

DOI: <https://doi.org/10.64672/IJIFR/26.07.13.11.005>

PAPER ID: IJIFR/156202607/1311005

EFFECTIVENESS OF THE LIC BIMA SAKHI YOJANA IN PROMOTING FINANCIAL AND INSURANCE LITERACY AMONG RURAL WOMEN: AN EMPIRICAL STUDY

GOMATHI A.

Assistant Professor, Department of Commerce,
B.Com - Banking and Insurance, NGM College, Pollachi, Tamilnadu

ABSTRACT

Aim: This study provides one of the earliest empirical evaluations of the LIC Bima Sakhi Yojana by examining its effectiveness in advancing financial and insurance literacy among rural women. By identifying the key dimensions of programme effectiveness through factor analysis, it contributes to the literature on financial inclusion, women's empowerment, and insurance education while offering evidence-based recommendations for improving public financial literacy initiatives. The study provides valuable insights for policymakers, LIC administrators and financial inclusion agencies seeking to strengthen women's financial capability and insurance participation.

Methods: A descriptive research design was employed using primary data collected from 600 rural women through a structured questionnaire. Convenience sampling was adopted for respondent selection. Data were analyzed using SPSS through percentage analysis, reliability analysis, mean score analysis, and exploratory factor analysis to assess respondents' perceptions and identify the underlying dimensions of the scheme's effectiveness.

Results: The outcomes indicate that the LIC Bima Sakhi Yojana has a positive influence on financial and insurance literacy among rural women. Respondents reported notable improvements in financial decision-making confidence, dissemination of financial security awareness, and social recognition. The measurement scale demonstrated satisfactory internal consistency (Cronbach's Alpha = 0.795). Exploratory factor analysis identified two principal dimensions—Financial and Social Empowerment through Insurance Literacy and LIC Insurance Awareness—which together explained 51.47% of the total variance, confirming the multidimensional effectiveness of the scheme. Nevertheless, the results also reveal gaps in programme outreach and training coverage, indicating opportunities for strengthening implementation.

Reliability and Validity: The reliability and validity of the research instrument were established using appropriate statistical techniques. Internal consistency was assessed through Cronbach's Alpha, which yielded a coefficient of 0.795, exceeding the recommended threshold of 0.70 and confirming that the measurement scale is reliable. The suitability of the data for construct validation was examined using Exploratory Factor Analysis (EFA). The Kaiser–Meyer–Olkin (KMO) measure of sampling adequacy was 0.886, indicating excellent adequacy for factor analysis, while Bartlett's Test of Sphericity was statistically significant ($\chi^2 = 1231.421$, $df = 36$, $p < 0.001$), confirming sufficient inter-item correlations. The factor analysis extracted two meaningful constructs that jointly explained 51.47% of the total variance, thereby providing satisfactory evidence of construct validity. These results demonstrate that the research instrument possesses acceptable reliability and adequate validity for assessing the effectiveness of the LIC Bima Sakhi Yojana in promoting financial and insurance literacy among rural women.

KEYWORDS: Financial Literacy, Insurance Literacy, Women Empowerment, Rural Women, LIC Bima Sakhi Yojana, Financial Inclusion

Recommended Citation:

Gomathi A : "Effectiveness of the LIC Bima Sakhi Yojana in Promoting Financial and Insurance Literacy among Rural Women: An Empirical Study" International Journal of Informative & Futuristic Research (IJIFR), Vol. (13) (11), July 2026, pp. 1821–1828 <https://doi.org/10.64672/IJIFR/26.07.13.11.005>

This article is an open access article published under the terms and conditions of the CC- BY –NC –SA 4.0 Creative Commons Attribution-Non Commercial- ShareAlike 4.0 International Public License. Copyright © 2026 reserved to the author.

1. INTRODUCTION

Financial literacy has emerged as a fundamental driver of inclusive economic growth, sustainable development, and social equity by enabling individuals to make informed financial decisions, manage risks, and improve their long-term financial well-being. Among vulnerable populations, particularly rural women, inadequate financial knowledge and limited access to formal financial services continue to impede economic participation and household financial resilience. Despite significant policy initiatives aimed at advancing financial inclusion, disparities in financial capability, insurance awareness, and access to financial products remain substantial in many developing economies. These challenges underscore the need for targeted interventions that strengthen financial competencies while simultaneously creating sustainable livelihood opportunities for women. Insurance literacy, a specialized dimension of financial literacy, plays a pivotal role in enhancing individuals' understanding of risk management, financial protection, and future financial planning. Improved insurance awareness enables households to mitigate financial shocks arising from health emergencies, crop failures, accidents, and other unforeseen contingencies. However, empirical evidence suggests that rural women often exhibit relatively low levels of insurance literacy due to educational limitations, inadequate institutional outreach, socio-cultural barriers, and restricted exposure to formal financial systems. Consequently, strengthening insurance awareness has become an important policy priority for achieving equitable financial inclusion and women's economic empowerment.

