

necessarily for general public. RBI, however, does not take cognizance of such reports.

In fact, the exchange rate of rupee is basically determined by the demand and supply conditions in the foreign exchange market. The RBI constantly monitors the developments in the foreign exchange market and intervenes through purchase or sale operations only with objective to curb excessive volatility and to restore orderliness in the market.

(d) to (f) The Reserve Bank of India being a regulator, monitors and takes action in respect of default in following its instructions/guidelines relating to forex derivatives transactions. The Department concerned of the Government has not initiated any high level inquiry into the matter.

#### **Introduction of Islamic Banking in the Country**

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

(a) whether Government has finalized plans to introduce Islamic Banking in the country;

(b) if so, the details thereof;

(c) if not, the reasons therefor; and

(d) whether the total market of such assets is \$ 700-800 billion dollars and it may provide a significant boost to the economy?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) to (d) The Government has not finalized any plan to introduce Islamic Banking in the country. The present statutory and regulatory framework does not permit the introduction of Islamic Banking in the country.

#### **IT liability of Vodafone**

662. SHRI M.P. ACHUTHAN:

SHRI D. RAJA:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Income Tax department lost a case with the Vodafone which was asked to pay Rs. 11,218 crore income tax over a deal to acquire majority stake in mobile phone operator Hutchison Essar;

(b) if so, the details thereof; and

(c) the reaction of Government thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S. S. PALANIMANICKAM): (a) Yes, Sir.

(b) The Hon'ble Supreme Court in its judgment dated 20th January, 2012, has set aside the judgment of the Hon'ble Bombay High Court by holding that the

subject matter of the transaction was the transfer of the CGP Investments (Holdings) Ltd (a company incorporated in Cayman Islands) and consequently, the Indian tax authority had no territorial tax jurisdiction to tax the said offshore transaction.

(c) The Government has filed a review petition requesting Hon'ble Supreme Court to review its decision.

#### **Sale of LIC products**

663. SHRI K.E. ISMAIL:

SHRI D. RAJA:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that lakhs of Insurance agents have quit their job following the reduced commission and strict guidelines set for them by the Life Insurance Corporation of India (LIC).

(b) if so, the total number of LIC agents during the year 2010-11 and at present; and

(c) to what extent it has affected the sales of various LIC products?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) Number of Agents is related to the business potential in the insurance market. Commission to agents are paid as per Section 40(A)(1) of the Insurance Act, 1938. Further, the commission rates for any new products are also approved by Insurance Regulatory and Development Authority. The Life Insurance Corporation of India (LIC) has reported that there is no instance of quitting of agents in lakhs in LIC due to reduced commission or strict guidelines to agents set for them by LIC.

(b) The total number of LIC agents during the year 2010-2011 was 13,37,064 and as on 31.01.2012 it was 13,05,430.

(c) On the Conventional plans there is a growth rate of 11% in policies and 22% in premium as on 29.02.2012, whereas, there is a degrowth on the Unit Linked Insurance Plan which is a trend among the whole insurance industry.

#### **Disinvestment of oil PSUs**

664. SHRI PRAKASH JAVADEKAR: Will the Minister of FINANCE be pleased to state:

(a) whether Government has started the sale of its stake in ONGC;

(b) if so, the reasons therefor and the details of time-frame thereof;

(c) whether it is also a fact that Government is planning to disinvest other State-run oil companies; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Government has completed disinvestment of 4.91 per cent