	39.3	41.2
Urban male	36.9	39.1	40.5	40.5
Urban Female	41.3	42.4	43	43.4

Table 2: Share of those usually employed by age group (%).

do with the peculiar problems they face. Sometimes, there really isn't safety in numbers.

Role of Life Insurance to Reduce the Risk of Youth in India

During slant times, saving and investment protect people especially younger generations during their unforeseen situation. Their early savings enable them to invest when opportunity knocks, to weather a sudden sickness (death, disease and disability) or uncertainties like natural calamities or to pay for school/ college fees, a happy wedding, a strong new roof, insecure old age. It may or may not eradicate their poverty but assure them a peaceful life time protection and secured future in the society. Life insurance services can meet the above needs and necessity of younger generations by provide them a peaceful life time security. But with the frequent regulatory changes and continuous financial crunch in India, it affects the life time savings of the said policy holder's interest. They are unable to meet their dreams and unforeseen situation due to the said reasons. Hence, the huge financial instability in the market creates difficulty to provide a handsome expected return of the policy holder in the said timeline. During this difficulty situation life insurance companies may think some alternative solution to meet the valued customer's life time dreams. There is a need for socio-economic security of all members to prevent unforeseen miseries and shock.

The insurance sector plays a vital role in the economic development of our nation. Through insurance, one can enjoy the benefits of protection, aid to thrift, liquidity, tax relief, etc. Importance of insurance has increased both vertically and horizontally. Firstly from individual point of view, insurance provides security and safety, affords peace of mind, enhances the habit of savings, eliminates dependency, protects the mortgaged property, promotes investments and above all it fulfills the needs of a person such as family needs, old age needs,

readjustment needs, special needs and clear up needs. Secondly from business development point of view, it reduces uncertainty of business losses, increases business efficiency. Thirdly from society's point of view, it protects social wealth like cattle, crop, machine, vehicle, etc.; promotes economic growth and controls inflation. It also provides social benefits like employment opportunities, develops human facilities like housing, electricity, water, sanitation and improves the standard of living of the people. Last but not least from national point of view, it increases the national savings, national investment and also contributes to the implementation of national economic planning. It also promotes export and earns foreign exchange.

Now that it has clarified why this piece of work is devoted to younger age group and especially in the financial market in India, let us turn our attention more broadly to the theses overall content provides us an overview of Life insurance services in Indian Insurance Industries. The insurance industry affects money, capital markets and the real sectors in an economy, making insurance facility necessary to ensure the completeness of a market. It is an industry with strategic importance for any country as it contributes to the financial sector (and hence the GDP) as well as confers social benefits on the society. At the micro-level, an insurance policy protects the buyer against financial loss arising from a specified set of risks at some cost. It thus reduces anxiety and promotes financial stability by providing a much needed social security net, especially in times of crumbling family ties and nuclear households in developing countries. Despite the obvious advantages of insurance, India was one of the least insured countries in the last few decades of the 20th century. In 1999 per capita insurance premium in developed countries was very high (\$ 4800 for Japan, \$ 887 for Singapore and \$ 144 for Malaysia), whereas in India it was only \$8. The premium as a percentage of GDP stood at 2% for India whereas it was 14% for Japan, 13% for South Africa and 9% for UK (Vijayakumar, 2007). It was evident that something needed to be done to tap the potential for further growth. With privatization of traditional public sector businesses like banking, power, telecom and airlines gaining momentum in 1991, the Government also realized that the opening up of the insurance sector could lead to enhancement of insurance penetration within the country by leveraging on the rising per capital incomes and rising literacy rates. The life insurance sector was thus opened for private entry in the year 2000 with the passing of the IRDA Act. Opening of the sector to private firms was aimed at fostering competition and innovation through a greater variety of products. It was also looked at as an avenue for generating greater awareness on the need for buying insurance as a service. With six years having passed since liberalization of the insurance sector, this study is an effort at studying the trends emerging with in this sector and benchmarking its status with respect to that prior to liberalization(2000). An attempt has been made to analyze whether the industry has benefited from the Governmental reforms. One important aspect that we need to keep in mind is that the insurance industry is characterized by high gestation periods and slow growth. Therefore it will not be before a decade that the benefits of the transition materialize. Nonetheless trends towards improvements in the sector should have been able to typify themselves with in a period of six years. Hence this is an endeavor towards analyzing the industry in its present form and comparing it with the pre-liberalized era, thereby understanding the alternate strategies that can facilitate the development of sound policies and practices leading to a globally competitive insurance industry within the country. The next section describes socio-economic profile of the life insurance companies and the methodology undertaken for the study, followed by socio-economic profile of policy holders of the Indian life Insurance

industry [4]. The subsequently, section encapsulates the industry's business environment. After that it analyses the strategic position of life insurance companies in India and its impact on life insurance policy holders and their stake holders in India. Global economic environment plays an important role on life insurance industry's economic growth. The global economic conditions in 2008-09 remained very weak, largely on account of financial meltdown in many developed as well as developing countries, especially in the later part of the year. The impact of the crisis was deep and prolonged in the developed economies on account of their direct exposure to subprime assets and other exotic financial instruments.