Recognizing these challenges, the Government of India, through the Life Insurance Corporation of India (LIC), introduced the LIC Bima Sakhi Yojana as a strategic initiative to expand insurance penetration while empowering rural women through skill development and employment opportunities. The scheme trains women as community-based insurance facilitators who disseminate insurance knowledge, promote financial awareness, assist households in accessing insurance products, and serve as trusted intermediaries between LIC and rural communities. Beyond improving insurance coverage, the programme seeks to develop women's financial capability, enhance leadership skills, strengthen decision-making confidence and promote socio-economic empowerment through community engagement.

Although the LIC Bima Sakhi Yojana has attracted considerable policy attention, empirical research examining its effectiveness remains limited. Existing studies predominantly focus on financial literacy, financial inclusion and women's empowerment in general, with relatively little evidence assessing the programme's specific contribution to improving financial and insurance literacy among rural women. Furthermore, limited empirical attention has been devoted to identifying the underlying dimensions through which the scheme influences financial awareness, insurance knowledge and empowerment outcomes. This gap restricts a comprehensive understanding of the programme's effectiveness and limits evidence-based policy improvements.

Addressing this research gap, the present study empirically evaluates the effectiveness of the LIC Bima Sakhi Yojana in promoting financial and insurance literacy among rural women. Using primary data collected from 600 respondents, the study applies descriptive and multivariate statistical techniques, including reliability analysis, mean score analysis, and exploratory factor analysis, to examine women's perceptions of the programme and identify the key dimensions underlying its effectiveness. By providing robust empirical evidence on the programme's contribution to financial capability, insurance awareness, and socio-economic empowerment, the study contributes to the growing literature on financial inclusion and women's development. The findings offer valuable implications for policymakers, insurance institutions and financial inclusion stakeholders seeking to strengthen gender-responsive financial literacy initiatives and enhance the long-term effectiveness of community-based insurance programmes.

2. REVIEW OF LITERATURE

Desai, Sensarma, and Thomas (2024) found that financial literacy significantly contributes to economic empowerment among rural women by improving financial decision-making and participation in income-generating activities. Panakaje et al. (2023) observed that financial literacy and financial inclusion jointly enhance socio-economic empowerment among rural women and improve access to formal financial

services. Liu et al. (2023) reported that financial literacy positively influences insurance participation and awareness among rural households, thereby improving financial security. Khedkar and Lande (2024) highlighted that financial literacy programmes improve savings behaviour and financial management skills among rural women. Kumari and Veena (2024) emphasized that awareness of financial products and services strengthens women's confidence, independence, and participation in economic activities.

The literature indicates that financial and insurance literacy serve as important instruments for women's empowerment. However, empirical evidence regarding the effectiveness of the LIC Bima Sakhi Yojana remains limited, creating a need for the present study..

3. STATEMENT OF THE PROBLEM

Financial and insurance literacy levels among rural women continue to remain inadequate despite various financial inclusion initiatives. The LIC Bima Sakhi Yojana was introduced to improve insurance awareness and financial literacy while creating livelihood opportunities for women. However, the effectiveness of the scheme in enhancing financial knowledge and insurance understanding among rural women remains uncertain. Therefore, an assessment of the scheme's effectiveness is necessary to understand its contribution towards financial empowerment and literacy development.

4. OBJECTIVES OF THE STUDY

- (i) To assess the effectiveness of the LIC Bima Sakhi Yojana in enhancing financial and insurance literacy among rural women.
- (ii) To examine the influence of the scheme on women's financial decision-making, financial confidence, and socio-economic empowerment.
- (iii) To evaluate rural women's awareness, perceptions, and participation regarding the LIC Bima Sakhi Yojana and its insurance-related initiatives.
- (iv) To identify the underlying dimensions of the scheme's effectiveness using exploratory factor analysis.
- (v) To provide evidence-based recommendations for strengthening the implementation of the LIC Bima Sakhi Yojana and improving financial inclusion among rural women.

