

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2329
ANSWERED ON:07.12.2012
INSURANCE FUNDS TO INFRASTRUCTURE SECTOR
Venugopal Shri P.

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is considering to relax norms for insurance companies to attract more funds for the infrastructure sector;
- (b) if so, the details thereof;
- (c) whether any discussion was held with the Heads of major public sector insurance companies in this regard; and
- (d) if so, the details thereof?

Answer

Minister of State in the Ministry of Finance (Shri Namo Narain Meena)

(a): Yes, sir. Insurance Regulatory and Development Authority (IRDA) has informed that it has carried out a detailed review of the existing Investment Regulation including the requirement to facilitate a higher flow of insurance funds to infrastructure sector.

(b): In existing Regulation also exposure of any insurer to an infrastructure company has been increased to 20% as against the present ceiling of 10% as referred in Reg. 5 of the IRDA (Investment) Regulations, 2000. The limit can further be increased by another 5% in case of Debt with the prior approval of the Board. IRDA has further informed that both equity and debt instruments are considered for classification under Infrastructure for mandatory minimum obligation of 15% as against only debt instruments earlier. Mortgaged Based Securities (MBS) with 'AAA' rating will qualify as 'Approved Investments' and would qualify for infrastructure investments. Investment in infrastructure are excluded from the applicability of industry sector exposure norms.

(c) & (d): Yes, Sir. IRDA has informed that it has a policy of consultation with all the stakeholders including the Chiefs of Public Sector Insurance Companies, on amending all regulations including the Investment Regulations. The proposed amendments are placed on the IRDA website inviting public comments. The views of Insurance Advisory Committee (IAC), Life Insurance Council and General Insurance Council are also sought on the proposed amendments to the Regulations.