

**GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:1885
ANSWERED ON:29.11.2002
RURAL SECTOR OBLIGATIONS OF INSURANCE COMPANIES
IQBAL AHMED SARADGI

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) whether the Insurance Regulatory and Development Authority has announced the removal of stringent rural sector definition that has been acting as a impediment for the new-age insurance companies to meet their compulsory rural sector obligations;
- (b) if so, whether the constructive nature of rural and social sector regulations had acted against the development of the rural and social sector insurance; and
- (c) if so, to what extent this removal of stringent rural sector definition has helped the rural sector?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL):

- (a) The Insurance Regulatory and Development Authority (IRDA) has informed that they have now adopted the census definition of rural areas. This is to ensure better compliance of the regulations and its monitoring by the IRDA. The Authority has also raised obligations of the life insurers toward rural sector. They have stipulated that no insurer shall write rural/social sector business less than what was recorded for the year ended 31st March, 2002. The amendments will be effective from financial year 2002-03.
- (b) and (c) The IRDA has reported that the regulations have not acted against the development of the rural and social sector insurance. The IRDA has issued notice to the companies which did not fulfill the rural and social sector obligations. With the new modifications, it is expected that the insurers will find it more convenient to identify the rural sector areas and comply with the Regulatory requirements.