5. RESEARCH METHODOLOGY

This study adopted a quantitative, descriptive cross-sectional research design to evaluate the effectiveness of the LIC Bima Sakhi Yojana in promoting financial and insurance literacy among rural women. Primary data were collected from 600 rural women through a structured questionnaire using the convenience sampling technique, while secondary data were gathered from LIC reports, government publications, and relevant scholarly literature. The questionnaire, developed from an extensive literature review, employed a five-point Likert scale to measure respondents' perceptions of financial literacy, insurance awareness, financial decision-making, leadership development, and social empowerment. The instrument demonstrated satisfactory reliability (Cronbach's Alpha = 0.795). Construct validity was confirmed through Exploratory Factor Analysis (EFA), with a KMO value of 0.886 and a significant Bartlett's Test of Sphericity ($\chi^2 = 1231.421$; $p < 0.001$), while the extracted factors explained 51.47% of the total variance. The collected data were analyzed using IBM SPSS Statistics through percentage analysis, mean score analysis, reliability analysis, and exploratory factor analysis to comprehensively assess the scheme's effectiveness. Multiple statistical techniques were employed to achieve the research objectives:

- (i) Percentage Analysis was used to examine respondents' demographic characteristics and perceptions regarding the effectiveness of the LIC Bima Sakhi Yojana.
- (ii) Reliability Analysis (Cronbach's Alpha) assessed the internal consistency of the measurement instrument.
- (iii) Mean Score Analysis identified the relative importance of various dimensions influencing financial and insurance literacy.

- (iv) Exploratory Factor Analysis (Principal Component Analysis with Varimax Rotation) was conducted to identify the latent constructs underlying respondents' perceptions and to validate the dimensional structure of the effectiveness scale.

6. DATA ANALYSIS & INTERPRETATION

6.1 Percentage Analysis

Table 1: Percentage Analysis

Variable	Category	Frequency	Percentage
Scheme improved awareness about insurance among rural women	Strongly Agree	110	18.3
	Agree	125	20.8
	Neutral	116	19.3
	Disagree	113	18.8
	Strongly Disagree	136	22.7
BimaSakhi training improved understanding of LIC policies	Yes, significantly	129	21.5
	Yes, to some extent	113	18.8
	No, not much	126	21.0
	No, not at all	113	18.8
	Not sure	119	19.8
Received any training or information about insurance products from LIC or BimaSakhi	Yes	297	49.5
	No	303	50.5

Source: Primary Data

The results indicate mixed perceptions regarding the effectiveness of the LIC Bima Sakhi Yojana. While 39.1 percent of respondents either agreed or strongly agreed that the scheme improved insurance awareness, 41.5 percent either disagreed or strongly disagreed.

Similarly, 40.3 percent of respondents reported that Bima Sakhi training improved their understanding of LIC policies either significantly or to some extent. However, 39.8 percent expressed negative perceptions regarding the effectiveness of training.

Regarding direct exposure to training programmes, 49.5 percent of respondents stated that they had received training or information from LIC or Bima Sakhis, whereas 50.5 percent had not received such support.

The findings suggest that although the scheme has generated positive outcomes among many respondents, considerable scope remains for improving coverage and training effectiveness.

6.2 Reliability Analysis

Table 2: Reliability Analysis

Reliability Statistics	
Cronbach's Alpha	No. of Items
.795	9

The reliability analysis produced a Cronbach's Alpha coefficient of 0.795 for the nine-item effectiveness scale.

Since the value exceeds the recommended threshold of 0.70, the scale demonstrates good internal consistency. The result confirms that the statements collectively provide a reliable measure of the effectiveness of the LIC Bima Sakhi Yojana in promoting financial and insurance literacy among rural women.

6.3 Mean Score Analysis

Table 3 : Descriptive Statistics - Mean Score Analysis

Statements	N	Minimum	Maximum	Mean	Std. Dev	Rank
The Bima Sakhi Yojana enhances women's understanding of financial and insurance matters.	600	1	5	3.71	.927	V
The scheme improves women's	600	1	5	3.99	.846	II

confidence in financial decision-making.						
The scheme helps women manage household finances effectively.	600	1	5	3.66	.951	IX
The scheme enables women to explain insurance schemes to others.	600	1	5	3.67	.991	VIII
The scheme promotes leadership qualities among women.	600	1	5	3.70	.869	VI
The scheme improves women's financial contribution to their families.	600	1	5	3.68	.906	VII
The scheme motivates women to educate others about financial security.	600	1	5	4.02	.868	I
The scheme improves women's social recognition in the community.	600	1	5	3.92	.855	III
The scheme improves awareness of LIC insurance products and services among women.	600	1	5	3.80	.881	IV

