

14.30 hrs.

Title: Further consideration and passing of the Insurance (Amendment) Bill, 2001 moved by Balasaheb Vikhe Patil on 13th May, 2002 (Bill passed).

MR. CHAIRMAN : The House will now take up Legislative Business, item No.15 – 'Insurance (Amendment) Bill'. The time allotted for the Bill was two hours. We have taken one hour and twenty-five minutes already. The balance is only 35 minutes.

SHRI RUPCHAND PAL (HOOGLY): Madam, I rise to oppose the Insurance (Amendment) Bill. The Bill contains three major provisions to allow the co-operatives in the insurance sector, to let them become insurers, not just corporate agents, to allow entry of brokers as intermediaries and to enable the IRDA to specify new modes of payment through credit cards, smart cards, etc.

In the Malhotra Committee Report itself and also subsequently in the IRD Act, there has been provision for intermediaries. Who is an 'intermediary'? 'Intermediary' is a rather vague sort of expression. There have been agents who are intermediaries. There have been surveyors who are intermediaries. It is now proposed to have a third-party administrator. For example, in the case of a mediclaim service, they would be dealing with the settlement of the claim and everything else. In the United States, they are known as 'MGA's – Managing General Agents. Nowadays, the Government hesitates to use the English expression 'broker'; but 'broker' is the appropriate term to be used here. In the name of intermediaries, actually the Government had even at that point of passing. IRD Bill had in mind issue of allowing brokers. It seems that we have not learnt the lessons of the 1992 scam.

The Public Debt Office of the Reserve Bank of India has not been modernised till today. The recommendations have been that all transactions in the financial market should be in the demat form only. It has been broadly done in the equity market but it has not been done in the bond market or the debt market. We know what is happening today. No less than 18 to 19 co-operative banks belonging mostly to the western part of the country and some in the eastern part have virtually been used by fraudulent market operators taking advantage of the physical form of transactions, which were allowed in spite of the recommendations of the JPC on the 1992 scam. They have been allowed in EPF and we know that the Seamen's Provident Fund has been misused. It is an unhappy situation. What will happen to those unfortunate people? About Rs.93 crore have been misappropriated.

When it comes to the co-operatives, we know that they have political influence from very high quarters. People with political connections wanted co-operatives to enter the insurance sector and the Government decided to allow that. Have they got the expertise? Have they got the knowledge of insurance? It was told by the hon. Minister when he introduced this Bill that it would help in the rural sector and that it was expected that the entry of co-operatives in the insurance sector would increase insurance coverage, especially in the rural areas. This is the view of the Government. I am quoting the opinion of no less an expert than the former Chairman of LIC. It is because of his credibility and professionalism that he has been elevated to the post of Chairman, SEBI. What he has to say? The Chairman, LIC in his deposition before the Committee on the issue of opening up the channel of Insurance intermediaries has observed as follows:

"That in very many countries, it has not been adopted. Countries like Singapore, Malaysia and Indonesia have not adopted this system of intermediaries in the form of brokers and others. "

I wanted to emphasise this point. The Government says that it will help the rural insurance sector and the Chairman has to say that with the opening up of the new channel of distribution, the influence of bringing in new business into rural areas, if at all, will be very marginal. This is the admission of the Chairman, LIC. I have with me views of many experts who say that it is not going to improve the situation, rather it is going to deteriorate the situation.

Madam, I am asking the hon. Minister one thing. Can the Government do it? What is said in 64 (BB) of the Insurance Act? Is it not disallowing receipt of premium before assumption of risk by the insurance companies? Now that the premium is being proposed to be collected through the broker. He will deduct his commission. He will be allowed to settle the claims virtually. He will perform as a full-fledged insurance company and he will have no responsibility at all, as it has happened in the case of UTI. It was by an Act of the Central Government – the UTI Act – the provisions of belonging to a Central Act. Now, the Government says, these sponsors IDBI, SBI and LIC should bear the loss suffered in the case of Monthly Income Schemes and Assured Income Schemes. The SEBI is considering this; the sponsors have said that on this particular thing that, they are not responsible. Who will bear the loss suffered by the small investors? So, also the insurance companies will say that they are not responsible. It has happened in a country like America. It has been elaborately stated how in a country like America these brokers have caused havoc to the insurance industry. If that can happen in a country like America, you can well imagine what may happen in our country with our experience of the recent scam, the current scam, the scam being looked into by the JPC and the Scam of the Harshad Mehta and his accomplices, so many Ketans – Ketan Parekh, Ketan Sethi, so many Agarwals – they are causing havoc. What will happen? We shall come back to the pre-nationalisation days. When the issue of cooperative had come up, even at that point of time on the floor of this House, the hon. Minister had to say, 'no', "we have the experience of the pre-nationalisation days. We would not allow it". The brokers virtually will become surrogate insurers. It can not be allowed. I think the hon. Minister will explain it, while replying. Is it permissible by 64 (BB) of the Insurance Act? It says that the premium will have to be received first; only after that the assumption of risk by the insurance company is possible. In such a situation, I am totally opposed to the Bill.

Madam, I am just mentioning some of the objections made by a very important Committee of Parliament – the Committee on Public Undertakings. It was Chaired by Prof. Vijay Kumar Malhotra. There was unanimous recommendation. What do they say? They said that "we strongly express our opinion against introduction of brokers". It is on record. What is the testimony made by a very important person like Shri R.N. Malhotra? It is said that Shri R.N. Malhotra has stated that intermediaries may be permitted. I am having a document with me. This is the deposition made by Shri R.N. Malhotra himself before the Fifth Standing Committee on Finance on 17th January, 1997. Shri R.N. Malhotra, who actually initiated through his reports, the reforms and the changes in the insurance sector, said, in respect of the report of the American House of Representatives: "The insurance companies that became insolvent had delegated most of their functions, such as, underwriting, collecting premia, settlement of claims and re-insurance, to Managing General Agents." That is the expression used in America, whereas in England and our country, they are considered as brokers. The MGA's are not insurance companies and generally are not well regulated. This dangerous and wholesale delegation which reduced the insurance companies to mere post offices was presumably resorted to because the insurance companies concerned did not wish to develop their own sales process to undertake the planned rapid increase and diversification of the insurance business." That is the deposition made by Shri R.N. Malhotra himself.

MR. CHAIRMAN : I must mention to you that the time allotted to your Party is seven minutes, but I am giving you 15 minutes. You have already taken 12 minutes.

