

(b) the steps Government has taken to ensure that borrowers and creditors to the Indian banking system are not appointed to the Board of RBI, which is the regulator of banks?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA):
(a) and (b) Directors on the Board of the Reserve Bank of India (RBI) are appointed in terms of the provisions of section 8 of the Reserve Bank of India Act, 1934 and guidelines dated December 10, 2007 on selection of Part Time Non-Official Directors, duly approved by Appointments Committee of the Cabinet (ACC).

In order to ensure that persons with fit and proper criterion are appointed on the Board of the bank, Government of India (GOI) forwards the Bio-data of the candidates to Central Board of Direct Taxes, Revenue Intelligence, Central Excise Intelligence, Department of Enforcement and to the Reserve Bank of India for doing due diligence.

Based on the GOI guidelines and on the basis of the verification reports of the investigating agencies, besides independent scrutiny of the bank accounts of the persons by RBI, the proposals are recommended to the ACC for appointment.

Amount charged by big hospitals from policy holders

2194. SHRI A. ELAVARASAN: Will the Minister of FINANCE be pleased to state:

(a) whether insurance companies have sent a detailed report to Government naming the big hospitals and the amount they charge from the policy holders for some standard procedures which is often double of what they charge from a paying patient;

(b) if so, whether Government have undertaken any study in this regard; and

(c) if so, the details thereof and the steps taken by Government in this connection?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA):
(a) to (c) The Cashless Medical Insurance is provided by the Public Sector General Insurance Companies (PSGICs) through Third Party Administrators (TPAs). However, the health insurance

portfolio is characterized by mounting losses mainly because some of the hospitals tend to charge health insurance policy holders at rates which are higher than the reasonable cost of treatment. As a result the policyholders are generally left with smaller amount of sum assured to be used for any further hospitalization during the remaining period of the health policy thereby causing undue hardship to them. Keeping this in view PSGICs have started rationalization of empanelment of hospitals and standardization of rates and specified procedures followed by the hospitals. The names of the hospitals that have agreed to work at given rates for specified procedures have been added to the Preferred Provider Network (PPN) for providing cashless health insurance facility. This has been started with effect from 1.7.2010 in the cities of Delhi, Mumbai, Bangalore and Kolkata. In the rest of India the earlier process of rendering cashless facility is still continuing.

Presently, 539 hospitals (Delhi-170, Mumbai-169, Chennai-104 and Bangalore-96) are on the PPN that have agreed to work at given rates for specified procedures. However, apart from the cashless facility under the PPN Network, the settlement of claims on reimbursement basis continues to be available for all hospitals (including non-network) in the country. The list of hospitals in the PPN in the four cities is available on the websites of TPAs/Insurance companies.

Bill for regulation of MFIs

2195. SHRI N.K. SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether the attention has been drawn of Government to the high interest rates being charged by the Micro Finance Institutions (MFIs) in the country;

(b) if so, the steps taken or proposed to be taken by the Ministry for ensuring that rural households are not exploited by MFIs;

(c) whether Government intends to bring a Bill on the lines of Micro Financial Sector (Development and Regulation) introduced in Lok Sabha in 2007 for overall regulation of Micro Finance Sector in the current Lok Sabha Session; and

(d) if not, the reasons therefor?

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

(a) to (d) While Reserve Bank of India (RBI) does not regulate the interest rates charged by Micro Finance Institutions (MFIs), it has issued Instructions on a Fair Practice Code to be adhered to by all