

SHRI BASUDEB ACHARIA : Sir, CITU has some reservations on this scheme. We must bring them to your notice. By this time I could have put before you our view. Please allow me.....(*Interruptions*)

SHRIMATI MALINI BHATTA CHARYA : Sir, please give some time to put our view before the hon. Minister .....(*Interruption*)

SHRI BASUDEB ACHARIA : Sir, we are not totally opposing this pension scheme. We have certain suggestions. Please allow us to make those suggestions.

MR. DEPUTY-SPEAKER : I am sorry, this is the Question Hour. If you are not satisfied with the replies to the supplementaries you can bring it in some other form where the hon. Minister will explain it properly.

Now I call Shri Haradhan Roy to put Question Number 82. He is not here. Shrimati Geeta Mukherjee may put the question.

.....(*Interruptions*)....

SHRI NIRMAL KANTI CHATTERJEE : Sir, you may consider allowing a half-an-hour discussion on this .....(*Interruptions*)

SHRI DATTA MEGHE : Sir, I am on a point of order. When you called the next question how can they talk on the previous Question?...(*Interruptions*)

MR. DEPUTY-SPEAKER : Yes, this will be taken up for half-an-hour discussion. Let us proceed with Question Number 82.

SHRI BASUDEB ACHARIA : Thank you Sir, for allowing half-an-hour discussion.

#### **Privatisation of Insurance Sector**

\*82 SHRI HARADHAN ROY :

SHRIMATI GEETA MUKHERJEE :

Will the Minister of FINANCE be pleased to state

(a) whether the Government have decided to allow private sector to enter into insurance business in the country;

(b) if so, the details thereof alongwith the reasons therefor; and

(c) the present status of the recommendations of the Malhotra Committee on the Insurance sector?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (DR. DEBI PROSAD PAL) : (a) No, Sir.

(b) Does not arise.

(c) As a first step in reform of the insurance sector the Government has decided to set up an Insurance Regulatory Authority. No final view has been taken on the other recommendations of the Malhotra Committee Report.

SHRIMATI GEETA MUKHERJEE : Mr. Deputy Speaker, Sir, in reply to the question whether the Government have decided to allow the private sector to enter into the insurance business in the country, the hon. Minister has said : No; and in reply to next part of the question about the reasons he said : 'Does not arise.'

My question is that despite the same thing being said on the floor of the House several times, is it not a fact that the hon. Minister of Finance, Dr. Manmohan Singh, who is sitting here, recently spoke in Singapore that the insurance business would be made open to the private sector? He is here. He may reply.

The MINISTER OF FINANCE (SHRI MANMOHAN SINGH) : Sir, I was referring to various suggestions and recommendations of the Malhotra Committee and this is one of the suggestions before the Government. I have repeatedly stated on the floor of the House and outside that we are not going to rush through this matter. We will evolve a broad national consensus and in any case the private sector cannot be brought into insurance industry unless we amend the present Insurance Nationalisation Act. Therefore, nothing will be done without the consent of this House.

SHRIMATI GEETA MUKHERJEE : Sir, in the answer it is said that there would be a regulatory body - Insurance Regulatory Authority. May I know what will be the function of this Authority? We have a fear that through this Authority, the Government, from the back-door, wants to bring the private sector into this insurance business which is giving us so much of revenue.

Would he kindly explain as to what is the idea and the scope of functioning of this Authority?

**DR. DEBI PROSAD PAL :** Mr. Deputy-Speaker, Sir, this suggestion has no basis whatsoever, because the Insurance Regulatory Authority has been set up on the recommendation of the Malhotra Committee. There are many activities of the present life insurance business and also the general insurance business which require certain overall control and supervision and for that purpose the Regulatory Authority has been set up. The Regulatory Authority will also look into the question of various type of difficulties and problems arising in the insurance business as it exists today and there fore, it is not correct to say that the Regulatory Authority has been set up only to encourage or to bring the private insurance business from the back-door. This suggestion, I submit, is not at all justified.

*[Translation]*

**SHRIMATI GIRIJA DEVI :** Mr. Deputy Speaker, Sir, there are many things that we come to know through newspapers only like the Pension Scheme enforced by the hon. labour Minister. With regard to the insurance policy, the hon. Finance Minister sometimes makes a statement at Singapore and sometimes through Press. Through newspapers of September, 30 we came across the statement given by him in the 'ASSOCHAM Conference' stating that the Government had given its approval for the setting up of a Regulatory Authority for opening Insurance companies to the private sector. By this grant of approval for setting up the Regulatory Authority we draw the inference that the Government has made up its mind for allowing private sector to enter the insurance sector. Yet in reply to the question, the hon. Minister states that there is no such proposal. Does it can note that the Government makes fictitious claims and promises in the meetings and in practice has different intentions. If it is not so, then, would the hon. Minister concede the truth of his statement or will he issue a denial? If he is not going for the privatisation of the Insurance sector, then what policy is being chalked out for bringing every village under the Insurance cover?