SHRI RUPCHAND PAL : I shall try to finish...(Interruptions) Am I saying anything irrelevant? I am coming to the deposition of the Chairman, LIC. What does he say? He says: "That my officers, my men who are directly engaged in the sales, have done an admirable job." Seven lakh agents have built up with their sweat and labour, this insurance industry. They have been fulfilling so much of social obligations. I think this Government is out to ruin that particular insurance sector. What will happen to the existing agents? The Standing Committee Report has stated that an experimental basis, it may be only for two years and with adequate safeguards. What are the adequate safeguards? The Government says that they have noted the recommendations of the Standing Committee. What has been noted? What are the safeguards? Can the Government provide any safeguards? There are so many Regulators – RBI, NABARD, SEBI, Department of Company Affairs. If there is one more Regulator here, that is, IRDA, what will happen? As it is happening in the capital market sector; with the insurance industry which is performing well in spite of the competition offered by the 16 or 17 private insurance companies that have come up, we believe that the Government should not be in a haste, either in the matter of allowing the co-operative sector or in the matter of allowing the brokers in the insurance sector as intermediaries. I am not opposed to modernisation of the payment system. That can always be done – upgradation, changes, etc. etc.

Madam, I would not take much time of the House; I shall conclude very soon.

SHRI RUPCHAND PAL : Madam, the hon. Minister of Finance, while moving the Bill, had repeatedly assured that the insurance sector should be restructured and strengthened and that nothing will be done to weaken it. But such a very step is being taken through amendments to this Insurance Act to weaken the insurance sector. He has deliberately avoided the mention of the word 'broker' and used the word 'intermediary'. May I know one thing : has the induction of brokers has helped in any country of the world. In some countries of the world, the houses of brokers are larger than those of the insurance companies. The whole game is 'loot the public money' as it happened in the pre-nationalisation days.

I warn the Government that the Government should not be in a haste to allow the cooperatives in the insurance sector and to allow brokers or even the corporate agents. Of course, the financial sector reforms are necessary. But, in the name of financial sector reforms, we do find that there is no regulation. One is saying that he is not responsible; the other is saying that he has no responsibility. What is happening? It is scam after scam that is happening and public money is being looted; the small investors are being looted like anything – sometimes in the form of vanishing companies or in the form of plantation companies or in the form of UTI or in the form of sharemarket scam or even in the Government securities.

I am concluding my speech. I would earnestly appeal to the Government that this amendment is contrary to the existing provisions of the Insurance Act; it is against Section 64(BB) of the Insurance Act. The experience the world over is that allowing the intermediaries like the brokers, like the cooperatives who are presenting an ugly sort of story currently also over which we have hardly any control is disastrous. The RBI says that it is the responsibility of the Registrar of the Cooperative Societies. There is multiplicity of regulations and all those things. This has complicated the situation.

Therefore, we should wait. The recommendations of the Standing Committee are there that the safeguards should be there. I do not think any safeguard is possible in the obtaining situation. So, the Government should withdraw the Bill unless they are determined to cause disaster to the Indian economy, to cause disaster to our prestigious insurance sector.

MR. CHAIRMAN : Thank you. Shri Priya Ranjan Dasmunsi to speak now.

श्री चन्द्रनाथ सिंह (मछलीशहर) : सभापति महोदय, हमें भी टाइम दे दीजिएगा, हमने भी नाम दे दिया है। समाजवादी पार्टी की तरफ से अभी तक कोई नहीं बोला है।^१ (व्यवधान)

सभापति महोदय : अब टाइम नहीं है, 35 मिनट ही बचे हैं।

श्री चन्द्रनाथ सिंह : लेकिन हमारी पार्टी की तरफ से अभी तक किसी ने अपने विचार इस बिल पर नहीं रखे हैं।^१ (व्यवधान)

उपभोक्ता मामले, खाद्य और सार्वजनिक वितरण मंत्रालय में राज्य मंत्री (श्री अशोक प्रधान) : कल बहुत टाइम था।¹ (व्यवधान)

श्री चन्द्रनाथ सिंह : कल कहां टाइम था। इस पर हमारा बोलना बहुत जरूरी है, इस विधेयक को वापस कराना है।² (व्यवधान)

सभापति महोदय : आपका नाम कल बुलाया गया था। आप मुझे देखकर बात करिये, चेयर को एड्रेस करिये। कल चेयर से आपका नाम बुलाया गया था, लेकिन आप हाउस में नहीं थे, आप याद करिये।

श्री चन्द्रनाथ सिंह : यह विधेयक पहले आना चाहिए था, लेकिन वह विधेयक पहले आ गया था तो हमने सोचा कि यह अब नहीं आयेगा।

SHRI PRIYA RANJAN DASMUNSI (RAIGANJ): Madam, at the beginning of the 13th Lok Sabha, our Party did extend support to the Insurance Regulatory Bill after careful consideration of our commitment in the election manifesto, of our own understanding of liberalisation of the economy and the opening up of the doors. But we made several cautions in our contribution at that time including a few amendments which were officially accepted by the Government for investment in the social sector priorities. Also, the hon. Minister of Finance has solemnly assured this House that in the course of expansion of this industry, there will be no threat of retrenchment or sufferings of any people within the insurance sector.

I know the Government will take the plea that the Bill has received full endorsement, if not unanimous but with a dissenting note, by a Standing Committee which has been chaired by our partymen, both Shri Shivraj Patil and Shri N. Janardhan Reddy. I also know the Government will take the plea that they are not doing anything contrary to the declaration of the hon. Minister of Finance in the House in terms of their assurance against retrenchment etc.

Yet, Madam, the time has come to point out a few important things before the hon. Minister of Finance Minister through you, to which I trust and hope he would give due cognisance.

When the GIC (Amendment) Bill came, we gave a critical support and finally when the hon. Minister of Finance gave us an assurance on the floor that if required in future, keeping in view the market situation, appropriate amendment could be considered later on, we felt the commitment of the hon. Minister was genuine and accordingly we extended him the support. Today, before I initiate my talk on behalf of our Party, I want to mention this. My talk on the subject would be very brief. I will not take longer time of the House. I know that the House has to dispose of many Bills today.

I trust the hon. Minister of Finance, after having heard us, shall keep some room open where his re-thinking in the entire matter could be brought in in future, if it is required. It is because we are at an experimental stage. Large number of private companies have not yet entered into the field and the kind of expectation that you have that there will be a big entry of private insurance companies in India and from Kashmir to Cape Comerin they will go around in each village, town and city and there will be a climate of competition in the insurance sector in the country – nothing of that sort had yet taken up. Yet, I congratulate the people of LIC, especially for their in-built strength and mechanism. They have been able to make their growth substantially at the face of the competition which shows that internal plans of LIC and the Government of India policy to maintain such a strong public sector was not in vain.

