

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:6642
ANSWERED ON:10.05.2002
PERFORMANCE OF GIC COMPANIES
VILAS BABURAO MUTTEMWAR

Will the Minister of FINANCE be pleased to state:

- (a) whether the General Insurance Companies in the public sector are facing stiff competition from the private insurance companies and there has been considerable decline in their business as a result thereof;
- (b) if so, the extent of decline in business of general insurance companies registered during the last two years;
- (c) whether the opening of insurance to the private sector has created lot of difficulties to the public sector companies like reduction in staff and closing avenues for promotions and fresh recruitments;
- (d) whether the insurance employees have resorted to agitational methods as a result thereof; and
- (e) if so, the steps have been taken by the Government to strengthen the general insurance companies in the public sector?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

- (a)&(b): It is a fact that the public sector general insurance companies are facing stiff competition from private insurance companies. However, there has been no decline in the business of the public sector companies. On the other hand, there has been a growth in business to the extent of 3.75% in 2000-2001 and 12.14% in 2001-2002.
- (c): No, Sir.
- (d): Some employees unions and associations had resorted to a strike on 16th April,2002 to protest against Government's policy of dis-investment/privatization of public sector, curtailment of workers rights, downsizing of public institutions.
- (e): Several measures to face the competition from private sector companies have been initiated by the public sector general insurance companies which, inter alia, include emphasis on prudent underwriting practices, thrust on personal line business, upgradation and extensive use of information technology to improve enhanced customers' services, organisational restructuring by consolidation of offices and emphasis on reducing management expenses.