

13.43 hrs.

**INSURANCE REGULATORY AUTHORITY BILL\***

[English]

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : Mr. Speaker, Sir, I beg to move for leave to introduce a Bill to provide for the establishment of an Authority to protect the interests of holders of insurance policies and to regulate, promote and ensure orderly growth of the insurance industry and for matters connected therewith or incidental thereto.

MR. SPEAKER : Motion moved :

"That leave be granted to introduce a Bill to provide for the establishment of an Authority to protect the interests of holders of insurance policies and to regulate, promote and ensure orderly growth of the insurance industry and for matters connected therewith or incidental thereto."

SHRI BASU DEB ACHARIA (Bankura) : Sir, I have given a notice opposing the introduction of this Bill.

SHRI RUPCHAND PAL (Hooghly) : Sir, I have also given a notice.

SHRIMATI GEETA MUKHERJEE (Panskura) : Sir, I was the first to oppose it and I also gave a notice.

MR. SPEAKER : Is it necessary that all the Members should speak?

(Interruptions)

SHRI RAJIV PRATAP RUDY : Sir, there is one piece of information.

MR. SPEAKER : I am not supposed to take all the information of what is happening

SHRI RAJIV PRATAP RUDY : Sir, it is about the discussion under Rule 193 regarding the sports. My submission is that if the debate could be initiated this time we can take it further to the next Session. That would be comfortable.

MR. SPEAKER : That could be done.

SHRI RAJIV PRATAP RUDY : Sir, when will you allow us to initiate the debate?

MR. SPEAKER : I think some of the Bills are also to be deferred. I will come to that. We will see what to do.

SHRI RAJIV PRATAP RUDY : Sir, we can initiate the discussion.

MR. SPEAKER : I think your suggestion is a good suggestion. In any case the W.T.O. matter has also to

be disposed of. We will start it and it can be carried over to the next Session. I agree with your suggestion.

SHRI RAJIV PRATAP RUDY : What time can it be started because at 3.30 p.m. the Private Member's Business will be taken up?

MR. SPEAKER : It will be before the Private Members' Business.

SHRI RAJIV PRATAP RUDY : Sir, the reply on discussion on the W.T.O. has also to be given.

MR. SPEAKER : That is why I am asking you to please be here in the House and do not go out.

(Interruptions)

MR. SPEAKER : Let Shrimati Geeta Mukherjee speak now.

SHRIMATI GEETA MUKHERJEE : Sir, I rise to oppose the introduction of the Insurance Regulatory Authority Bill, 1996. Though the Bill does not propose privatisation of insurance companies *per se*, my apprehension is indirectly this is the first step in the direction of privatisation. Why do I think so? The Statement of Objects and Reasons, in para 2, says and I quote :

"In April, 1993 the Government set up a high-powered Committee headed by Shri R.N. Malhotra, former Governor, Reserve Bank of India to examine the structure of the insurance industry and recommended changes to make it more efficient and competitive keeping in view the structural changes in other parts of the financial system of the country".

So the idea is that keeping in view the structural changes in other parts of the financial system of the economy, the structure of the insurance industry was examined and changes recommended to make it more efficient and competitive by the Malhotra Committee and this Bill is a product of that.

Now, Sir, what are the other trends of structural changes in other parts of the financial economy? Everyone knows that it is towards more and more privatisation. The main reason advanced in favour of privatisation is to make it more efficient and competitive. Therefore, the mention of these phrases in the Statement of Objects and Reasons creates an apprehension in my mind. It is well known through the Press reports that the hon. Finance Minister, Shri P. Chidambaram while visiting the USA some time back said that the insurance sector would be opened soon to private companies, Indian and foreign.

\* Published in the Gazette of India Extra-ordinary, Part-II, Section 2 dated 20.12.96.

In the opening lines of the Statement of Objects and Reasons, it is said :

"The insurance industry requires a high degree of regulation."

MR. SPEAKER : At this stage, only the constitutional competence of Parliament can be gone into. You cannot go into the merits and objectives of the Bill. The question is whether Parliament is competent. That is the only point you can make.