We are simply bringing an amendment in this Insurance Bill only to ensure two passages. The first passage is for the cooperative sector and the second is for the so-called brokers and intermediaries. So far as the cooperative sector is concerned, it is a fact that there are exceptions – either in Madhepura or in Nagpur – where the cooperative bosses indulged into economic offences, manipulations and misappropriations. The law of the land will take its own course. I am thankful to hon. Member Shri Kirit Somaiya who brought it to the notice of the House yesterday with a very positive demand for trial by CBI etc. I talked to the hon. Chief Minister of Maharashtra yesterday. He is equally strong in this matter to deal with this firmly because in such matters, cutting across party lines, we shall not compromise with the offenders.

Therefore, I do not like to castigate and accuse the cooperative movement of the country as a whole as if they are black sheep. Therefore, I am not opposing the cooperative sector's entry in the insurance sector because the cooperatives have an age-old accountability to their society, the nation and to the movement. Therefore, if the entry of the cooperatives in the insurance sector is there, I do not think it will create a problem or it will damage the growth or it will not create such kind of accountability which we expect from individuals. It will be much more than that and, therefore, we are not opposing the entry of cooperative sector into this area.

But we have very strong reservation, suspicion and apprehension on the entry of brokers. Now, the role played by the stock market brokers for the last few years is to be seen. During the time of Shri Manmohan Singh, Harshad Mehta was there; during the time of Shri Yashwant Sinha, Ketan Parekh was there. I am not saying about the Finance Ministers' specialisation. What I am talking is that the stock market brokers are amply justified that due to the ultimate pressure of the people of India, of the Parliament of India and of several of its Committees, their days

are numbered and their capacity of manipulation is dried out. Now, they are only waiting for their trial in the court. If they decide that there is a fresh ground now to suck the insurance sector and take shelter there and if we legitimise their entry by this Bill, then I think the hon. Minister of Finance – if not you, any other Finance Minister who will be sitting there in future – shall have to repent it.

I am not saying that I am forecasting it. It is my strong apprehension because brokers do not have any kind of accountability. What accountability do brokers have either to the Parliament or to the institution or to the Executive? You can say that you will catch him and try him. He may be tried, but the person who paid the premium, the person who insured himself, who will protect him or who will ensure him his contribution back? Therefore, this floodgate opening of the brokers in this sector at the cost of the age old tradition of the agents, who toil till the end of their lives to secure insurance, to arrange the premium payment and to plan his own due share with his commitment, would be in jeopardy.

Several things have been cited. While the Finance Minister takes the course of Standing Committee headed by a member of our Party, it is an irony that I am taking the shelter of Public Undertakings Committee headed by Dr. Vijay Kumar Malhotra. But the Finance Minister will praise Chairman from our Party. I will not praise him. I will say with caution – we cannot cast aspersion on Standing Committees as they are the Committees of Parliament – that they give in their recommendations their own wisdom, but the Standing Committee Reports are also subject to scanning and scrutiny.

A new behaviour has been developed by the Government of the day that whenever something suits them, they take shelter of the Standing Committee and whenever they feel that the Standing Committee's mandate is not helping them, they ignore the Standing Committee Report. Hardly any Report is debated or discussed. I can give you example of hundreds of Reports of the Standing Committee where not a single direction has been honoured by the Government. But sometimes, somehow they get a plea and come with a strong arm and say that here is the Report of the Standing Committee which gave us endorsement. I say that here is the Report of the Public Undertakings Committee which gave them the other recommendation as to why brokers are dangerous. I thank the Committee headed by Dr. Vijay Kumar Malhotra. They worked in depth and gave a detailed analysis. They gave the example not only of national insurance companies operating in Hong Kong but also the future dangers of the brokers in this sector. Why did he not give cognisance to that part also? He simply avoided the recommendation of the Public Undertakings Committee headed by his own colleague in the party. Possibly, he will say that in a liberal economy, he is so liberal that sometimes he endorses the recommendations of the Committee headed by others and not his own party colleague. That is a different thing.

I would like to request the Finance Minister not to ignore the observation of Shri R.N. Malhotra. He may not be a politician. Our Finance Minister was also not a politician from the day one. He was sitting in the Finance Ministry as a bureaucrat and later on, he came to politics. I feel proud of the wisdom, intellect and understanding of Shri R.N. Malhotra. He is a great son of this country. He himself chaired the Committee on Reforms in Insurance Sector. He has said categorically the danger of brokers entering into this area, comparing it with the MGAs in the United States. They often copy the United States in many matters, especially on the opening of economy and on the insurance sector. Their own House Committee of Senate, not today, in 1999, made detailed investigation and came out with the observation on how risky is to operate through MGAs in a floodgate open manner in the insurance sector and how much payment they had to pay and suffer. It is an observation of the Committee of the Senate. Will the House not take cognisance of the observation of the House Committee of United States in this matter? Will not the House take cognisance of the observation of Shri R.N. Malhotra, a giant in this sector, who is more competent than the Members of Parliament in the House. If he would have joined politics, he could have also been a Minister.

I would request the Finance Minister that while he talks of liberal thoughts, he may please try to accommodate these kinds of views also. I would request him not be in a hurry to bring a Bill and to pass a Bill with all these provisions endangering future and future growth of insurance sector.

I do not like to narrate all those areas which have already been quoted by my dear colleague, Shri Rupchand Pal of CPI(M). I would only say that the brokers, while they take entry without commitment and accountability, can take care of their interest and commission, but ultimately, there is no law – I will be too happy if the Finance Minister can cite one – there is no provision under the Bill by which he can book a defaulting broker to the extent he is not only penalised, but the money which he defrauded, is also realised for the benefit of the person who pays the premium.

15.00 hrs.

There is no such protective clause. Therefore, I strongly appeal to the Minister that he should reconsider the entire provisions of the Insurance Bill, if it is possible for him.

The Economic Times of 27th July, 2001, published an article about the role of stockbrokers, which the Minister is aware. It says:

"The stockbrokers are increasingly looking beyond traditional securities trading. While income from securities trading and bear/badla brokerage has almost dried up due to a sharp decline in volumes on the bourses over the last four or five months, a growing number of stockbrokers are now widening the scope of their activities to distribution of mutual funds and insurance products. As regards distribution of insurance products, we are waiting for regulations for corporate insurance to be finalised. which clearly indicates that stockbrokers, some of whom are indulged in fraud, scandals and have expertise in internal rigging are interested to enter the insurance sector as brokers where they expect payments of commission to be in the range of 17.5 per cent. Some of them may be captive broking units on behalf of the corporate houses operating as self-bid insurance companies without the protection of the law."