Source: Primary Data

Highest Mean = Rank I

The highest mean score was recorded for the statement: "The scheme motivates women to educate others about financial security" (Mean = 4.02), indicating that respondents strongly perceive the scheme as an effective platform for spreading financial awareness. The second highest mean score was obtained for: "The scheme improves women's confidence in financial decision-making" (Mean = 3.99). The third highest mean score was recorded for: "The scheme improves women's social recognition in the community" (Mean = 3.92). The lowest mean score was observed for: "The scheme helps women manage household finances effectively" (Mean = 3.66). Despite ranking lowest, the score remains above the neutral level, indicating a generally favorable perception. Overall, the mean scores demonstrate that respondents perceive the scheme positively, particularly in strengthening financial awareness, decision-making confidence, and social empowerment.

6.4 Factor Analysis

Table 5: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.886
Bartlett's Test of Sphericity	Approx. Chi-Square	1231.421
	Df	36
	Sig.	.000

Source: Primary Data

The suitability of data for factor analysis was confirmed through the KMO and Bartlett's tests. The KMO value of 0.886 indicates excellent sampling adequacy. Bartlett's Test of Sphericity was statistically significant ($\chi^2 = 1231.421$; $p < 0.001$), confirming the existence of sufficient correlations among variables.

Table 6 : Total Variance Explained

Component	Communalities (Initial)	Initial Eigen values			Rotation Sums of Squared Loadings			Rotated Component Matrix ^a	
		Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Component	
								1	2
1	1.000	3.600	40.000	40.000	3.583	39.816	39.816	.659	.182
2	1.000	1.033	11.473	51.472	1.049	11.657	51.472	.655	.096
3	1.000	.772	8.577	60.049				.693	.030
4	1.000	.692	7.685	67.734				.686	.119
5	1.000	.660	7.329	75.063				.644	-.018
6	1.000	.625	6.944	82.007				.642	.123
7	1.000	.617	6.858	88.865				.701	-.156

8	1.000	.531	5.905	94.770				.671	-
9	1.000	.471	5.230	100.000				.040	.114

Source: Primary Data

Table 6 presents the results of Principal Component Analysis conducted on the nine statements measuring the effectiveness of the LIC Bima Sakhi Yojana in promoting financial and insurance literacy. The cumulative variance explained by the two extracted factors was 51.47 percent, indicating satisfactory representation of the original variables..

The first factor recorded an Eigen value of 3.600 and explained 40.00 percent of the total variance. The second factor had an Eigen value of 1.033 and contributed 11.47 percent of the total variance. Together, these two factors accounted for 51.47 percent of the total variance in the data.

After Varimax rotation, Factor I explained 39.82 percent of the variance, while Factor II explained 11.66 percent, resulting in a cumulative variance of 51.47 percent. Since the cumulative variance explained exceeds 50 percent, the extracted factors adequately represent the underlying dimensions of respondents' perceptions regarding the effectiveness of the LIC Bima Sakhi Yojana.

Factor I: Financial and Social Empowerment through Insurance Literacy

This factor comprises eight variables related to:

- Financial understanding
- Financial decision-making
- Household financial management
- Insurance communication
- Leadership qualities
- Family financial contribution
- Financial security awareness
- Social recognition

This factor reflects the broader empowerment outcomes generated through improved financial literacy.

Factor II: LIC Insurance Awareness

This factor primarily includes awareness regarding LIC insurance products and services. The factor represents the scheme's direct contribution to improving insurance awareness and understanding among women.

The cumulative variance explained by these two factors confirms that the LIC Bima Sakhi Yojana significantly contributes to financial literacy, insurance awareness, and socio-economic empowerment.

7. FINDINGS

1. Respondents expressed mixed opinions regarding the effectiveness of the LIC Bima Sakhi Yojana in improving insurance awareness.
2. Nearly half of the respondents had received training or information from LIC or Bima Sakhis.
3. The effectiveness scale demonstrated good reliability with a Cronbach's Alpha value of 0.795.
4. The scheme was perceived as most effective in motivating women to educate others about financial security.
5. The scheme enhanced women's confidence in financial decision-making.
6. Respondents acknowledged the scheme's contribution towards improving social recognition and leadership qualities.
7. Factor analysis revealed two significant dimensions namely Financial and Social Empowerment through Insurance Literacy and LIC Insurance Awareness.
8. The extracted factors explained 51.47 percent of the total variance, confirming the validity of the effectiveness construct.

