

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1795  
ANSWERED ON:01.08.2003  
PUBLIC SECOR BANKS IN INSURANCE BUSINESS  
ASHOK KUMAR PATEL

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government are aware that several public sector banks have not been able to venture into field of insurance due to want of permission from the Reserve Bank of India;
- (b) if so, the reasons for not granting permission;
- (c) whether the government propose to issue directions to the Reserve Bank of India in this regard; and
- (d) if so, the details thereof ?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO V. ADSUL)

(a) to (d) : It is not true that public sector banks have not been able to venture into insurance business due to lack of permission of the Reserve Bank of India. Banks have been permitted to enter into insurance business subject to their obtaining necessary licence / registration from the Insurance Regulatory and Development Authority (IRDA). Accordingly, a bank can now become a joint venture partner or act as a Corporate Agent or take up referral arrangement with an insurance company. For instance, State Bank of India has been permitted to set up an insurance subsidiary – SBI Life Insurance Co. Ltd. – while its seven associate banks have been permitted to take up corporate agency. Twelve nationalized banks have so far been permitted to act as Corporate Agents of Insurance Companies while five nationalized banks have been permitted to have referral arrangement with various insurance companies.