

are facing serious crisis because of heavy import of cheap silk from China and Korea; and

(b) if so, what steps Government propose to take in the matter?

**THE DEPUTY MINISTER IN THE MINISTRY OF TEXTILES (SHRI S. KRISHNA KUMAR):** (a) Yes, Sir.

(b) Import of Spun Silk by exporters is allowed only for or against exports under the **Advance Licensing & Replenishment Schemes** of the **Import-Export Policy** as an incentive to promote exports. However, on receipt of representations from Spun Silk Mills, Ministry of Textiles had recently convened a meeting with their representatives on 4th November, 1986, to discuss the problems faced by them. Government have taken note of the suggestions of manufacturers of Spun Silk Yarn.

**News-item captioned 'LIC misleading policy holders'**

1954. **SHRI SUBAS MOHANTY:** Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to a news-item which appeared in the Hindustan Times of the 7th September, 1986 captioned 'LIC misleading policy holders'; and

(b) if so, what are the details thereof and what is the reaction of Government thereto?

**THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI B. K. GADHVI):**

**Statement**

(a) and (b) Government have seen the article captioned "LIC misleading policy-holders," that had appeared in the "Hindustan Times" on September 7, 1986.

The article referred, *inter-alia* to the following:—

(i) As per the convention of conducting biennial actuarial valuation

of LIC's Life Fund, the next valuation was due only as on 31st March, 1987. The additional bonus declared consequent to the special Valuation made by LIC as on March 31, 1986 is in effect a partial bonus paid in advance.

(ii) Inadequate reduction in premium rates under non-profit policies.

(iii) A premium rate of Rs. 9.75 per thousand for newly introduced policy of Railway Porters is on a higher side when compared to the Group Insurance Scheme for Government employees.

(iv) Inadequate yield under LIC policies.

The position in regard to the above is indicated below, *ads seriatim*:—

(i) In view of its 30th Anniversary falling during the year 1986 and also observing the year 1986-87 as the "Year of Policyholder", the LIC decided to conduct a special valuation as on 31st March, 1986. As a result of this special valuation the bonus rates have climbed higher to Rs. 65 per thousand sum assured per annum for whole life policies and Rs. 52 per thousand sum assured per annum for endowment assurance policies as against the corresponding rates of Rs. 55 and Rs. 44 respectively, declared at the previous valuation as on March 31, 1985. Moreover, this higher bonus will be admissible to all the policies resulting in claims by death or maturity during the period from 1st April, 1986 to 31st December, 1987. But for this/special valuation, these policies would have received only "interim" bonus at the lower rates declared at the valuation held on 31st March, 1985. On balance, the bonus rates, declared as a result of the special valuation, are considered to be fair and equitable to all the participating policies.

(ii) Taking into account all the relevant factors which go into the calculation of premium rates, viz. mortality, interest and expenses, the LIC has been reducing the premium rates under non-profit plans from time to time in the past. The recent reduction in such premium rates ranges between 1 per cent to 38 per cent depending upon the plan and term and is considered to be reasonable.

(iii) The premium rates being charged under Group Scheme for Railway Porters are not comparable with the premium rates underlying Central Government Employees Scheme, for the mortality experience of the lives covered under the latter scheme is different. Besides, the former scheme also covers death due to accident apart from natural causes and thus results into higher cost for the risk cover.

(iv) The yield under insurance policies cannot be compared with the yield obtainable from other sayings instruments as the latter do not cover life-risk. The net yield on Life Fund of LIC has, however, shown a steady increase over the years.

#### **Ban on import of synthetic fibres**

1955. SHRI CHATURANAN MISHRA: Will the Minister of TEXTILES be pleased to state:

(a) whether a demand has been made by the representatives of Indian Jute Mills Association, Central trade unions and West Bengal Government to ban the import of synthetic fibres and granules; and

(b) if so, what are the details in this regard and the Union Government's reaction thereto?

THE DEPUTY MINISTER IN THE MINISTRY OF TEXTILES (SHRI S. KRISHNA KUMAR): (a) and (b)

Since synthetic substitutes for jute bags are being produced in our country by importing cheaper priced granules from abroad, representations have been received from time to time from various quarters for banning import of granules. In order to protect jute industry from the adverse competition faced in the hands of synthetic substitutes, Government have favoured mandatory usage of jute packaging materials by different sectors of the industry. An Empowered Committee of Secretaries has been set up to work out the modalities.

#### **Satellite purchasing centres for cotton purchase**

1956. SHRI PRABHAKAR RAO KALVALA: Will the Minister of TEXTILES be pleased to state:

(a) whether there is any proposal to set up satellite purchasing centres in rural areas and also in tribal and backward belts by the Cotton Corporation of India (CCI); and

(b) if so, what are the details of the proposal and what are the locations of the satellite purchasing centres to be set up in Andhra Pradesh?

THE DEPUTY MINISTER IN THE MINISTRY OF TEXTILES (SHRI S. KRISHNA KUMAR): (a) and (b) Cotton Corporation of India is opening additional centres for purchase of cotton wherever the quantum of arrivals of cotton are heavy and warrant additional facilities.

#### **D.G.S. and D**

1957. SHRI D. B. CHANDRE GOWDA: Will the Minister of COMMERCE be pleased to state:

(a) whether it is a fact that the D.G.S.&D. approved the rates of conventional steel irrigation pipes every year;

(b) whether it is also a fact that DGS&D have received proposals regarding the approval of rates of