**Introduction:**

**URGENT NEED OF THE HOUR**

**Social protection:** Social protection refers to a set of benefits available (or not available) from the state, market, civil society and households, or through a combination of these agencies, to the individual/households to reduce multi-dimensional deprivation. This multi-dimensional deprivation could be affecting less active poor persons (e.g. the elderly, disabled) and active poor persons (e.g. unemployed).

Besides, in developing countries, the state's capacity to reach the vast majority of the poor people may be limited because of its limited resources. In such a context, multiple agencies that could provide for social protection is important for policy consideration. The framework of social protection is thus capable of holding the state responsible to provide for the poorest sections by regulating non-state agencies. Social protection fall into two broad categories: 'instrumentalists' and 'activists'. 'Instrumentalists' argue that extreme poverty, inequality and vulnerability, is dysfunctional in the achievement of development targets. In this view social protection is about putting in place risk management mechanisms that will compensate for incomplete or missing insurance markets, until a time that private insurance can play a more prominent role in that society. 'Activist' arguments view the persistence of extreme poverty, inequality and vulnerability, as symptoms of social injustice and structural inequality and see social protection as a right of citizenship. Targeted welfare is a necessary step between humanitarianism and the ideal of a 'guaranteed social minimum' where entitlement extends beyond cash or food transfers and is based on citizenship, not philanthropy.

**Social security** may also refer to the action programs of government intended to promote the welfare of the population through assistance measures guaranteeing access to sufficient resources for food and shelter and to promote health and wellbeing for the population at large and potentially vulnerable segments such as children, the elderly, the sick and the unemployed.

Social security may refer to:

- **social insurance**, where people receive benefits or services in recognition of contributions to an insurance program. These services typically include provision for retirement pensions, disability insurance, survivor benefits and unemployment insurance.
- **services** provided by government or designated agencies responsible for social security provision. In different countries this may include medical care, financial support during unemployment, sickness, or retirement, health and safety at work, aspects of social work and even industrial relations.
- **basic security** irrespective of participation in specific insurance programs where eligibility may otherwise be an issue. For instance assistance given to newly arrived
refugees for basic necessities such as food, clothing, housing, education, money, and medical care.

As in other developed countries like for eg. United States, Social Security refers to the Old-Age, Survivors, and Disability Insurance (OASDI) federal program. The original Social Security Act (1935) and the current version of the Act, as amended encompass several social welfare and social insurance programs.

Social Security is primarily funded through dedicated payroll taxes called Federal Insurance Contributions Act tax (FICA). Tax deposits are formally entrusted to the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, the Federal Hospital Insurance Trust Fund, or the Federal Supplementary Medical Insurance Trust Fund which comprise the Social Security Trust Fund.

As far as the Indian context is concerned the Government has not been able to provide the basic needs to the citizens of India across the boundaries. In view of the same there is an urgent need of Life Insurance penetration in the remote / rural areas. Most of them are not aware of the same and its benefits to their family as a whole. The growth of Post office and mostly Public Sector Banks have taken place in some of the rural areas but as far as the Life Insurance is concerned the rural sector has been ignored and not much effort has been done by the government and private agencies to penetrate the life insurance for the needy Indians.

Indian Context
Presently, India is globally the fifth largest life insurance market in the emerging insurance economies, and its insurance market is growing at 32–34 per cent annually.

According to a report, 'Insurance in Next 2 Years', by ASSOCHAM, in May 2008, the insurance sector size was estimated at US$ 12.8 billion, and it is likely to see an unprecedented growth of 200 per cent, touching US$ 51.2 billion by 2009–10. Rural India may offer a business opportunity worth US$ 23 billion for the insurance companies if the segment can be wooed with innovative saving schemes at affordable premiums.

The various programs of the government promoting agriculture and tiny industries, the scientific agricultural practices, the agrarian reforms, the empowerment of village panchayats and such other activities have created reasonable disposable incomes in the hands of the rural folk. At the same time we find the rural economy dependent on vagaries of monsoons. The existence of Below Poverty Line (BPL) families, the stark illiteracy, and the low levels of awareness are the major stumbling blocks to protect themselves against risks. The life insurance penetration in rural areas as percentage of Gross Domestic Product (GDP) is around 2.8% as at 2005 and again the so called penetration is catering to the needs of rural rich. The distribution costs, product designing to the needs of the rural people, the viability of opening offices in rural areas are preventing major life insurance companies to opt out of this market. In this thesis an effort is made to study the rural life insurance market and try to identify the major factors inhibiting the insurance companies leading to ignore this market.

Out of 78 per cent households having awareness about life insurance in rural India, only 24 per cent were policy owners. India's untapped rural market holds tremendous growth opportunities
for life insurance companies with business worth US$ 231.67 million for insurance firms. According to international consultancy firm Celent, the rural life insurance market will grow to a potential of US$ 1.9 billion by 2015 from the current US$ 487 million.

Another opportunity lies in offering low-interest personal loans to the rural population. To tap this market, microfinance institutions (MFIs) are now using mobile phone technologies to augment the reach of micro-financing in rural India.