

nt>

12.03 hrs.

Title: Introduction of the General Insurance Business (Nationalisation) Amendment Bill, 2001.

MR. SPEAKER: We will now take up item number 8. Shri Yashwant Sinha to move for leave to introduce the Bill.

SHRI RUPCHAND PAL (HOOGLY): Sir, I have given a notice. ...*(Interruptions)*

MR. SPEAKER: Shri Rupchand Pal, as per the rules, your notice is time-barred.

...*(Interruptions)*

MR. SPEAKER: Shri Rupchand Pal, as per Rule 72(2) of the Rules of Procedure, the notice that you have given is time-barred.

...*(Interruptions)*

SHRI SOMNATH CHATTERJEE (BOLPUR): Sir, it is your prerogative to allow it...*(Interruptions)*

SHRI RUPCHAND PAL : Sir, it is your prerogative.

SHRI S. JAIPAL REDDY (MIRYALGUDA): Sir, I have given a notice at 9 o' clock today. ...*(Interruptions)*

MR. SPEAKER: I have received only one notice and that is from Shri Rupchand Pal. That is also a time-barred notice.

SHRI RUPCHAND PAL : Sir, it is your prerogative to allow.

SHRI S. JAIPAL REDDY : Sir, please allow me.

MR. SPEAKER: Shri Jaipal Reddy, we are still on laying of Papers.

SHRI S. JAIPAL REDDY : This is another issue.

SHRI MADHAVRAO SCINDIA (GUNA): Sir, Shri Jaipal Reddy has given a notice for 'Zero hour'. It is a very important matter. ...*(Interruptions)*

MR. SPEAKER: We are still in laying of Papers. 'Zero hour' has not started.

Hon. Minister to move for leave to introduce the Bill.

* Published in the Gazette of India Extraordinary, Part-II, Section-2 dated 12.3.2001

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): Sir, with your kind permission and with the very kind permission of Shri Rupchand Pal I am moving.

I beg to move for leave to introduce a Bill further to amend the General Insurance Business (Nationalisation) Act, 1972.

MR. SPEAKER: Motion moved:

"That leave be granted to introduce a Bill further to amend the General Insurance Business (Nationalisation) Act, 1972".

Shri Rupchand Pal, what is your objection?

SHRI RUPCHAND PAL : Sir, I raised this issue earlier also. When the hon. Minister of State for Finance was here, he said that he would look into it. My plea was that although the gazette notification in this regard had been issued on 3rd November, 2000 and everything was taking place over telephone, oral direction and D.O. letters, the de-linking had been taking place in the face of a strong objection from not only the political parties but also from employees and from large sections of the people who object to such de-linking. This de-linking was taking place only to serve the interests of the private operators who are coming to weaken the general insurance industry in the country.

On 7th November, 2000 a D.O. letter was issued. ...*(Interruptions)* My objection is that after November there had been a full Session of this Parliament. Nothing came and after a long time, when everything has been implemented and the subsidiaries have been de-linked from G.I.C. as a holding company, they have been weakened so that they cannot face the competition from the mega insurance companies coming from abroad and joining as collaborators with Indian companies. This is a very serious matter that such important things are not being brought to the notice of this House although there had been a full Session. There lies my objection.

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): Sir, I am unable to agree at all with the hon. Member with regard to the submissions that he has made. I strongly contest the thesis that we are bypassing Parliament; we are doing anything which is derogatory to this august House or to Parliament generally.

Sir, the situation is very clear. When this House and the Parliament of India passed the Insurance Regulatory Development Authority Bill, what we have clearly accepted in that was that there will be three kinds of insurance companies in this country – one which will deal with life insurance, the other which will deal with general insurance and the third which will be dealing with re-insurance. I remember that one of the issues or one of the points which I had made during the debate on that Bill in this House was that re-insurance is a business which is very important. This country lets go off millions of dollars worth of business because we have not developed re-insurance capacity in this country. One of the major objectives of that I.R.D.A. Bill was to develop that re-insurance capacity in this country.

Now, once that Bill became an Act and became a law of the land, then the Government, without losing time, had to declare one company which could do this re-insurance business. The G.I.C. had the experience and expertise to do the re-insurance business. So, on the 3rd of November, 2000, under the powers which are vested in the Government, we declared that G.I.C. would be for the re-insurance business.

What is the purpose of the present Bill? The purpose of the present Bill is to amend the Nationalisation Act and to make the four companies, which are subsidiaries of G.I.C. today, as independent companies. Their share shall be held by the Government instead of the G.I.C. and these companies will be doing business as separate entities, as full public sector entities, under the 100 per cent control of the Government. ...*(Interruptions)*

SHRI BASU DEB ACHARIA (BANKURA): What is the role of the G.I.C.? ...*(Interruptions)*

SHRI YASHWANT SINHA: I am coming to that. Please give me just a moment.

Sir, the G.I.C. will be the re-insurance company of this country and as the re-insurer G.I.C. will have a major role to play. What does G.I.C. do even at present? G.I.C. was only doing two things – it was doing crop insurance and it was doing civil aviation insurance. We have decided that civil aviation insurance will be transferred to New India Assurance which is the largest of the four subsidiaries and for crop insurance there is a proposal which we are discussing and which is under consideration of the Government to have a separate insurance company for crop insurance. Once we have taken a view with regard to that, we will be coming before this House with the idea or with the proposal of setting up a new insurance company. In the meanwhile G.I.C. is carrying on with crop insurance. It is not that that has been given up.

Therefore, I see no reason, absolutely no basis for this objection. ...*(Interruptions)*

SHRI RUPCHAND PAL : There was a full Session of Parliament. Why did you not bring it then? ...*(Interruptions)*

SHRI YASHWANT SINHA: Sir, I must, with all the emphasis at my command, repudiate this thesis which is repeatedly being brought before this House that we are doing anything to help any other private insurance companies. We have made in this House our commitment to the public insurers. We are abiding by that commitment. Let me assure this House that despite the fact that new insurance companies have come into this country and they have started their business, the public sector companies have the strength, the expertise and the experience not only to meet that challenge successfully but also they have expanded their business. So, let us not raise this bogie repeatedly about the weakness of the public insurance companies. This is the reason.

SHRI RUPCHAND PAL: By de-linking you have weakened them. ...*(Interruptions)*

MR. SPEAKER: The question is:

"That leave be granted to introduce a Bill further to amend the General Insurance Business (Nationalisation) Act, 1972. "

The motion was adopted.

SHRI YASHWANT SINHA: Sir, I introduce* the Bill.