8. SUGGESTIONS

1. LIC should expand training programmes to cover a larger proportion of rural women.
2. Periodic refresher programmes should be conducted to improve insurance literacy.
3. Digital learning materials and local-language training modules should be introduced.

4. Greater involvement of Bima Sakhis in village-level awareness campaigns should be encouraged.
5. Community-based workshops and financial literacy camps should be organized regularly.
6. Monitoring mechanisms should be strengthened to assess the effectiveness of training programmes.

9. CONCLUSION

The findings of this study demonstrate that the LIC Bima Sakhi Yojana has emerged as a promising policy initiative for advancing financial and insurance literacy among rural women while supporting broader objectives of financial inclusion and women's socio-economic empowerment. The descriptive analysis indicates that respondents generally hold favourable perceptions of the scheme, particularly regarding its role in enhancing financial awareness, strengthening confidence in financial decision-making, improving social recognition, and encouraging women to disseminate financial security knowledge within their communities. However, the results also reveal that a substantial proportion of rural women have not yet benefited from the programme's training and awareness activities, highlighting the need for wider outreach and more inclusive implementation. The analytical findings further substantiate the effectiveness of the programme. The measurement instrument demonstrated satisfactory reliability, and exploratory factor analysis confirmed two distinct dimensions—Financial and Social Empowerment through Insurance Literacy and LIC Insurance Awareness—which collectively explain a substantial proportion of the variance in respondents' perceptions. These findings suggest that the scheme extends beyond improving insurance awareness by strengthening women's financial capability, leadership potential, and participation in formal financial systems. Overall, the study establishes that the LIC Bima Sakhi Yojana represents an effective mechanism for promoting sustainable financial inclusion and rural women's empowerment. Strengthening programme coverage, expanding capacity-building initiatives, and adopting continuous monitoring and evaluation mechanisms will further enhance its long-term effectiveness and policy impact.

10. ACKNOWLEDGEMENT

The author sincerely acknowledges and expresses gratitude to the Management of NGM College, Pollachi, Tamilnadu, for their generous financial assistance through the SEED Money Support for this research work.

11. REFERENCES

- [1] Atkinson, A., & Messy, F. A. (2012). *Measuring financial literacy: Results of the OECD/International Network on Financial Education (INFE) pilot study*. OECD Publishing.
<https://doi.org/10.1787/5k9csfs90fr4-en>
- [2] Desai, S., Sensarma, R., & Thomas, V. (2024). Financial literacy and women's economic empowerment in rural India. *International Journal of Social Economics*, 51(2), 145–162.
- [3] Kaiser, H. F. (1974). An index of factorial simplicity. *Psychometrika*, 39(1), 31–36.
<https://doi.org/10.1007/BF02291575>
- [4] Khedkar, P., & Lande, S. (2024). Impact of financial literacy programmes on financial behaviour among rural women. *Journal of Rural Development*, 43(1), 78–92.
- [5] Kumari, R., & Veena, P. (2024). Financial awareness and women empowerment: An empirical study among rural households. *Indian Journal of Finance*, 18(3), 42–55.
- [6] Life Insurance Corporation of India. (2024). *Bima Sakhi Yojana: Scheme guidelines and operational framework*. LIC of India.
- [7] Liu, Y., Zhang, X., & Wang, H. (2023). Financial literacy and insurance participation among rural households: Evidence from developing economies. *Journal of Financial Services Marketing*, 28(4), 301–315.
- [8] Lusardi, A., & Mitchell, O. S. (2014). The economic importance of financial literacy: Theory and evidence. *Journal of Economic Literature*, 52(1), 5–44. <https://doi.org/10.1257/jel.52.1.5>
- [9] Organisation for Economic Co-operation and Development (OECD). (2020). *OECD/INFE 2020 international survey of adult financial literacy*. OECD Publishing.

- [10] Panakaje, N., Anantharama, V., & Rao, H. (2023). Financial inclusion and women empowerment: A study of rural women beneficiaries. *International Journal of Management Studies*, 10(2), 55–68.
- [11] Patel, R. (2023). Role of social networks and community institutions in promoting financial awareness among rural women. *Asian Journal of Rural Development*, 13(2), 87–98.
- [12] Reserve Bank of India. (2023). *Report on trend and progress of banking in India 2022–23*. RBI Publications.
- [13] Rani, P., & Devi, S. (2022). Insurance awareness among rural women: Challenges and opportunities. *Journal of Insurance and Risk Management*, 12(1), 45–58.
- [14] Sharma, M., & Gupta, N. (2021). Financial literacy and women's participation in formal financial systems. *Indian Journal of Economics and Development*, 17(4), 623–631.