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Awareness of consumer right: Ä study of business and service class in Tamil Nadu

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Abstract

The business and service class operations in India especially life insurance are in the phase of getting more structured and increasingly more complex. With this the expectations from the professionals have also increased. The financial statements and audit reports of the insurance companies are also required to be strictly in accordance with the Insurance Regulatory and Development Authority Act, 1999 (IRDA).

Concerted efforts are required to increase the coverage and penetration level through a wide range of actions in the areas of strategic business planning, product innovation, management accountability, efficiency in investment management, technology management, human resource management, service quality management, improvement in disclosures and corporate governance. The current article discusses the awareness of consumer right.

Keywords: Consumer Right, Management, Business

1. Introduction

The entry of private players in the Indian insurance market has changed the nature of competition and the vigorous campaigns of these players have increased customer awareness. This has led to rapid increase in insurance business and a sizeable gain of this has also been reaped by business and service class.

There are two branches of insurance i.e. General Insurance and Life Insurance. General insurance deals with the exposure of risks of goods and property whereas; Life insurance is a way to meet the contingencies of physical death and economic death. In case of pre-matured death of the assured the proceeds of the policy are paid to the beneficiaries and annuities protect the assured against economic death when he lives too long to arrange for his necessities. The present study has its scope regarding life insurance.

Today marketing is characterized with intensified competition, customer awareness, shorter product life cycle and more options to buy products and hiring services. These features are typical of any market economy and their strength and impact is showing an increasing trend. The customer is the focus of all marketing strategies and the only viable means of survival and growth in this competition is by delivering higher value to the customers.

There is a shift in the paradigm from meeting customers' needs to mass customization strategies for delivering value. Therefore, in the days to come, marketing success would not be gauged by increasing marketing share by any means, but by delivering higher value to the customers. The customers form an expectation of value and act upon it. The perceived value affects the customers' perception of price, quality, and satisfaction and repurchases probability. Considering the centrality of delivering higher customer value marketing must identify the customer's perception of value and act upon it.

The very concept of 'value' has been applied to many settings in management strategy, finance, insurance, banking, information system and marketing literatures. Ronzemke observes "that the concept of value is not new but today value means more than a customer's positive perception of some combination of quality and price".

Anderson looked upon value in business markets of the perceived worth, in monitoring units, of the set of economic, technical service and social benefits received by a customer firm in exchange for the price paid for a product, taking into consideration the available suppliers' offerings and prices. Hicks defined value as the amount of an articles or a commodity which can be exchanged for a given amount of another.

Chakarbarti (2000) comprehends customer value as a set of attributes on which the customers makes his/her buying decision, thus implying value as a representative of the collective sum of the market's needs and desires. Each attributes of value is judged as relative to the competitor's product and current technology. This makes it important for the marketers to enhance customer desirability in order to deliver higher value.

It is submitted that above definitions have some common as well as divergent features. It cannot be denied that consumer value is inherent to the use of some products and hiring of some services. In reality, it is a consumer's perception of value and is not something objectively determined by a seller of product or services provider. Value also involves a trade off between what a consumer gets and what he gives to purchase a product or hire a service. Analysis of definitions shows that each of the definitions of value relies on other terms such as utility, worth, benefits and quality of product or services.

1.1 Objectives of the study

1) To examine the regulatory mechanism for consumer rights.
2) To study the profile of service classes in Tamil Nadu.
3) To study the service quality provided by public and private sector of Tamil Nadu.

1.2 Review of related literature

Lawrence A. Gosby and Nancy Stephens *et al*. (2007) [1] Updated those complex, highly intangible services such as life insurance consists largely of credence properties. Insurance providers engage in relationship-building activities that emphasize buyer-seller interaction and communication.

Zeithaml *et al*. (2008) [2] defines value as the consumer's overall assessment of the utility of a product, based on the perceptions of what is received and what is given. He conjectured that there must be different stages involved in developing a new product, they are- need identification, product development, product testing, and finally product launch.

