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Title: Need to merge Government owned Public Sector Insurance Companies.

PROF. M. RAMADASS (PONDICHERRY): The General Insurance industry was nationalised in 1972 when 107 Indian and foreign managed companies were taken over by the Government. Thereafter, the Parliament created four companies, New India Assurance Company, Oriental Insurance Company, National Insurance Company, United India Insurance Company with a General Insurance Corporation as the holding company. The NDA Government opened up the insurance industry for private sector in 1999. Today, more than eight private companies, many with foreign partners have been operating in the general insurance sector. The four public sector companies have to compete among themselves and against the private companies. The process of the four companies competing with each other for the same space and the same business resulted in unproductive use of resources, both capital and human. In the new competitive environment, there is no justification for the Government to own four different companies concentrating on the same business. Therefore, there is an urgent need to consolidate the four companies through merger and to create a monolithic corporation similar to the LIC. The merger will create economies of large scale, utilize skilled human resources and the capital better and provide greater visibility across the country. It will also create a better competitive environment, imbalance can be redressed and the social sector will get a new thrust. I, therefore, request the Hon'ble Finance Minister to arrange for the merger of four Public Sector Insurance Companies.

12.09 hrs.

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