These are the issues which have been cited by Shri Rupchand Pal, myself, Shri R.N. Malhotra, the Committee on Public Undertakings and other experts, who pointed out that MGAs, who are treated as brokers, are mainly interested in underwriting more and more business to earn commission, often under-pricing insurance products and ignoring the quality of underwriting. If the Western world could not accommodate and afford it, should it be proper on the part of developing nations, like India, which are yet to experiment the ultimate day of competition between the private sector and the public sector, to accommodate this provision at this stage, without having a stabilised infrastructure, structure and the institution to cope with the threat of competition at this hour? I would like to draw the attention of the hon. Minister to this. I hope, the Minister will give his kind consideration to this matter. Thereafter, we shall consider whether we should extend support or withhold our support or not at all support.

I again appeal to the hon. Finance Minister to please reconsider the whole issue and tell the House as to how you would deal with the brokers who are working in such a fashion that it has been proved many times in the world to be disastrous to the insurance sector.

डॉ. रघुवंश प्रसाद सिंह (वैशाली) : सभापति महोदय, माननीय वित्त मंत्री जी ने बीमा (संशोधन) विधेयक विचार करने के लिए सदन में प्रस्तुत किया है। इस विधेयक पर उन्हीं की पार्टी के सदस्य, श्री किरीट सौमैया, का भाषण मैंने कल सुना। उन्होंने अपने सम्पूर्ण भाषण में इस विधेयक के खिलाफ में कहा, लेकिन अंत में उन्होंने समर्थन कर दिया। " वाक स्वतन्त्रः कर्म नियन्त्रः" - मतलब यह कि उन्होंने वाजिब बात बोली, लेकिन पार्टी की लाचारी की वजह से समर्थन किया, क्योंकि वोट पक्ष में ही देना है। श्री रूपचन्द पाल जी ने सभी कानून के बारे में बताया। इस विधेयक पर महोत्रा कमेटी, एम्प्लाइज़ एसोसिएशन, एलआईसी के चेयरमैन और स्टैंडिंग कमेटी की क्या राय है, मैं उन बातों को नहीं दोहराऊंगा।

15.04 hrs. (DR. LAXMINARAYAN PANDEYA in the Chair)

हम आरोप लगाते थे कि यह सरकार दलालों की सरकार है, लेकिन ये तो कानून भी ले आए। सभी लोग इस विधेयक के खिलाफ में बोल रहे हैं। एलआईसी संस्थान में एक लाख 19 हजार कर्मचारी/अधिकारी हैं, साढ़े 7 लाख एजेंट्स और 100 मंडल कार्यालय हैं। सभी जगहों से प्रशंसा हो रही है कि यह संस्था आर्थिक विकास की दिशा में कार्य कर रही है।

उसमें ये क्यों लगे हुए हैं। इन्होंने प्राइवेट कम्पनी को न्यौता दिया, प्राइवेट वाले अलग से आ गए। अगर कोई संस्था ठीक से काम कर रही हो तो उसका सपोर्ट करना चाहिए या उसकी टांग खींचने का काम करना चाहिए।

महोदय, मुझे आश्चर्य लग रहा है प्राइवेट वालों को इन्होंने न्यौता दे दिया। विदेशी, मल्टीनेशनल सब कम्पनियां आ रही हैं। उससे भी नहीं हुआ तो अब यह जो विधेयक लाए हैं यह ऐसा है जैसे - "वाि कुंभम पयो मुखमा" मुंह से लगता है कि अमृत है, मुंह मीठा है और भीतर वाि भरा हुआ है। मंत्री जी ने दावा किया है कि यह कोआपरेटिव है तो कोआपरेटिव का कैसे कोई खिलाफ करे। फिर इन्होंने दावा किया कि देहात क्षेत्र बड़ा अछूता है। वहां इसका प्रवेश नहीं हुआ है, इसलिए वहां इश्योरेंस को प्रवेश कराया जाए तो इसका खिलाफ कौन करेगा। लेकिन बीच में दलाल कहां से आ गए। यह दलाली का कानून बना रहे हैं, इस कानून में दलाल एवं बिचौलिया ला रहे हैं। हम लोग नॉन बैंकिंग में बड़े दुखी हैं। बिहार में कई नॉन बैंकिंग कम्पनियां चल रही थीं। दस हजार करोड़ रुपए गरीब आदमी ने अपना पेट काट कर जमा किए और वे लेकर भाग गए। (व्यवधान) कुबेर, बर्न इंडिया आदि विभिन्न नाम हैं। छोटे-छोटे जो निवेशक हैं, वे छटपटा रहे हैं। मुझे आशंका है कि दलाल लोग इधर-उधर पैसा कर देंगे, फिर सरकार क्या करेगी। उसमें कानून पढ़ने वाले और जानने वाले विशेषज्ञ लोग बताते हैं कि दलाल पर कोई नियंत्रण ही नहीं रहेगा। सरकार दलालों को छूट दे देगी, इससे सब नाश हो जाएगा, इश्योरेंस का नाम खत्म हो जाएगा।

महोदय, अमेरिका में तीन हजार बीमा कम्पनियां हैं। 600 बीमा कम्पनियां दीवालिया हो गईं और जो रुपए जमा किए, वे लोग लेकर भाग गए। अगर यहां लेकर भाग जाएंगे तो फिर लोग क्या करेंगे। इश्योरेंस वाले लोग नाम लिख देंगे। लोग अपना पेट काट कर उसमें पैसा एवं प्रीमियम जमा करेंगे और वे लेकर भाग जाएंगे। लोग इधर-उधर घूमते रहेंगे। फिर बाद में नॉन बैंकिंग की तरह यह करो, कमीशन बैठाओ, जांच-पड़ताल करो। इसलिए रूपचंद पाल जी और मुंशी जी ने ठीक ही सुझाव दिए हैं कि इसे वापस ले लेना चाहिए। जब एलआईसी ठीक काम कर रही है तो क्यों उसे तंग एवं खराब करने की जरूरत है। उसमें ट्रेनिंग वगैरह का प्रबंध करना चाहिए। उसमें बहुत ज्यादा ट्रेड लोगों की जरूरत पड़ेगी। अभी ट्रेनिंग महंगी है। अभी दस-12 इंस्टीट्यूट ट्रेनिंग के हैं, उन्हें बढ़ाने के लिए मंत्री जी ने क्या किया। इन्होंने घोणा की थी कि जो कृषि बीमा है, उसके लिए अलग से वे कम्पनी बनाएंगे। इनका दलाली में, प्राइवेट को लाने में बहुत इंटरेस्ट है, इस पर इनकी रुचि कम क्यों है? कृषि बीमा के लिए इन्होंने दावा किया था, घोणा की थी कि हम अलग कम्पनी बनाएंगे। किसानों की कृषि की जो बर्बादी हो जाती है, उन्हें बीमा से संरक्षण मिल सकेगा। फिर पशुपालन का क्या होगा। इस देश में आम गरीब आदमी पशुपालन करते हैं। सरकार दावा करती है कि हम देहात में ले जाएंगे। ये देहात में किस के यहां ले जाएंगे। देहात में किसान पशुपालन करते हैं। गाय रखते हैं (व्यवधान) आपके सामने ये सब बातें करो तो आपको बहुत परेशानी हो जाती है। मैं सरजमीन की बात करता हूँ, जो गांव में रहने वाले लोग हैं, जो किसान उत्पादन करते हैं, देश की जो आर्थिक रीढ़ हैं, वे फसल पैदा करते हैं, खेती करते हैं, पूंजी लगाते हैं, सिंचाई करते हैं, उसमें दवाईयां एवं खाद डालते हैं। उनकी खेती, बाढ़, सुखाड़ और प्राकृतिक आपदा से बर्बाद हो जाती है।