Basic outline

A country is said to be potential and prosperous only when its basic unit- "YOUTH "are safe and secured, focus will be on both the gender's equal up liftmen (male and female) in the Society. In the light of this, the current presentation is an attempt to move a step ahead towards understanding the importance of "saving"," protection" and "investment" in one word i.e. "life insurance of young generation" or young policy holders in Indian Society. India has been working towards empowering her youth ever since independence and especially since the 1990s.

The government and non-government sectors have both been pushing ahead with programmes aimed at imparting education, giving them better health care, providing them with means of livelihood and opportunities to participate in the decision making process in domestic and social life. Special attention is being paid to improve the lot of their protection giving them the better chances of survival and opportunities for living a meaningful life. While protection is important but the real challenge is to ensure that younger generation are involved in the decision making process at home and in the society.

Operational strategy

While these initiatives have created the wider space for the younger generation, they have not been able to guarantee a non-discriminative or conducive environment for a safe and secured life. Beside illiteracy, dominance of patriarchal values in the society, lack of access and control over income and other resources, restrictions to public spaces and insensitive legal systems continue to impair their effective participation in social, political and economic spheres of life.

Reasons are due to illiteracy

If we see literacy rate in India, it is just 74.04% in 2011. 82.14 males per 100 males are literate, and only 65.46 out of 100 females are literate. Literacy in rural areas is worse than urban India. Dominance of patriarchal values in the society, Low sex Ratio (940 females per 1000 males in India are the main reasons of illiteracy in India) {source-Census of India 2011}.

Lack of access and control over income and other resources, restrictions to public spaces and insensitive legal systems continue to impair the younger generation's effective participation in social, political and economic spheres of life [5]. The challenge is to develop their capacity, so that they can perform their roles properly.

Is there any "plan" which helps younger generation to develop their capacity, to think rationally and do positively? Insurance for younger generation can be a right solution for their future protection for a free, fair and fearless life in the society. To understand the socio-economic profile of the young policy holders one needs to understand the socio-economic conditions of the young policy holders.

World over, there has been found that young women have either no or little life insurance. Max New York Life – NCAER India Financial Protection Survey revealed that the same is true for India also. Of the life insurance owners in India only 14% are young women. Is that youth do not require life insurance or is it lack of awareness of the need for life insurance for them?

Nature has created men and women differently but their reason to buy life insurance remains broadly the same for both the genders. Common Need: Both men and women buy life insurance for following reasons:

- Mental Peace
- Security and Stability
- Planning of secured Future
- Long-term Investment
- Self Reliance
- Tax benefits
- Security in investment
- Security against loans

Needs in different life stages

Need of LI for youth in India: In this country, in the early years of the insurance industry, the trend was to insure only young male lives [6]. The logic was that the young female of the species was home-bound, anyway, wasn't exposed to any risk, and consequently didn't need any sort of insurance.

The bread winner was the male and it was against his lost income that cover was required. A major additional disincentive was the extra risk to young female lives that was an inevitable part of the childbirth process.

All that has changed with young women rivaling men at the workplace (and frequently doing a better job than them). In addition, better education for the female child, increased economic contribution by women, better medical facilities for safer childbirth and post-natal care have all contributed to more and more Life insurance products that are generation-specific, Modern young women, who are an earning member and an equal partner in managing the finances of the household, require life insurance as much as the earning male members. It has been found that when it comes to planning for long-term needs like children education, marriage and other social events, young women are better planners and take the lead in the household.

Risks: Most of us think and act as though life is largely free of risk. We view taking risks as foolhardy, irrational, and assiduously to be avoided. Training children to avoid risk is an all-important duty of parenthood. Risks imposed on us by others are generally considered to be entirely unacceptable.

Unfortunately, life is not like that. Everything we do involves risk. There are dangers in every type of travel, but there are dangers in staying home - 25% of all fatal accidents occur there. There are dangers in eating - food is one of the most important causes of cancer and of several other diseases - but most people eat more than necessary. There are dangers in breathing - air pollution probably kills 100,000 Americans each year, inhaling radon and its decay products is estimated to kill 14,000 a year, and many diseases like influenza, measles, and whooping cough are contracted by inhaling germs.

These dangers can often be avoided by simply breathing through filters, but no one does that. There are dangers in working — 12,000 Americans are killed each year in job-related accidents, and probably 10 times that number die from job-related illness⁴ — but most alternatives to working are even more dangerous [7]. There are dangers in exercising and dangers in not getting enough exercise. Risk is an unavoidable part of our everyday lives.