In the case of LIC of India v/s Dr. Sampooran Singh *et al*. (2013) [3], it was decided that policy became inoperative due to the act of the state and there was no deficiency on the part of the appellant. Service under an insurance policy can arise only after the occurrence of the contingency viz, the death of the insured in this case-as, however, the purpose of the policy became inoperative due to the act of the state, there should be no deficiency of service on the part of the appellant insurance company.

Faulkner and Bowman *et al*. (2014) [4] defined perceived use value as the satisfaction experienced by a buyer in purchasing and using a product or service. They adjudged that intermediaries who are sincere and keen in selling the products should also be keen in educating and updating the knowledge of customers. They must be ready to be brain stormed by the customers, equipped with clear and specific solutions.

Ananth *et al*. (2008) [5] in his study on life Insurance Corporation of India highlighted the spectrum of corporate finance during 1975-90. He pointed out different problems faced by the organisation in handling the corporate finance such as the time of procurement and investment of funds. He suggested that the organisation must relate itself with the needs of changing environment by taking good decisions through professionally trained people.

Shrivastva *et al*. (2009) [6] critically analyzed the housing finance aspect of the LIC of India and suggested that the corporation must evaluate the needs of houses and the required finance thereof in a particular area on the need based system and its decisions should not be affected politically so that it may prove itself more compatible and effective.

Livingstone *et al*. (2009) [7] urged the need of framing effective human resource policies by the LlC of India to retain the competent and motivated staff as the new entrants will be eying them by offering lucrative salaries and other benefits.

Samar, Deb *et al*. (2009) [8] Investment policies of the business and service class of India in special context to North- East India was analyzed. The focus of the study was to see the investment patterns of the funds of the corporation in different fields of activities in the region. He observed an imbalance in investment pattern for infrastructure.

Mookerji *et al*. (2010) [9] cited weaknesses of marketing policies pertaining to outdated products and technology used by business and service class and GIC of India. She forecasted that in the light of new and upgraded technology, the LIC of India would strengthen the network of agents and intermediaries. Most of the products of LIC of India were bundled ones having no flexibility.

Sapna *et al*.(2010) [10] the committee framed the new Competition Policy which proposed repeal of Monopolies and Restrictive trade Practices Act, 1969 and enactment of a new Competition Law and establishment of a regulatory authority Competition Commission for implementation of Competition Act. On recommendation of the Committee the Competition Act was passed.

Mundra *et al*. (2010) [11] expressed, through his article, the fear in the minds of the competitors and the possible strategies to face them. The main concern of the public sector companies, according to him, is that the private players, especially foreign ones, will swamp the market and grab a large share of it. They can create demand in some neglected and new areas.

Murthy *et al*. (2010) [12] emphasized the need of undertaking three functions viz. risk taking, asset management and serving the customers by the life insurance companies for providing comfort to the society in an organized manner.

Suthanan *et al*. (2010) [13] brought to light the drawbacks of insurance sector, especially of the business and service class of India, in the form of low supply of investment, pension and health care products in comparison to their demand. The pace of penetration of the Corporation is low in comparison to its competitor's. Non-availability of customer friendly products, high premium, miss-management of assets; low investment yield and low consumer satisfaction are the main factors causing inefficiency in the Corporation which must be eradicated to face the challenges of liberalization.

Mittal, S.K. And Sharma, KC. *et al*. (2011) [14] deduced that the competition increases in the field of insurance sector with the entry of private players. As the foreign dominance in collaboration in life insurance might lead to replication of the products prevalent in industrial countries and they may not properly be matched with the typical requirements of Indian customers.

Parera *et al*. (2011) [15] feels the insurance as the hottest business in India and other Asian countries. He exhibited that the Indian insurance market has registered the highest growth of over twenty percent in Asia, though its share in global market is about 0.5 percent. The total Indian population was 1.05 billion in July, 2000, consisting of 72.22 percent of rural population and 27.78 percent of urban population.

Chuganee *et al*. (2011) [16] assumed distribution as a very important and critical factor for the life insurance products of private players; it's a bottle neck to be navigated by them. The new insurance players are hawking their products through the ready distribution channels of banks and non-banking finance companies, but they may expose to quality control issues if not making the judicious use of them.