*[English]*

**SHRI MANMOHAN SINGH :** Mr. Deputy-Speaker, Sir, the Insurance Regulatory Authority

will perform the functions of the Controller of Insurance. All that this Insurance Regulatory Authority is going to do is, the Government is going to delegate the functions which the Government now exercises as the Controller of Insurance. I cannot say what will happen in future and I also cannot say that for all times to come this is the final resting point. But nothing will be done without the approval of this House, as I said earlier.

**SHRI NIRMAL KANTI CHATTERJEE :** Mr. Deputy-Speaker, Sir, the answer is not tenable at all. The initial question was, have you decided? He was listing out the procedural difficulties such as that the Act has to be amended and all that. A straightforward answer has to come. I would like to know whether he has decided to allow the private sector in the insurance business.

They are talking of a regulatory mechanism. You will be surprised to learn that this is one sector where bipartite settlements are not still permissible. In the banks, the Bank Employees' Union have a bipartite settlement with the I.B.A. and here, for the last three years they are repeatedly refusing to have the decrees by which the emoluments and conditions of service of the insurance employees are changed. No bipartite agreements are made. Are they prepared to introduce this kind of arrangement by which instead of decrees, bipartite discussions would be permitted?

Then, they say that they want a regulatory mechanism. In the life insurance business there is only one company, that is, the Life Insurance Corporation. In the general insurance section there are four units. He knows that. They are being managed well.

The bankers have recently requested that the Ministry of Finance should be divested of the Banking Division so that the entire arrangement is there. Are they thinking of such an arrangement that the Insurance Division in the Finance Ministry would be totally eliminated and therefore a new organisation is coming up? These are the three parts of the question.

**SHRI MANMOHAN SINGH :** Sir, I have already said that the Government has not decided that private sector should be brought in. I have stated unambiguously that there is no such decision as of now.

SHRI INDRAJIT GUPTA : But you have not decided that it will not be done.

SHRI MANMOHAN SINGH : I cannot say for all time to come. The factual position is what I am stating as of today. Now, the second question about bipartite, I think, is an irrelevant question and that has no bearing on the main question.

SHRI NIRMAL KANTI CHATTERJEE : The irrelevance is not to be decided by you.

SHRI MANMOHAN SINGH : You ask a separate question, I will answer it.

SHRI NIRMAL KANTI CHATTERJEE : I have asked a question and the irrelevance can not be decided by you. You are not doing this. You are having regulatory authority. What is the intention of doing that?

SHRI MANMOHAN SINGH : As regards the third part of the question..... *(Interruptions)* If you do not like me to speak, I will not speak.

*[Translation]*

SHRI DATTA MEGHE : Mr. Deputy Speaker, Sir, I would like to know from the hon. Minister the details of the recommendations contained in the Malhotra Committee report. Secondly, I would like to know that though Indiraji had made licencing compulsory for this sector, would the present Government go for its delicensing?

*[English]*

DR. DEBI PROSAD PAL : I think the suggestion has no basis. The Malhotra Committee was appointed to consider the various aspects of the insurance business and it has given its recommendations. Now, these recommendations are under the active consideration of the Government. Until the Government take a decision ....*(Interruptions)*

*[Translation]*

SHRI DATTA MEGHE : Mr. Minister, please tell us what the recommendations are about.

*[English]*

DR. DEBI PROSAD PAL : The recomm-

endations are manifold. They are not only regarding privatisation but also regarding how to streamline the insurance business both of LIC and GIC. Therefore, the recommendations are of varied nature and some of which require legislative amendments. Unless a decision is taken by the Government in this regard, the question of introducing any legislation in the House does not arise. But there are other recommendations also which do not require any legislative amendment. Now, some of the measures taken by the Government are already in line with the recommendations of the Malhotra Committee. Therefore, I submit that the Malhotra Committee recommendations can be classified into two parts....*(Interruptions)* There is no enactment because the question of Privatisation has not been decided by the Government. If there is a decision, then only we can come before the House for its approval.

*[Translation]*

SHRI DATTA MEGHE : Mr. Minister, Sir, it has come forth in the Malhotra Committee recommendations as well. So, is the government going to privatise it?

*[English]*

DR. DEBI PROSAD PAL : We have not decided about it at all. The Finance Minister has repeatedly said on many occasions that this is under active consideration of the Government and no decision has been taken as yet. Therefore, the question of giving a final decision does not arise. But it has also been stated that for the time being , the LIC and the GIC business is not going to be privatised.

MR. DEPUTY-SPEAKER : Thank you very much.

#### **Revival Scheme for NJMC**

\*83 SHRI CHITTA BASU : Will the Minister of TEXTILES be pleased to state :

a) whether revival package of the National Jute Manufactures Corporation Ltd. has since been formulated;

b) if some the details of the revival proposals; and