SHRIMATI GEETA MUKHERJEE : Sir, I am saying this in view of my apprehension that it is a move towards privatisation of insurance. That is why I think Parliament at this stage, without first ascertaining the opinion of Parliament on that question, cannot take up this Bill. This is my substantive objection. I do not think he will win because the growth of our LIC and GIC is much higher than your so-called private sector.

MR. SPEAKER : You should say all these things at the time of the debate.

SHRIMATI GEETA MUKHERJEE : At the time of the debate, I shall dwell on all that aspects.

I think there is already a regulatory body and that could be improved. This Bill is not necessary.

SHRI RUPCHAND PAL : Sir, I rise to oppose the Bill even at this stage on four accounts. Firstly, it contravenes several provisions both in letter and spirit of the Constitution. Even in the Preamble of the Constitution, which has not been amended, we call it Sovereign, Democratic, Social, Secular Republic. In the Constitution, the goals set before the nation are well spelt out as also the means to achieve those goals and the public sector is considered to be one of the very significant and important footsteps to achieve those goals. Now, there is an attempt through the backdoor to undo the spelt out means to achieve those goals, as enshrined in our Constitution. Thirdly, the policy holders as also the general public, the people of India are sovereign. The policy holders and the people of India, according to a survey, had spelt out clearly that they are happy with the functioning of both the insurance companies, GIC and LIC. It is a part of the Malhotra Committee Report. In MARG, it is quoted that the policy holders as also the general public had appeared for evidence.

We have a federal structure. There is one unanimous resolution from the State Legislature of West Bengal that such steps should never be taken which will be detrimental to the social cause, to the public sector because both the insurance companies, LIC and GIC have been playing a very important role, a social role to achieve the national goal. The West Bengal Legislature passed one unanimous resolution on 11th of February, just about one month after this Report was submitted.

So, I oppose this Bill tooth and nail even at this stage, because it contravenes several provisions of the Constitution.

SHRI BASU DEB ACHARIA : Mr. Speaker, Sir, I also want to oppose the introduction of this Bill.

MR. SPEAKER : Shri Acharia, your notice was received at 10.35 a.m. You have to give it before 10.00 a.m. Even then, I am allowing you, as a special case.

13.51 hrs.

SHRI BASU DEB ACHARIA : Mr. Speaker, Sir, I am on a different footing. A reference has been made to the Malhotra Committee here. The report of the Malhotra Committee was neither presented to the House nor was it discussed on the floor of the House. An assurance was given by the former Minister of Finance, Shri Manmohan Singh that the recommendations of the Malhotra Committee would not be implemented. When I was the Chairman of the Committee on Government Assurances, that Committee also examined this subject and the evidence was given there by the Ministry of Finance that the recommendations of the Malhotra Committee were not being implemented by the Government, as there is a very strong opposition from all the federations and unions. Even the Committee on Petitions of Rajya Sabha had examined this subject and that Committee also recommended that the recommendations of the Malhotra Committee should not be implemented in respect of privatisation of LIC and GIC and opening up of the insurance industry.

Then, the Insurance Regulatory Authority was constituted stealthily and clandestinely in January, 1995 by by-passing the Parliament and keeping the Parliament in dark at that time. What is the necessity to make it a statutory body now? I presume that this is the first step towards opening our insurance sector to private companies. The Minister is saying that if the Insurance sector is opened, the LIC and GIC will not be weakened, rather they will be strengthened. But, if the insurance sector is opened, the LIC and GIC will not be strengthened, rather they will be weakened. So, what is the necessity of bringing this Bill on the last day of the Session? What is the purpose? The only purpose is to open up the insurance sector to the multinational companies, private companies and to weaken the public sector undertakings of our country.

In view of this, I oppose the introduction of this Bill.

SHRI N.K. PREMCHANDRAN (Quilon) : Mr. Speaker, Sir, I also want to oppose the introduction of this Bill.

MR. SPEAKER : No; you cannot do it without giving notice. It is only those who have given notice can speak at this stage. You have not given notice. You should have given notice. I cannot allow you.

