Opposition to appointment of Super Regulator on ULIPs

2467. SHRI V. HANUMANTHA RAO:

DR. T. SUBBARAMI REDDY:

Will the Minister of FINANCE be pleased to state:

(a) whether the Insurance Regulatory Development Authority (IRDA) has opposed move of Government on appointing a super regulator for Unit Linked Insurance Plan (ULIPs) with Securities and Exchange Board of India (SEBI);

(b) if so, whether it has also been pointed out by them that they are not in favour of formation of joint committee as it would have statutory powers and its decisions binding on all regulators; and

(c) if so, what are their other main objections and to what extent their doubts have been cleared by the Ministry?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) to (c) In order to bring an end to the jurisdictional dispute between Securities and Exchange Board of India (SEBI) and Insurance Regulatory and Development Authority (IRDA) on Unit Linked Insurance Policies, the Government had promulgated an Ordinance viz. 'The Securities and insurance Laws (Amendment & Validation) Ordinance, 2010' on 18th June, 2010. This Ordinance clarified that the life insurance business also includes any unit linked insurance business. Further, a Joint Mechanism was also set up to resolve jurisdictional dispute on hybrid products which may arise in future among the various financial sector regulators i.e. the Reserve Bank of India (RBI), IRDA, SEBI and Pension Fund Regulatory and Development Authority (PFRDA). A bill to replace the Ordinance has already been introduced in both the Houses of Parliament and the same was passed by Lok Sabha on 2.8.2010 and Rajya Sabha on 9.8.2010. The IRDA had not objected to the Government's move to resolve the conflict between IRDA and SEBI.

ADB Funds for Arunachal Pradesh

2468. SHRI NANDI YELLAIAH: Will the Minister of FINANCE be pleased to state:

(a) whether China was using its clout with the Asian Development Bank (ADB) to stall funds for Arunachal Pradesh; and

(b) if so, the details of action already taken and proposed to be taken by the Ministry of finance for release of funds from the Asian Development Bank for Arunachal Pradesh, and also for release of alternate funds for watershed development projects in Arunachal Pradesh in the absence of the same from the Asian Development Bank?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) and (b) No project, including for the State of Arunachal Pradesh, taken up for consideration for assistance by the Board of Asian Development Bank (ADB) has been rejected. In 2009, China had raised objections to the India Country Partnership Strategy (CPS: 2009-12) due to inclusion of Arunachal Pradesh in it; however ADB Board endorsed the CPS document.

Forecasting of inflation by RBI

2469. SHRI SYED AZEEZ PASHA: Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India (RBI) has raised repo rates for the fourth time this year in a bid to control inflation;

(b) whether it is a fact that, during last year, the RBI forecasts of inflation had to be periodically revised upwards;

(c) the reasons for poor forecasting abilities of the RBI;

(d) to what extent has the technical skills of RBI been below par to meet the needs of a growing economy like India; and

(e) the steps proposed to reduce the negative Impact of policies of RBI on the working classes and farmers?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes, Sir. With a view to containing inflation and anchoring inflationary expectations, the repo and reverse repo rates under the liquidity adjustment facility (LAF) have been increased by RBI on four occasions cumulatively by 100 basis points and 125 basis points, respectively, since March 2010 as given below: