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**Case Study**

**Broad Theme: Social Entrepreneurship**

**Title: Sachin Gupta: Ethical Negligence or Blind Belief**

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### Abstract:

PREMIER INDIA is the country's largest Life Insurance Organization with a customer base of 20.2 Million Policy holders till March 2018. This growth of PREMIER INDIA is perfectly synonymous to Indian Life Insurance as First two decades of the 20<sup>th</sup> century have emerged as the highest growing period in the history of the Indian Insurance Industry. With an Organizational base of as low as 44 companies (TB 1907- Rs.222.4 Million) it reached to almost of 176 companies (TB 1938- Rs 2.98Billion). Initially limited coverage and low capital base has restricted many regional insurance companies to establish Comprehensive Nationwide Picture. However, in the year 1944 a bill to amend the Life Insurance Act 1938 introduced in the Legislative Assembly provided a stimulus to strive for a Giant Insurance Organization catering Insurance requirement throughout the country. Thus formation of newer Life Insurance Company took place as an outcome of Nationalization of 154 Indian Insurance Companies, 16 non-Indian companies and 75 provident on 19<sup>th</sup> June 1956 giving India first of its kind Insurance Player who will provide Insurance anywhere in India. Since inception PREMIER INDIA has always focused the objective of providing Low Cost Insurance Solutions to rural parts of the country and to reach all insurable persons in the country, providing adequate financial cover.

According to E&Y 2010-11 Report on Insurance Frauds in spite of being fastest growing economy amongst BRIC Nations, India is the potential destination for growing Insurance Frauds in the context of potential risk exposure, economic impact and the industry Agent practices owing to suspicious belief towards Insurance in India. The present case study is also an attempt to explore the reasons as to how a Dedicated PREMIER INDIA Agent has reached the Million Dollar Round Table Chair and successively bowed down due to Ethical Negligence and Blind Belief.

***Key words: Rural Economy, Life Insurance, Ethics & Values, MDRT, Social Entrepreneurship etc.***

### **Sachin Gupta: Ethical Negligence or Blind Belief**

One fine morning on August 26<sup>th</sup> 2017 Sachin (Son of 02 Time MDRTLIC Agent Mr. Vishal Gupta) knocked the door desperately and entered the house without permission. It was little uneasy for Mr. Vasant Singh (PREMIER INDIA Development Officer) as Master Sachin was a very honest, Energetic, Disciplined Champ with full of Shyness. Mr. Vasant Singh asked him to take the chair and offered a cup of tea as it was little cold in the morning. Before Singh will say something Sachin started crying and begged for Mercy. It was getting difficult to Mr. Singh to understand the drama as Sachin was nowhere in a position to calm down. It took almost 15 minutes to Mr. Singh to say something and then he whispered, “Bal (Master in English) Sachin you are just like my son and I will protect you in any situation so don’t worry. Just stop crying have some water and tell me what has happened?” After a span of almost 15 to 20 minutes Sachin started speaking in a dry throat volume- “Kaka (Uncle in English) please forgives me for my mistake and save me from my father.” Mr. Singh silently whispered, “See I said you earlier also, I will protect you in any situation, however you have to be punctual in letting me know as to what has happened.”

Master Sachin was the only kid to Mr. Vishal Gupta who was a Grocery Shop Owner at the holy land of Shirdi Sai (Sakuri Area). Gupta family was a well-known sober family in the area because of Simplicity, Ethical Values and Spiritual Behaviour. Master Sachin was also a perfect fit to his family having B. Com graduation with First Class. Being the only kid to his parents, Master Sachin has no choice than to live with his parents in the Holy Shrine of Sakuri. Searching for City based employment and shaping the Career of once own interests have always remained as non-attainable dreams for him. Mr. Vishal Gupta was having good social contacts because of his helping nature and ethical business values. While purchasing from their Shop, many a times customers don’t even check the Grocery items against the bills produced. Master Sachin alike his father too gained the same pace in the family business with value added services and energetic behavior. Over the past two decades Mr. Vishal Gupta has achieved financial soundness along with social status and popularity in the nearby area.

Mr. Vasant Singh the hardworking, dedicated, workaholic rural success tycoon in the field of Rural Life Insurance was the number one PREMIER INDIA Development Officer (D. O.) with an agency base of 187 agents and history of producing 05 MDRT’s in the Rural Area. (i.e. Kopargaon & Rahata Tehsil). His average premium collection for the past 10 years was standing above 02 Cores per annum. Transparency in Customer Service Delivery, Promptness in Settlements, Timely Guidance, Regular Follow Ups,

Competitive Strategies and passion for Socializing have made him one of the most reputed Development Officers (DO's) in the Maharashtra Region. Masters in Social Welfare and active participation in Akhil Bhartiya Vidyarthi Parishad (A.B.V.P.) movements were to his credits before joining PREMIER INDIA (Life Insurance Company) in the year 1998. A strong support of MSW graduated wife and Aggression in the business strategy formulation were two of his Competitive Advantages which made him stand ahead differently in the competition. Once during his visit to Sakuri he met Mr. Vishal Gupta and found him to be very interesting personality. Frequent visits to Sakuri for business purpose and Joyous nature of Mr. Vishal Gupta made them good friends of each other. Friendship ripened to its highest level as once Mr. Singh asked Mr. Gupta to join PREMIER INDIA (Life Insurance Company) as he holds credible Socializing Nature. Mr. Vishal the only HSC (Higher Secondary School Certification) fellow with very low essence of technology accepted the offer just as an excitement. However, his son Sachin was very happy for his father's decision of joining PREMIER INDIA (Life Insurance Company) as this could give him a platform for getting more socialized and apply his College graduating knowledge. Master Sachin soon took over his father's PREMIER INDIA agency unofficially with his complete dedication, Technological Expertise and cooperating Nature.

