

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1885
ANSWERED ON:17.07.2009
EXEMPTION OF SERVICE TAX
Singh Shri Pashupati Nath

Will the Minister of FINANCE be pleased to state:

- (a) whether the life insurance companies have urged for exemption from payment of service tax;
- (b) if so, the details thereof and reaction of the Government thereto;
- (c) whether the Government has reviewed the performance and client services provided by the life insurance companies in the country including Jharkhand;
- (d) if so, the details thereof;
- (e) whether the Life Insurance Corporation of India (LIC) is planning to invest in the equity market during the current year; and
- (f) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI S.S. PALANIMANICKAM)

(a) No, Sir.

(b) Does not arise, in view of reply to (a) above.

(c)&(d) Insurance Regulatory and Development Authority (IRDA) has informed that they periodically review the performance of all insurance companies and their adherence to the provisions of the Insurance Act, 1938 and various regulations and guidelines issued by it. All insurance companies are required to file their annual accounts and the solvency position with the Authority on an annual basis. The periodical review encompasses operations of the insurance companies throughout the country and is not region based. The IRDA review mechanism does not generate State wise information on the life insurance companies.

(e)&(f) LIC has informed that they are regular investors in the equity market for many years. During the financial year 2008-09, LIC had invested Rs.40,295.09 Crore in the equity market. During the current year, LIC will invest in the equity market depending upon the fund flow and the state of the equity market.