

- (b) if so, the reasons therefor;
- (c) the details of challenges faced by the insurance sectors including non-life insurance sectors; and
- (d) the measures taken by Government to improve the growth of insurance sectors?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA) : (a) and (b) As per Insurance Regulatory and Development Authority (IRDA), there is no decline in the growth of non-life insurance sector. As at the end of October, 2012, the gross premium underwritten has grown up to Rs.39453 crores as against Rs. 33041 crores as at the end of the same period in the year 2011 registering the growth of 19.40%.

(c) In the year 2007, except for motor third party segment, all other segments were detariffed. Due to intense competition, the premium price levels of fire, engineering and motor own damage sections have come down considerably. This has resulted in the companies facing strain on achieving underwriting profits. As of now, most of the companies including PSU companies have registered considerable underwriting losses.

(d) IRDA, as the Regulator insisted on the insurers to submit design of insurance product including philosophy of pricing and viability of the product for the insurer. Appointed Actuaries of the companies are required to certify the viability and adequacy of price levels of products.

#### **Innovation fund for inclusive economic growth**

1467. SHRI BAISHNAB PARIDA: Will the Minister of FINANCE be pleased to state:

- (a) whether it is proposed to set aside an Innovation Fund for inclusive economic growth;
- (b) if so, the details thereof;
- (c) which are the stakeholders that are proposed to be involved in the process; and
- (d) the details of action plan that is proposed to be worked out to achieve the objective?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) Yes, Sir.

(b) The fund is to be targeted at the bottom of socio-economic pyramid, and directed at benefitting India's common citizen, particularly in rural areas who do not have all basic services. The fund will help innovative Indian enterprises in developing innovative solutions to meet the development challenges. The fund shall have minimum size of Rs. 500 crore which can be scaled upto Rs. 5000 crore. Government of India would contribute Rs. 100 crore initially.

(c) Government of India would contribute Rs. 100 crore. Balance would be from scheduled banks, insurance companies, financial institutions, corporates, High Net-worth Individuals (HNIs) as well as bilateral/multilateral institutions.

(d) Ministry of Micro, Small and Medium Enterprises (MSME) shall create a trust called the National Innovation Fund Trust, which shall release funds for the above purpose as well as receive back the funds/returns from the above investment.

#### **Reduction in State levies**

1468. SHRIMATI SMRITI ZUBIN IRANI: Will the Minister of FINANCE be pleased to state:

(a) whether Government has asked all the Chief Ministers to reduce State levies on diesel, kerosene, petrol and cooking gas to provide relief to the common man and mitigate the impact of recent price hike of these products; and

(b) if so, the details thereof and the response of the State Government thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) and (b) Yes Sir. A letter was written by the Finance Minister on 1st June, 2012 to all Chief Ministers, requesting to reduce Sales Tax/VAT levied by States and also convert it into a specific amount per litre instead of being charged on ad valorem basis.

Responses have been received from State Government of Gujarat and Uttar Pradesh.

State Government of Gujarat informed that the rates of VAT on Petrol and Diesel were already reduced to 3% since June, 2008. It expressed its unwillingness