#### Exhibit 1<sup>1</sup>: Fraud Comparatives:

| Insurance Fraud                      |                            | Percentage | INR-Billion |
|--------------------------------------|----------------------------|------------|-------------|
| <b>Types of Life Insurance Fraud</b> |                            | <b>86%</b> | <b>261</b>  |
| 1                                    | Mis-selling by Agents      | 36%        | 94          |
| 2                                    | Fake Documentation         | 33%        | 86          |
| 3                                    | Others                     | 31%        | 81          |
| <b>General Insurance</b>             |                            | <b>14%</b> | <b>43</b>   |
| 1                                    | Falsification of documents | 70%        | 30          |
| 2                                    | Other fraud                | 30%        | 13          |

*Table 1 Comparison of Fraud in Life and Non-life Insurance*

<sup>1</sup> [http://shodhganga.inflibnet.ac.in/bitstream/10603/138617/7/07\\_chapter%202.pdf](http://shodhganga.inflibnet.ac.in/bitstream/10603/138617/7/07_chapter%202.pdf)

It was just into their second year of PREMIER INDIA Journey, Mr. Vishal has achieved a target of accomplishing a status of MDRT (The Agent who collects a fresh premium of Rs. 36,00,000 or above is been given with the status called MDRT) on the grounds of his Son Sachin's dedication and hard work. Sachin with his hardworking abilities and Strong Networking skills had made it very easy to find new customers and achieve the targets. The drama continued and Mr. Vishal soon became MDRT for the next consecutive year, something which was highly unique in a place like Rural Maharashtra. It was a passion of Master Sachin who made him one of the most successful people amongst his classmates who were working in the cities and/or even doing business in the rural places. This made him more excited and aggressive to pace his new business generation and grow in the market. However one fine morning on March 24<sup>th</sup>, 2017 one school teacher Mr. Gaurav Das came to Mr. Gupta's Grocery shop and started questioning as to where is your son Sachin? The shouting voice of Mr. Das depressed Mr. Gupta as he was having very good relations with Mr. Das and have also gave him Jivan Saukhya (PREMIER INDIA plan) two years before. He requested Mr. Das to come inside the house and explain as to what has happened. Mr. Das started loudly and narrated how Master Sachin committed fraud by non-depositing the last five months premium onto policy account which he already paid from time to time. In the journey of planning his IT return Filing he went to PREMIER INDIA office for collecting PPR (Premium Payment Receipts) and came to know that his Plan is irregular since past five months due to non-payment of premium. It was shocking to Mr. Das as he has already paid all the installments from time to time. He asked PREMIER INDIA officers as to why they didn't informed him earlier about non-payment of dues. PREMIER INDIA officer informed him that, we have instructed your PREMIER INDIA Agent to provide the contact number for mobile communication via system, but he didn't provide with your mobile details even after asking for it for several number of times. Rather he has not even provided the contact details of many of his other clients also. It was little shocking to Mr. Vishal Gupta as he was highly unaware about all of these facts and even his son Sachin also never informed him about PREMIER INDIA Office instruction of providing contact details of existing policy holders. He promised Mr. Das as to investigate the whole matter and ensure the payment of all the non-paid premiums along with late fees if any. Mr. Das while returning from Gupta's house came across Mr. Sachin in the next Chauk (A landmark or destination in English) and saw suspecting towards him with no greeting.

Poor Technological Infrastructure and Less Competent Personnel have always remained as major drawback in Rural India due to Internet Services, Computer Literacy and Willingness to use Technology in operations. High population dispersion due to geographical spread has also posed a problem of Adequate and Timely Training Facilitation towards Technological Automation. In addition to these the

young youth is turning out to be more greedy and Low degree of ethical belief due to Peer Pressure, High Aspirations, Westernizing, Deceased Value System etc. One more major cause behind such incidences is the presence of Chalta Hain Attitude (Who Cares).

All such factors in rural India needs immediate addressing as India is turning out to be world's most prospering Market. At other end, India has also immerged as world's fourth largest growing Economy having highest population of Younger Age. Also the ongoing Government is attracting foreign FDI by supporting the Open Economy to have a more development in Insurance and allied Industries. However, to really support the above opportunities India should seriously work upon-

- Ethical Value System,
- Moral Development,
- Technological Development,
- Adequate & Timely Training Facilitation,
- Multiple Control Layers,
- Legal System Strengthening,
- Responsibility Accounting,
- AI Usage etc.

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