Singh, Daleep *et al*. (2011) [17] underlined that the competition will increase in the field of life insurance with the entry of more private players. Foreign players will bring in their management, financial and technical strength in the market, which would ensure better products and services. And, thus to be more competitive the Indian players, both public and private should go for mental revolution to design the competitive plans, and strategies for effective execution.

Gupta *et al*. (2011) [18] expressed that the transition of business and service class industry from a public monopoly to a competitive environment presents interesting challenges to competitors and consumers. The new players shall have an opportunity to test their various hypothesis and experiences from overseas markets. On the other hand, the business and service class of India has to prove its worthiness in the competitive market. As a result of that the consumers shall have greater choices for the fulfilment of their needs.

N. Vittal, Central Vigilance Commissioner *et al*. (2011) [19] expressed that today Indian Insurance sector is facing an existing time. While competition is coming and Indian insurance industry will have to come up to global standards. It also provides opportunity for bringing in high degree of innovation and imagination in the insurance sector.

Rehman *et al*. (2012) [20] concluded that the steady deregulation of the insurance market, the emergence of new technologies, increasing competition among the business and service class are resulting into a new paradigm centered on the customers. The new situation will induce many pressures on insurers in the form of capital, volumes (market share), margins, services, reinsurance, retaining quality people, intermediaries and regulatory authority.

Singh *et al*. (2012) [21] corroborated that the life insurance companies are exposed to colossal losses, which is evident from the World Trade Centre disaster. These companies can limit their exposure by spreading the risk through the processes such as geographical diversification.

Krzysztof Ostaszewski *et al*. (2013) [22] added Life and disability insurance, as well as annuities, traditionally has been analyzed as products providing protection against random losses. He proposed that these products can be viewed as derivative instruments created to address the uncertainties and inadequacies of an individual's human capital, if human capital is viewed as a financial instrument. In short, life insurance (including disability insurance and annuities) is the business of human capital securitization.

1.3 Statement of the problem

The current study is done to analyze the service quality provided by public and private sector of Tamil Nadu.

1.4 Delimitations

1. The study was delimited to study the service quality provided by public and private sector of Tamil Nadu.
2. The study was also de-limited to few cities of Tamil Nadu.

1.5 Limitation

The facts discussed in this study were based entirely on the responses to the questionnaire therefore, ascertaining the genuineness of the responses was identified as the limitation of the study.

1.6 Hypothesis

On the basis of research finding, literature reviews, expert opinion and scholar's own understanding of the problem, it was hypothesized that the more workers are employed in service sector.

1.7 Definitions and Explanation Terms

1. The business class

The business and service class provides long-term funds for development of infrastructure. The pace of growth of life insurance in India accelerated with the process of opening up of the economy through globalization and liberalization.

2. The service class

However, the level of penetration is less when compared to the world average and many other countries. The results of this case study reveal that life insurance is preferred mainly for risk coverage and tax benefits.

3. Procedure

There is an upbeat mood among all the insurance companies over the growth in their premium income through life insurance policies. The article intends to codify the possible extent that the laws, rules and regulations available in our country can provide a safety net for funds invested by the policyholders in business and service class.

4. Selection of subjects

It was finally decided to select a sample of 300 respondents.

5. Criterion measure

Secondary data: The secondary data has been collected from various journals, books and several documents of the government.

Primary data: Stratified random sample technique has been followed to identify the respondents. A Structured Questionnaire was designed, tested and administered for collection of data.

1.8 Significance of the study

According to the author business and service class products are weak as compared to private insurers so he suggested that the corporation must design stable products strategies with durable elements like private players, which can fulfill the needs of various customers and further build its image and good will to retain. He added that private insurers are advised to improve their age- wise strategies as a whole life plan to compete with business and service class.

IRDA should also make provisions regarding the issues of life plans according to the changing economic conditions, as we use the clothes according to the seasons, to save the innocent customers from the probable loss and give the real benefit of the insurance to them. In the present state of recession in the economy, only the traditional plans should be allowed to sell and not the ULIPs, because it may result into great losses for the customers. Even he added that if ULIPs allowed, then only with guaranteed returns.

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