

quantity from this area. Many people visit the area from commercial point of view to explore the possibility of setting up their own units in Satna. But till now this Satna city has not been linked with Air service which is very essential. Sometime back air service was available here but that time industrial development was not good. Due to this passengers were not available. But today situations have changed.

The Central Government is requested to connect Satna city with air service at the earliest to boost the industrial development.

**(vi) Need to ensure payment of wages to the workers under Central Schemes in Mandala, Madhya Pradesh**

SHRI FAGGAN SINGH KULESTE (Mandala) : Mr Deputy Speaker, Sir the employment assurance scheme and Tribal subplan (Special central assistance) have been in operation in my Parliamentary constituency Mandala in Madhya Pradesh since long through which many departmental construction work have been undertaken in the district. Lakhs of workers have been given slips under 'food for work scheme' but no payment in terms of money or food has been made to them for last one year. The administration has been apprised of the situation even then the poor tribal workers of district Mandala have not been paid against food slips.

The Central Government is requested that these tribal workers should either be paid in terms of money or in terms a food at the earliest.

12.18 hrs

**INSURANCE REGULATORY AUTHORITY  
BILL - Contd.**

MR. DEPUTY-SPEAKER : The Minister of Finance may reply.

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : Mr. Deputy-Speaker, Sir, I am deeply grateful to the hon. Members who have participated in this debate and who have made a number of valuable suggestions. My reply will be very brief because the purpose of this Bill is very limited.

As you are aware, the Malhotra Committee on reforms in the insurance sector gave a very comprehensive Report. Insofar as it concerns the present Bill, we are now dealing with the recommendations contained in Chapter 10 of the Report which is titled 'Regulation of Insurance Business'. Chapter 12 deals with restructuring of the insurance

industry. There are other chapters dealing with other aspects of the insurance industry. In its Report, the Malhotra Committee said the following on regulation of insurance business. Now, I would like to read just a few lines:-

"Insurance is a business of large numbers and generates large volume of funds over a time. These funds are required to be invested prudently with the triple objectives of maximisation of yield, safety and liquidity. It is also necessary that entities intending to take up the business of insurance had adequate professional capability and financial solvency. Insurers everywhere are, therefore, subject to regulation by the State in some form or the other whose objective is that the business is run fairly and is conducted by competent persons does not result in undue losses to insurers themselves, resulting in their insolvency. And last but not the least, protects and legitimate interests of insuring public.

All regulatory arrangements try to create systems whereby alarm signals are triggered in good time in respect of insurance institutions drifting towards mismanagement and insolvency so that timely, corrective steps could be applied."

Then, after tracing the history of regulation of insurance in this country, referring to the Indian Life Insurance Act of 1912, Insurance Act of 1938, creation of the office of Controller of Insurance and then, how the office was diminished, the report concludes:

"The Controller office started shrinking in all respects. The Controller and Assistant Controller are now part of the Insurance Division of the Ministry of Finance and perform a few residual functions under law which are not of much importance. These developments have also created some functional anomalies. The powers and position of the Controller of Insurance have undergone a drastic curtailment after nationalisation of the insurance industry. There are, however, operations which require professional regulations even in the nationalised insurance sector, particularly in areas relating to expenses, customer's service, claim settlement, resolution of disputes, reasonableness of tariff and prevention of restricted trade practices.

Having regard to both the present and future scenarios, the Committee is of the view that the office of the Controller of Insurance should be restored its full statutory powers and segregated from the Ministry of Finance, as a matter of high priority. In due course, the insurance regulatory authority be set up as a multi-member statutory body similar to the Securities and Exchange Board of India.