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|--------|--|---|
| Brunei | Granted : Calcutta Obtained : Bander Seri Begawan | 2 frequency/ week (capacity limited to 450 seats/week) for both sides |
| Yemen | Granted : 5th freedom traffic rights between Sharjah and Bombay (For one year only) Obtained | |

[English]

Indian Insurance Companies in Foreign Countries

5442. SHRI SYED SHAHABUDDIN : Will the Minister of FINANCE be pleased to refer to the reply given to Starred Question No. 161 on March 24, 1995 and state :

(a) whether the Indian Insurance Companies are permitted to operate freely in the USA, UK and other western countries on their own or in partnership with the local companies;

(b) if so, the quantum of foreign business generated by them during 1994-95;

(c) whether the Government have given any assurance to the International Insurance Council mission about opening of Indian insurance market for direct operation by foreign companies or by permitting them to buy the equity of the Indian companies; and

(d) whether the Government have decided to maintain major control over the existing insurance companies in the public sector in the event of partial privatisation?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHARA MURTHY):

(a) Foreign insurance companies are permitted to operate in the United States (USA), United Kingdom (UK) and other western countries. However, the Life Insurance Corporation (LIC) and one of the subsidiary companies of the General Insurance Corporation (GIC) viz. New India Assurance Company Limited operate only in the U.K. through their respective branch offices.

(b) The requisite information for the year 1994-95 is as under :

| | | |
|-----|---------------------------|-----------------|
| LIC | (i) Sum Assured | £4.02 million* |
| | (ii) First Premium Income | £0.256 million* |
| GIC | Premium Income | £5.74 million* |

*The figures are tentative.

(c) No, Sir.

(d) Government has yet not taken a final view on the recommendations of Malhotra Committee Report, which has recommended opening the industry to the private sector.

[Translation]

Debt Burden

5443. SHRI SOBHANADREESWARA RAO VADDE: Will the Minister of FINANCE be pleased to state :

(a) the share of total loan liability on the part of the Central Government and all the State Governments as on December 31, 1994;

(b) the percentage share of debt burden in the gross national income;

(c) whether the total debt burden as percentage of gross national income has been increasing for the last several years;

(d) if so, the details thereof; and

(e) the steps that are being taken to reduce the debt burden?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHARA MURTHY):

(a) and (b). The total public debt and other liabilities of the Central and State Governments as on 31st March, 1995 (provisional) is Rs. 657835 crore which works out to 72.4% of the GDP.

(c) and (d). The total debt burden as a percentage of GDP was 77.1%, 80.9% and 72.4% at the end of 31st March, 1993, 1994 and 1995 respectively.

(e) Efforts are being made to contain the fiscal deficit during the current year through maximising revenues and limiting the expenditure to the budgeted level.

[English]

Inter Corporate Deposits Markets

5444. SHRI SANAT KUMAR MANDAL : Will the Minister of FINANCE be pleased to state :

(a) whether any guidelines have been laid down for regulating the inter-corporate deposits (ICD) market and deployment of its proceeds by the corporates for booking huge borrowing at exorbitant rates in the ICD markets, using the short term funds for acquisitions;

(b) if so, the details thereof and if not, the reasons therefor and whether its misuse is posing a great threat to the integrity of the financial system;

(c) whether several prominent companies have recently defaulted on their corporate deposits/commercial paper (CP) obligations;

(d) if so, the details thereof; and

(e) the steps being taken to check the misuse of the system and strictly enforce the rules?