इन्हीं कारणों से किसान आत्महत्याएं करते हैं। मैं आपके माध्यम से माननीय मंत्री जी से पूछना चाहता हूँ कि कृषि बीमा का क्या हुआ? आम आदमी और गरीब

किसान कर्जा लेकर मवेशी पालते हैं। आज के जमाने में गाय और बैल का दाम 20-25 हजार रुपये से कम नहीं है।

सभापति महोदय : कृपया समाप्त कीजिए।

डॉ. रघुवंश प्रसाद सिंह : सभापति जी, आप तो भले आदमी हैं, आप तो किसान की समस्याओं को सुनने वाले हैं। माननीय मंत्री जी से प्रार्थना है कि किसान पशु-पालन करता है और अगर उसके पशु के साथ कोई आकस्मिक दुर्घटना हो जाती है, वह मर जाता है तो किसान बर्बाद हो जाता है। इसलिए पशु-बीमा हो जाने से उसे उसका लाभ मिलेगा और देश के आर्थिक विकास का जो सपना हम देख रहे हैं उसमें किसान की, गरीब आदमी की सहभागिता कैसे होगी, माननीय मंत्री जी हमें बताएं। दलाली से काम ठीक नहीं चल सकता है, उससे सब जगह खराबी हो रही है। न जाने कितने नाम यूटीआई में दलाली के आये हैं। प्राइम-फैसी देखने से लगता है कि सरकार दलाली को बढ़ावा दे रही है। सरकार को इस बात को भी स्पष्ट करना चाहिए। हमारा अनुरोध है कि सरकार इस विधेयक को वापस ले। इतना ही मुझे निवेदन करना था। धन्यवाद।

श्री चन्द्रनाथ सिंह (मछलीशहर) : सभापति जी, मैं बीमा (संशोधन) विधेयक, 2001 का विरोध करने के लिए खड़ा हुआ हूँ। माननीय मंत्री श्री यशवंत सिन्हा जी यहां बैठे हुए हैं। वे अच्छे और विद्वान व्यक्ति हैं। हम उन्हें अच्छी तरह से जानते हैं। मैं उनसे अनुरोध करूंगा कि वे हमारी बातों को ध्यान से सुनकर इस विधेयक को वापस ले लें और जो विधेयक 1999 में बना दिया है उसको भी समाप्त करें। भय इस बात का है कि हमारे देश में एक ईस्ट-इंडिया कंपनी आई और देश 200 वर्षों तक गुलाम रहा। इंडोरेस-एक्ट 1938 में पास हुआ, लाइफ इंडोरेस एक्ट 1936 में पास हुआ, जनरल इंडोरेस एक्ट 1972 में पास हुआ लेकिन 1999 और 2002, इन दो ही वर्षों में यह एक्ट पास करने जा रहे हैं। मैं कहना चाहता हूँ कि लाइफ इंडोरेस कंपनी और जनरल इंडोरेस कंपनी के साथ यह सरकार खिलवाड़ न करे। इससे देश को बहुत बड़ा नुकसान होगा। ये दोनों ही कंपनियां सरकारी कंपनियां हैं। इन दोनों कंपनियों का जितना भी मॉडर्नाइजेशन किया जा सकता है सरकार को करना चाहिए और दोनों कंपनियों को सरकार जितना बढ़ा सकती है, उसे बढ़ाना चाहिए। उसमें कंप्टीशन लाने की आवश्यकता क्या है, यह मैं जानना चाहता हूँ।

जबकि दोनों लाभ में हैं और दोनों देश के विकास के लिए हितकर हैं। 1999 का जो अधिनियम पास हो चुका है, यदि उसे समाप्त करने के लिए आप दोबारा प्रयास नहीं करेंगे तो एक दिन ऐसा आएगा कि हमारा देश गुलामी की ओर चला जाएगा। विदेश की तमाम ताकतों का ध्यान देश की तरफ लगा है कि वे कैसे यहां पूंजी निवेश करके उसे लूटें। हमारा गरीब देश है। विदेशी और मल्टी नेशनल कम्पनियों को 26 परसेंट जो हिस्सा दिया गया है, उस पर प्रतिबंध लगाए। आप सरकारी कम्पनियों का विदेशी कम्पनियों के साथ कम्पैटिशन कर रहे हैं लेकिन विदेशी कम्पनियों को यहां इस तरह से आने से रोकें। भारतीय जनता पार्टी का सत्ता में आने से पहले नारा था कि विदेशी वस्तुओं का बहिष्कार और विदेशी ताकतों से सावधान रहना। अब यही सरकार सत्ता में आकर ऐसा काम कर रही है। यह सरकार पूरे देश को विदेशी ताकतों के हाथ गिरवी रखने जा रही है। वह पैसा कर्ज लेकर हर ढंग से इस काम में लगी है। माननीय वित्त मंत्री जी गलती से वहां बैठ गए हैं जबकि उन्हें यहां बैठना चाहिए। मालूम नहीं इतनी अच्छी सोच के व्यक्ति ऐसा विधेयक क्यों लेकर आए हैं? जापान की एक कम्पनी इंडोरेस कम्पनी के रूप में भारत में प्रवेश करना चाहती है लेकिन इससे देश को खतरा है। वह कौन सी कम्पनी है और कैसे प्रवेश करना चाहती है?

महोदय, 1999 में पास किए गए विधेयक के अनुसार विदेशी कम्पनियां 26 परसेंट पूंजी निवेश करेंगी लेकिन इससे क्या लाभ होगा? वे कितना लाभ लेकर जाएंगे? कहा जा रहा है कि वह विकास के लिए खर्चा करेंगे, लेकिन यह गलत है। इंडोरेस के लिए कितनी प्राइवेट कम्पनियों ने आवेदन किया? हमने सुना है कि 12 कम्पनियों ने आवेदन किया। वे कौन-कौन सी कम्पनियां हैं जो इस कारोबार में आ रही हैं और उन्होंने कारोबार शुरू कर दिया? इन कम्पनियों को लाइसेंस देने से सरकार और जनता को क्या लाभ हो रहा है? इस पर सरकार का कितना नियंत्रण होगा?