Reducing the risk: That doesn't mean that we should not try to minimize or reduce our risks at very early stage of our life but it is important to recognize that minimizing anything must be a quantitative procedure. We cannot minimize our risks by simply avoiding those we happen to think about. For example, if one thinks about the risk of driving to a destination, one might decide to walk, which in most cases would be much more dangerous. There are many ways of expressing quantified risk, but here we will use just one, the loss of life expectancy (LLE); i.e., the average amount by which one's life is shortened by the risk under consideration. The LLE is the product of the probability for a risk to cause death and the consequences in terms of lost life expectancy if it does cause death. As an example, statistics indicate that an average 40-year-old person will live another 37.3 years, so if that person takes a risk that has a 1% chance of being immediately fatal, it causes an LLE of 0.373 years (0.01×37.3). It should be clear that this does not mean that he will die 0.373 years sooner as a result of taking this risk. But if 1,000 people his age took this risk, 10 might die immediately, having their lives shortened by 37.3 years, while the other 990 would not have their lives shortened at all. Hence, the average lost lifetime for the 1,000 people would be 0.373 years. This is the LLE from that risk. {Source: Mining and Mineral Industry Journal May 14th, 2013}

What is Life Insurance?

Life insurance encompasses a number of different types of insurance covers, including life insurance, income protection, total and permanent disability (TPD) insurance, and trauma insurance. Life cover pays a lump sum if you die or are diagnosed with a terminal illness. The lump sum can be used to meet final expenses, pay off the family mortgage so that your family isn't left without a home, fund future child education fees and set aside money to meet your family's ongoing living needs.

Income protection cover pays up to 80 per cent of your income if you can't work because of sickness or injury. This money is essential in helping to meet your ongoing living needs; including meeting your mortgage repayments, when you are ill.

TPD cover pays a lump sum if you are totally and permanently disabled. The payout provides a funding mechanism to repay debts, pay medical bills and modifications to your home and motor vehicle as well as meet lifetime living costs.

Trauma cover pays a lump sum if you are seriously injured in an accident, or if you are diagnosed with one of a number of serious medical conditions like cancer or heart attack. The proceeds can be used to meet medical treatment costs as well as provide financial support in a time where a spouse may wish to take time off work to nurture their ill partner (Table 3).

Life insurance for youth

Case study: Life insurance services will help young generation to protect their family from uncertainties in life due to financial losses in terms of loss of income that may dawn upon them incase of their untimely demise or critical illness. Securing the future of one's family is one of the most important goals of life.

Types of Insurance Services	
Life Insurance	Non-Life Insurance
Saving	Other than life: Health/Accident Insurance
Protection	Livestock and cattle Insurance
Investment	Agriculture Insurance: Plantation Insurance, Agri plumpest
Retirement	Welfare policy, other

Table 3: Types of insurance services.

Life insurance Plans will go a long way in ensuring their family's financial independence in the event of your unfortunate demise or critical illness.

These are all the more important if you are the chief wage earner in your family. No matter how much you have saved or invested over the years, suddenly eventualities, such as death or critical illness, always tend to affect your family financially apart from the huge emotional loss.

Case study example: Consider the example of Lipika Pradhan who is a healthy 25 year old woman with a income of Rs. 1,00,000/- per annum. Let's assume her income increases at a rate of 10% per annum, while the inflation rate is around 4%; this is how his income chart will look like, until she retires at the age of 60 years. At 50 years of age, Lipika's real income would have been around Rs. 10,00,000/- per annum. However, in case of Lipika's unfortunate demise at an early age of 42 years, the loss of income to her family would be nearly Rs. 5,00,000/- per annum.

Suggestions and Recommendation

To identify the impoverish risks within the practice who may be worked in the hazardous area both in domestic and work environment.

To prepare a need for systematic financial planning for youth specific needs.

To provide health care facilities through life insurance for the youth without any gender bias, including preventive care.

To create, a need for "Gender Sensitive Rehabilitation Policies for youth" especially for young women in the society.

Though the eleventh plan draft has a welcome section that discusses the need to put into place .But proper policy formulation and implementation are required for those younger generation who are highly vulnerable to risks in their domestic and work culture because they are the future of our Country.

Conclusion

After observing the above study, it is found that there are various reasons of youth at risk in their life stages like protection, savings and children education. Though they are aware of their own risk and their family risk at different stages but not planning to reduce their risks immediately. Majority of them are showing their interest for the short term, hassle free life insurance coverage to reduce their risks, though it does not fulfill their immediate needs and risk reduction. Majority of the respondents are thinking that their present life insurance coverage is enough to reduce their risk due to lack of awareness on need based financial planning. Majority of the respondents are not getting systematic financial planning on their risk reduction from their LI advisors, it leads to average satisfaction level for life insurance policy. So prevention is better than cure, as a preventive measure youth can avail life insurance protection, saving and investment measures as per their need and necessity.

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