

(a) whether the Securities and Exchange Board of India (SEBI) has banned 14 insurance companies from launching and advertising ULIPs, having an investment component in the nature of mutual funds, till they obtain the requisite certificate of registration from SEBI;

(b) whether the Insurance Regulatory Development Authority (IRDA) has taken a different stand on the issue threatening to move court over the issue;

(c) whether Government has taken any initiative to mediate between the sectoral regulators to amicably sort out the issue out of court; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA):

(a) SEBI had on April 09, 2010 restrained 14 insurance companies from issuing any offer document, advertisement, brochure soliciting money from investors or raise money from investors by way of new and/ or additional subscription for any product including Unit Linked Insurance Products (ULIP) having an investment component in the nature of mutual funds, till they obtain the requisite certificate of registration from SEBI. However through a Press release dated April 13, 2010, SEBI decided to restrict enforcement of its Order to only any new ULIP schemes / products launched after April 9, 2010.

(b) IRDA is of the view that the mandate to regulate insurance products, irrespective of their nature, rests with IRDA.

(c) The Government has directed SEBI and IRDA to expeditiously get a binding legal opinion from an appropriate Court to resolve the issue of jurisdiction between the two regulators.

(d) SEBI has moved the Supreme Court seeking transfer of various proceedings pending before High Courts to the Supreme Court so that the highest court of the land can determine and settle these disputes.

Factoring of unaccounted income in GDP calculation

4203. SHRI MANI SHANKAR AIYAR: Will the Minister of FINANCE be pleased to state:

(a) whether Government agrees with private expert estimates that the quantum of unaccounted money held in Swiss and other banks abroad by Indian citizens could amount to US dollars 1.5 trillion;

(b) if not, what are Government's estimate thereof;

(c) whether unaccounted income and wealth generation is factored into official calculations of GDP and GDP growth; and

(d) if not, whether this would result in under-estimating past rates of growth of GDP and over-estimating present rates of growth of GDP?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM):

(a) No Sir.

(b) There is no verifiable estimate of the quantum of unaccounted money held in Swiss and other banks abroad by Indian citizens.

(c) In the official calculation of GDP and GDP growth, the unaccounted income and wealth generation are not explicitly included. However, due to the indirect procedures adopted for estimating GDP and GDP growth for the unorganized sector, it is possible that output of some of the illegal activities get included in these estimates indirectly.

(d) Since there are no verifiable estimates of unaccounted income and wealth generation, it is not possible to draw any inference on its impact on past and present rates of growth of GDP.

Violation of RBI guidelines

†4204. SHRI NARESH CHANDRA AGRAWAL: Will the Minister of FINANCE be pleased to state:

(a) whether as per the guidelines of the Reserve Bank of India (RBI) 60 per cent of deposit amount with banks situated in any State is to be spent for development of that States;

(b) if so, whether in contradiction to the norms of C/D deposits and by violations the guidelines of RBI only 20 percent of money being deposited by inhabitants of Uttar Pradesh is being spent for development of the State and 40 per cent money is going out to other States;

(c) if so, the rationale behind it and steps taken by Government in this regard; and

(d) if no action has been taken by Government the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA):

(a) The Public Sector Banks (PSBs) were advised by the Reserve Bank of India (RBI) in 1980 to achieve Credit Deposit Ratio (CDR) of 60% in respect of their rural and semi urban branches, separately, on an all India basis. These instructions were reiterated by the RBI in 1995. For those districts having CDR less than 40% banks were asked to draw up Monitorable Action Plans for improving CDR.

†Original notice of the question was received in Hindi.