महोदय, पूर्ववक्ताओं में से रघुवंश बाबू, पाल साहब और मुंशी जी ने अपनी बात को यहां रखा। लाइफ इंडोरेस और जनरल इंडोरेस के साथ सरकार क्यों खिलवाड़ कर रहे हैं और किस कारण उसे बराबद करने में लगे हैं?

कहा गया है कि दलालों को 30 परसेंट कमीशन दिया जाएगा और ग्रामीण क्षेत्रों में कोआपरेटिव सोसायटियां जाएंगी। मैं पूरी कोआपरेटिव सोसायटियों के बारे में और विशेष रूप से उत्तर प्रदेश और बिहार के बारे में कहना चाहता हूँ कि वहां कोआपरेटिव सोसायटियां लूट रही हैं। कहा गया कि कोआपरेटिव सोसायटियां गांवों में जाएंगी। लाइफ इंडोरेस और जनरल इंडोरेस गांवों में घर-घर तक पहुंच चुकी हैं। कोई भी कोआपरेटिव सोसायटी, मल्टी नेशनल कम्पनी और प्राइवेट कम्पनी गांवों में नहीं जाएगी। इस बिल में लिखा है कि इंटरनेट और क्रेडिट कार्ड से पेमेंट होगा। गांवों में इंटरनेट और क्रेडिट कार्ड नहीं है। यह कहना गलत है कि ये गांवों में जाएंगे। मंत्री जी देश हित को ध्यान में रखते हुए इस विधेयक को वापस लें और 1999 का अधिनियम समाप्त करें। लाइफ इंडोरेस कम्पनी और जनरल इंडोरेस कम्पनी को देश में पूरी तरह से छूट दें। उसके कम्पैटिशन में किसी दूसरी कम्पनी को न लाएं।

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): Mr. Chairman, Sir, I must express my gratitude to the hon. Members who have participated in this debate, raised some very important issues for clarification in this House and also cautioned the Government on some of the apprehensions that they have in their mind about the future.

Sir, I must begin by paying my compliments to the Standing Committee on Finance which looked at this Bill, as anticipated by Shri Priya Ranjan Dasmunsi, which looked at this piece of legislation and then recommended its adoption by this House without any modification.

I am also aware of the fact that there are notes of dissent.

Shri Dasmunsi, when he was speaking on this, referred to the other Committee which was headed by a member of the Party to which I belong, whereas the Standing Committee is headed by a member of the Party to which Shri Dasmunsi belongs. This only goes to demonstrate how in the Committees, the Members rise above political party considerations and then express their views absolutely impartially. It is not unusual at all that two Committees of Parliament consisting of two separate sets of membership should come to two different conclusions.

But it is not – I would like to emphasise this point – that the Government looks at the report of a Committee only when it suits the Government and ignores when it does not suit it. We give due respect to the recommendations of the Committee, especially the Committees when they deal with legislation. My own experience shows that we have, by and large, accepted all the recommendations that the Standing Committees of Parliament have made with respect to various legislations. That is an indication or proof of the effective manner in which the Committee system in this parliamentary democracy is functioning.

The Standing Committee recommended that this Bill should be adopted by Parliament without modifications. There

are, as has been pointed out here, five elements in the amendments that we propose to adopt to the Insurance Bill. These relate to entry of cooperative societies in the insurance sector, change in the allocation of surplus between shareholders and policy-holders, allowing more flexible mode of payment of premium through credit cards, smart cards and over the Internet.

I would like to add – in reply to what Shri C.N. Singh was saying – that these are not the only modes of payment. There are other modes of payment, through cheque or through cash and all that. But these are the additional modes of payment, to take into account the modernisation of the whole system.

The other elements are, allowing more flexibility in the eligibility qualifications for corporations and finally, introduction of brokers as agents or intermediaries.

Out of these five elements which form part of the amendment-matrix of the Bill, the two which have attracted the most attention of this House are the entry of cooperatives into the insurance sector and the licensing of brokers as intermediaries in the insurance sector. I would like to address the apprehensions of the Members with regard to both.

But before I come to that, I would like to share with this House what I had said 2½ years ago when we were passing the Insurance Regulatory Authority Bill at that time and when we were preparing for the amendments and opening up of the insurance sector.

The point which I had made – I would like to reiterate it now – is that we have tremendous scope in this country to expand the insurance business – life insurance, general insurance and also re-insurance. In all the areas, the potential of this country is far from realised. I have figures here which will show that we

when we look at either the coverage of life insurance or non- life insurance. So, there is a tremendous scope.

Let us not think that it is a limited pie and that we are going to introduce more players to share that limited pie. The way I look at it is that we have a very expanding pie, a rapidly expanding pie where a larger number of players could not only make it expand faster, but also there will be room for everyone. This is the way we are looking at it. So, more the players, the better the expansion and the faster the expansion; and there will be enough for everyone.

In that view of the matter, there should be no doubt absolutely about either the competence or the effectiveness or the role of the public sector companies operating in life insurance and general insurance in our country.

I recall the debate in this House two-and-a-half years ago in 1999. Even at that time, apprehensions were expressed that with the entry of private sector the public sector companies will be damaged beyond repair, that they will lose their business and that the private sector will come and take over the entire insurance business. Nothing of that kind has happened. The private sector insurance companies, both in Life Insurance as well as General Insurance, have now been operating for over a year. They have also found their business and they are slowly expanding.

We know the way the Life Insurance Corporation has performed. In the year 2000-01, there was a growth of 64.98 per cent and in 2001-02 the growth has been 137 per cent. This is one full year where we have had competition from the private sector. There are ten companies in the private sector which are now operating in Life Insurance business. Despite that, the Life Insurance Corporation has expanded its business by 137 per cent. Similarly, in the General Insurance, during the year 2001-02 the growth has gone up to 11.4 per cent compared to only 5.9 per cent in the previous year. This is the expansion in the General Insurance business. So, there should be absolutely no apprehension that the public sector insurance companies are going to suffer.

Shri Dasmunsi is quite right in reminding me of the assurance that we had given on the floor of this House that nothing will be done to weaken the public sector insurance companies. In fact, everything will be done to strengthen them. That is the course of action that we have followed. It is with the support that has been extended and the environment which has been created that both the Life Insurance and the General Insurance companies have been able to expand in the public sector. They have been able to do it not in a monopoly situation which is what it was until a few years ago but in a competitive environment. And, therefore, the credit to the public sector insurance companies to that extent is much greater than would have been the case if they had operated in a monopoly situation.