SHRI P. CHIDAMBARAM : Mr. Speaker, Sir, no constitutional ground has been pointed out by any of my hon. friends to oppose the introduction of the Bill at this stage. Under List I, Entry 47 of the Constitution, Parliament has competence to make a Bill. At the moment, I am only introducing a Bill to carry out a statement which I made in the Budget speech that I would introduce a Bill to make the non-statutory Insurance Regulatory Authority as statutory authority. I submit, Sir, none of these objections are valid and I may be granted leave to introduce the Bill.

MR. SPEAKER : The question is :

"That leave be granted to introduce a Bill to provide for the establishment of an Authority to protect the interests of holders of insurance policies and to regulate, promote and ensure orderly growth of the insurance industry and for matters connected therewith or incidental thereto."

*The motion was adopted.*

SHRI P. CHIDAMBARAM : Sir, I introduce\* the Bill.

13.55 hrs.

#### VICE-PRESIDENT PENSION BILL\*\*

[English]

THE MINISTER OF HOME AFFAIRS (SHRI INDRAJIT GUPTA) : Sir, I beg to move for leave to introduce\* a Bill to provide for the payment of pension and other facilities to retiring Vice-President.

MR. SPEAKER : The question is :

"That leave be granted to introduce a Bill to provide for the payment of pension and other facilities to retiring Vice-President."

*The motion was adopted.*

SHRI INDRAJIT GUPTA : I introduce\* the Bill.

MR. SPEAKER : I want to inform the House that Item Nos. 28, 29 and 32 will be deferred. Now, we shall take up Matters under Rule 377. After this, we shall take up Item Nos. 30 and 31. These two Bills will be passed without discussion. Then, we shall take up Item Nos. 33 and 34, namely, discussions on Singapore Declaration and discussion regarding deterioration in the standard of sports in the country respectively.

Introduced with the recommendation of the President.  
Published in Gazette of India, Extraordinary Part-II, Section 2, dated 20.12.96.

13.56 hrs.

#### MATTERS UNDER RULE 377

- (i) **Need to Evolve Concrete Measures for Utilisation of Funds Allocated for the Development of Scheduled Tribes in Madhya Pradesh**

[Translation]

SHRI DADA BABURAO PARANJPE (Jabalpur) : Mr. Speaker, Sir, Central Government will be aware of the fact that initiatives were taken to change the procedure which is in vogue for years for giving momentum to the implementation of development works under the tribal sub-plan in Madhya Pradesh. It has been proposed to provide the amount direct to the Adivasi project level. Under the tribal sub-plan, Project Advisory Boards have been constituted for utilisation of funds by the Adivasis for their welfare.

13.57 hrs.

(Shri Basu Deb Acharia in the Chair)

I urge upon the Government that to ensure that the amount being provided under the Adivasi Project is being utilized properly, some positive and concrete steps should be taken for implementation.

- (ii) **Need to Issue Licence for Setting up a Sugar Mill in Unnao District, U.P.**

SHRI DEVI BUX SINGH (Unnao) : Mr. Speaker, Sir, large quantity of sugarcane is provided in Unnao district of Uttar Pradesh but in the absence of any sugar Mill nearby, the farmers experience lot of difficulties. Not only farmers but the whole nation is suffering loss as the farmers are not cultivating sugarcane. There is no sugar factory in Unnao. Local people and representatives of the area are demanding for setting up of a sugar mill for the last several years but Govt. is not paying attention to this.

I urge upon the Govt. to grant approval to set up a sugar mill in Unnao district in the national as well as in the interest of farmers so that cultivation of sugarcane in Unnao district is not discontinued.

- (iii) **Need to Give Ownership Right of Forest Land to Scheduled Tribes in Rajasthan**

SHRI BHERU LAL MEENA (Salumber) : Mr. Chairman, Sir, the farmers in the country, for want of land, are cultivating the forest and revenue land for the last 15-20 years. There are Adivasi places in Udaipur, Durgapur, Banswara, Chittorgarh, Sirohi districts in Rajasthan where cultivation is being carried out for the