With this, let the hon. Members of this House be in no doubt at all that there is going to be any damage to the public sector insurance companies. They have a head start over the private sector and they will maintain their position. The Government will do its best to ensure that public sector continues to flourish. This is the first point which I wanted to make.

Now, I would talk about the rural sector. It is very important to know where will the business expand. It will expand in

the rural sector and the point which I would like to make, Sir, is that it is entirely wrong to think on the part of any Member of this House that rural business is a losing business. Rural business is a flourishing business and this has been proved by the public sector companies which are doing business. According to the census definition, 54 per cent of the business of LIC was, or is, in the rural sector. Now IRDA has revised that definition and, therefore, with a stricter definition that percentage has come down. But in the first year of operation, as against the stipulation of IRDA that the private sector insurance companies must have, at least, five per cent of their business in the rural areas, the actual business transacted by the private sector companies in the rural areas is over eight per cent. So, they are also going to the rural areas. They are going to the rural areas not so much for the love of the people in the rural areas but only because they know that there is a good business in the rural areas. Therefore, I have no doubt in my mind that in future the rural sector is going to grow, that the insurance companies will find it profitable to operate in the rural areas and they will expand their business in the rural areas. We have a regulator in the IRDA which is watching the situation very carefully and giving directions as and when such directions become necessary.

Now, coming to the two issues which have been raised, I would like to point out that as far as the cooperative sector is concerned, it has its strength. I would entirely agree with Shri Dasmunsi when he said that he is not against the cooperative sector as such.

Nobody in this country can really be against the cooperatives. We have public sector, we have private sector, and we have cooperative sector. There are black sheep in all the sectors. We cannot single out the cooperative sector only because a scam has taken place in Nagpur or a scam has taken place in Madhavpura Bank or somewhere else to discredit the very strong cooperative movement in this country. I think it will be wrong on our part to condemn the cooperative movement as a whole. Let us not take any step which amounts to throwing the baby with the bath water. It is our responsibility to ensure that cooperatives as indeed anyone else who is indulging in wrongdoing is suitably brought to book. But that does not mean that we should completely condemn the whole sector. The cooperative sector has done good work in this country whether it is the urban cooperative bank movement or the rural cooperative bank movement or cooperatives in production or cooperatives in any other area. It is a strong movement. I think we all need to support that movement.

Now, it is true that when we opened the insurance sector for the private sector, the cooperative sector was not included in that. It is also true that we received representations from the people in the cooperative sector to asking as to why do we want to bar the cooperative sector from the insurance sector. We went into this question in detail, we examined it in all seriousness, and we found that there was a lacuna here that as indeed the private sector is in the insurance business, as indeed the public sector is in the insurance business, similarly suitable cooperative institutions should also be allowed to function in the insurance sector and therefore this amendment.

Now, we have very strict rules. They are much stricter than we have for banks. The cooperative banks have grown historically over a period of time. Rules are there, RBI is there, and the State Cooperative Registrar is also there. They are trying to enforce those regulations. But in the insurance sector, to begin with, we are going to have very strong regulation. The capital adequacy norms etc. are going to be the same for the cooperatives as they are for the private sector. Therefore, I would like to say that because some wrongdoing has taken place in some cooperative bank or some cooperative society, let us not debar cooperatives from entering the insurance business. I would appeal to the hon. Members that if they have reservation, they should not entertain those reservations.

SHRI RUPCHAND PAL : They have no expertise.

SHRI YASHWANT SINHA: Sir, expertise is accumulated. What is expertise? It is your employees and expertise is the person who heads that. We have made provision that cooperative society will be allowed to enter only when it sets up a separate insurance cooperative, that the capital adequacy norms will be observed, and that they will be solely regulated by the IRDA in the insurance sector. Therefore, let me assure the House that it will be the endeavour of the Government, and it will be the endeavour of the regulator to ensure that the pitfalls of the cooperative movement and the failures in other sectors are not repeated in the insurance sector and that in the insurance sector the cooperatives function as strongly and in as healthy a manner as private sector or the public sector.

DR. NITISH SENGUPTA (CONTAI): The largest insurance company is the Western Cooperative.

SHRI YASHWANT SINHA: So, I do not think we have a reason to doubt the competence of cooperatives to be in the insurance sector.

Now, there is the question of brokers as intermediaries. Many doubts have been expressed in this House. Shri Raghuvansh Prasad Singh when he was speaking just now said that you are introducing *dalali* in the business and that the brokers are known to have indulged in wrongdoing elsewhere. Here again the same logic applies as to the cooperatives that because something wrong has been done by brokers in some other fields, therefore, we should not allow them here. I would like to explain that we must be able to understand it very clearly. As far as life

insurance is concerned, there are agents. It is not the Government's case at all that we are going to, in any way, affect the livelihood of the lakhs of agents of LIC or even the private companies because they are also operating through agents. It is in that context that IRDA has said that the norms that they have laid down – educational qualification, experience, training, etc. – will not apply to the existing agents. The existing agents will carry on like they have been carrying on. It will apply only to the new agents who will enter the field of insurance. In the insurance business the world over, there is something which is very very professional, which is a matter of great expertise today. I am talking not of life insurance here. I am talking of general insurance.

In the general insurance how does an agent function? An agent belongs to a public company, whether in the public sector or private sector. He is an agent either of LIC or of Tata AIG or any other insurance company. He goes on behalf of that company to the client to secure business for that company. Suppose I am a person or an entity seeking an insurance. I have some very special requirement. Whom do I go to? Therefore, this whole system of intermediaries has developed. If you are looking for a very specialised product, you go to an intermediary. The client goes and tells the intermediary that these are his requirements and he needs a policy of that kind. The intermediary will know what kind of products exist in the insurance sector. Or he will then on behalf of his client go to four or five insurance companies and ask them whether they have a product or whether they can create such a product and what is the most competitive offer that he could get for his client. So, the client service is something which can be secured only through a competitive system of intermediaries. It cannot be done so well by agents, especially in general insurance where I said the number of specialised products, the number of unique products will have to suit the convenience of just one client sometimes. There could be a product which would suit just one client. Even that kind of product can be offered by an insurance company on most competitive terms. That is why, the world over there has been this system of intermediaries which could be corporates, which could be individuals also.

I would like to assure the House that they will not collect premium. They will not settle claims as Shri Rupchand Pal was suspecting. They will not become a surrogate insurance company. Their duties will be very clearly defined and regulated by the IRDA. The danger that happened in USA and in some other countries where the brokers were operating has been taken care of. There were Principal Agents, there were Chief Agents and in the USA they were known as Managing General Agents. That is not the system that we are introducing through this amendment. In fact, we are abolishing this system which existed in our country before insurance was nationalised. Let the House be in no doubt that we are not replicating in this country the bad practices which have prevailed in other countries or which had prevailed in India before nationalisation. What we are trying to do is totally a new concept which has found favour in many other countries, which have competitive insurance market for them.

A point was made by Shri Kirit Somaiya, whether we can wait for three years for life insurance and introduce it only in general insurance sector. It is a good point and most certainly the IRDA will take this into account. The IRDA will be regulating this sector. So, IRDA will determine when they will go for it. Here is a legislation which is an enabling legislation, which will in course of time allow this to happen in all sectors. But the timing of this is something which will be determined by the IRDA. The nature of it will also be determined by the IRDA. Under this Insurance Act, they will be framing rules and we will make sure that when the rules are framed, all these issues are taken into account.

So, I would not be going into many other details. I have the Malhotra Committee Report here. It also recommended the intermediaries. But, I am not going into that. We have gone by the consensus which was evolved in the Government which was reflected in the Standing Committee of Parliament. Let me also assure the House that we had many apprehensions when the insurance business was being opened up for competition. Even at that point of time predictions were made that the country will become a slave of western powers of multinational corporations and all that. Nothing of that kind has happened and nothing of that kind will be allowed to happen. I would like to repeat in this House what I have said on that occasion and other occasions that, as a nation, we must have the confidence to be able to face the world. What kind of a nation will India be if we run away getting scared of foreigners in this field or that field and getting scared of competition? We are capable of facing competition. We are capable of standing on our own legs. We have the best talents. I know that our insurance officials, when they were sent for training and orientation in some of the foreign partners of our insurance companies, were found to be so good that those companies wanted to retain them. If they went to US, they said: "Please leave these men here because we like them." If we sent them to Europe, they said: "Please leave them here because we want them to continue here." This is the talent that this country has and with this talent, nobody can keep India down. Nobody can create a condition where we will find ourselves wanting. So, I strongly recommend that we have no reason to apprehend. We have the capacity to face competition. The public sector has the capacity to face competition. While we are implementing this legislation and framing rules, we will take care of the concerns which have been expressed in this House. We will make sure that the public sector is protected, the public sector flourishes, that those who are engaged in the business of public sector are also fully protected and nothing is done which will, in any way, harm the public sector in this countryâ€¦(Interruptions)

SHRI PRIYA RANJAN DASMUNSI: What is the accountability of the intermediaries in the whole text?

SHRI YASHWANT SINHA: They will be fully regulated by the IRDA. They will operate within the discipline of the Insurance Regulatory and Development Authority.

SHRI RUPCHAND PAL : I had asked about the provision under Section 64 BB that with the receipt of premium before assumption of a risk by insurance companies, the brokers will collect the premium subsequently at a later date.

SHRI YASHWANT SINHA: No. I have just now clarified that the brokers will not collect the premium. I have said that the brokers will not collect the premium They will not settle claims.....(*Interruptions*)

SHRI RUPCHAND PAL : Will they not be given under writing?

SHRI YASHWANT SINHA: They will be operating with the insurance companies.

SHRI RUPCHAND PAL : Is it not violative of Section 64 BB?

SHRI YASHWANT SINHA: No, it is not. If it is violative of Section 64 BB, then the Standing Committee would have said so.

SHRI RUPCHAND PAL : I am asking your view about it. I think it is violative of Section 64 BB.

SHRI YASHWANT SINHA: I do not think soâ€¦...(*Interruptions*)

SHRI PRIYA RANJAN DASMUNSI : I want to know whether an intermediary will be attached to one insurance company or many others.

SHRI YASHWANT SINHA: He is not an agent to one insurance company. An intermediary, as I tried to explain in the House, is in the business of finding the best product for a person or an entity which is seeking insurance policy. I explained this to the House. Suppose I am interested in general insurance and I have a business to insure. I want that this business should be insured in the following manner, that I should have the following risks, covered for a following number of years, etc. And I am looking for a very special product. I will go to the intermediary and say that this is my requirement and ask whether he will find me an insurance company which will give me this product at the most competitive rate. The intermediary will then go around to find out whether such a product exists or not. If such a product does not exist, then he might even talk to the insurance companies to create such a special product for that particular client.

SHRI RUPCHAND PAL : You are speaking about consultants and marketing.

SHRI YASHWANT SINHA: This is what I have tried to explain. An agent at this point of time is doing it for the insurance company. Who is the agent loyal to? The agent is loyal to the company. This intermediary will be loyal to the clientâ€¦...(*Interruptions*)

MR. CHAIRMAN : The question is:

"That the Bill further to amend the Insurance Act, 1938, be taken into consideration. "

The motion was adopted.

MR. CHAIRMAN: Now, the House will take up clause by clause consideration of the Bill.

Amendment made:

Page 2, line 5,

for "2001"

substitute "2002" (3)

(Shri Yashwant Sinha)

MR. CHAIRMAN: The question is:

"That clause 2, as amended, stand part of the Bill."

The motion was adopted.

Clause 2, as amended, was added to the Bill.

Clause 3 Amendment of Section 2C

Amendment made:

Page 2, line 25,

for "2001"

substitute "2002" (4)

(Shri Yashwant Sinha)

MR. CHAIRMAN: The question is:

"That clause 3, as amended, stand part of the Bill."

The motion was adopted.

Clause 3, as amended, was added to the Bill.

Clauses 4 to 9 were added to the Bill.

Clause 10 Amendment of Section 42A

Amendment made:

Page 3, line 15,

for "2001"

substitute "2002". (5)

(Shri Yashwant Sinha)

MR. CHAIRMAN: The question is:

"That clause 10, as amended, stand part of the Bill."

The motion was adopted.

Clause 10, as amended, was added to the Bill.

Clauses 11 to 18 were added to the Bill.

Clause 1 **Short title and commencement**

Amendment made:

Page 1, line 3,

for "2001"

substitute "2002" (2)

(Shri Yashwant Sinha)

MR. CHAIRMAN: The question is:

"That clause 1, as amended, stand part of the Bill."

The motion was adopted.

Clause 1, as amended, was added to the Bill.

Enacting Formula

Amendment made:

Page 1, line 1,

for "Fifty-second"

substitute "Fifty-third" (1)

(Shri Yashwant Sinha)

MR. CHAIRMAN: The question is:

"That Enacting formula, as amended, stand part of the Bill."

The motion was adopted.

Enacting Formula, as amended, was added to the Bill.

The Long Title was added to the Bill

SHRI YASHWANT SINHA: I beg to move:

"That the Bill, as amended, be passed."

MR. CHAIRMAN: The question is:

"That the Bill, as amended, be passed."

The motion was adopted.
