

- (f) the reasons for pendency, case-wise; and
- (g) the steps taken / proposed to be taken to recover still outstanding loans, branch-wise?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) to (g) Total loan exposure to account holders as on 1st January, 2013 by various banks in Ballia District of Uttar Pradesh (UP) including amount under Non-Performing Assets (NPAs) and amount outstanding, as informed by Lead District Manager, Ballia, is as under—Total loan exposure as on 01.01.2013

(Rs. in crores)		
Total Advances	Total Outstanding	Total NPA
1662.10	1662.10	329.76

Source: Lead District Manager, Ballia.

In accordance with the practices and usages customary amongst the banks and in conformity with provisions of statutes governing the financial institutions, information relating to the details of the individual borrower of the banks is not divulged.

Banks are governed by their Board driven policies. They have been advised by the Reserve Bank of India (RBI) to prepare a well-defined loan policy approved by their Board of Directors which should lay down exposure limits to individual/group borrowers, documentation standards, margin, security, sectoral exposure limits, delegation of powers, maturity and pricing policies, etc. Recovery of loans is done by banks as per law and in accordance with regulatory guidelines on the subject.

Financial Sector Legislative Reform Commission

3748. SHRI SANJAY RAUT:

SHRI NAND KUMAR SAI:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has set up the Financial Sector Legislative Reforms Commission under the Chairmanship of Justice Shri. B. N. Srikrishna;
- (b) if so, the details thereof along with the terms and reference of the Commission;
- (c) whether the Commission has submitted their report;
- (d) if so, the details of the recommendation made therein; and
- (e) the details of action so far taken by Government on such recommendations?

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

(b) The details of the terms of reference of the Commission is given in the Statement (*See below*).

(c) Yes, Sir.

(d) The Report (in Two Volumes) is placed in the public domain at the website of the Finance Ministry under the following link: <http://finmin.nic.in/fslrc/fslrcindex.asp>. The main recommendations of the Commission are summarised in the executive summary (page no. xiii to xxviii of volume 1 of the report) covering, interalia, the task of financial law, the footprint of regulation, structure of the regulator, functions and powers of the regulator, consumer protection, micro-prudential regulation, resolution mechanism, capital controls, systematic risk, financial inclusion and market development, monetary policy, public debt management agency, contracts, trading and market abuse, financial regulatory architecture and the outputs of the commission.

(e) The report received from the Commission is under consideration by the Government.

Statement

The Terms of Reference of the Commission is as follows:

- I. Examining the architecture of the legislative and regulatory system governing the financial sector in India, including:
 - a. Review of existing legislation including the Reserve Bank of India Act, the Securities and Exchange Board of India Act, the Insurance and Regulatory Development Authority Act, the Pension Fund Regulatory and Development Authority Act, Forward Contract Regulation Act, Securities Contracts (Regulation) Act, Foreign Exchange Management Act etc., which govern the financial sector;
 - b. Review of administration of such legislation, including internal structures and external structure (departments and ministries of government), if required;
 - c. Review of inter-play of jurisdictions occupied by various regulators;
 - d. Review of jurisdiction of departments within each regulator, and consider need for segregation/combination, and such other streamlining;

- e. Review of issues relating to conflict of interest of regulators in the market;
 - f. Review of the manner in which subordinate legislation is drafted and implemented;
 - g. Review of eligibility criteria for senior officers in regulatory authorities and issues relating to tenure, continuity, and means of trapping and retaining lessons learnt by each authority;
 - h. Examine a Combined appellate oversight over all issues concerning users of financial sector legislation.
- II. Examine if legislation should mandate statement of principles of legislative intent behind every piece of subordinate legislation in order to make the purposive intent of the legislation clear and transparent to users of the law and to the courts.
- III. Examine if public feedback for draft subordinate legislation should be made mandatory, with exception for emergency measures.
- IV. Examine prescription of parameters for invocation of emergency powers where regulatory action may be taken on an ex parte basis.
- V. Examine the interplay of exchange controls and Exchange Management Act and Foreign Direct Investment Policy with other regulatory regimes within the financial sector.
- VI. Examine the most appropriate means of oversight over regulators and their autonomy from Government.
- VII. Examine the need for re-statement of the law and immediate repeal of any out-dated legislation on the basis of judicial decisions and policy shifts in the last two decades of the financial sector post-liberalisation.
- VIII. Examination of issues of data privacy and protection of consumer of financial services in the Indian market.
- IX. Examination of legislation relating to the role of information technology in the delivery of financial services in India, and their effectiveness.
- X. Examination of all recommendations already made by various expert committees set up by the governmental and by regulators and to implement measures that can be easily accepted.

XI. Examine the role of state governments and legislatures in ensuring a smooth inter-state financial services infrastructure in India.

XII. Examination of any other related issues.

Mis-selling of insurance products by Bank

3749. SHRI M.P. ACHUTHAN: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that there is large scale mis-selling of insurance products by the banks/insurance companies to the customers;

(b) if so, the details of such complaints; and

(c) how many complaints have been received by IRDA and the action taken by IRDA against such banks/insurance companies; and

(d) how much the life insurance business has been achieved by L.I.C. and other private life insurance companies during the last three years and the lapse rate of policies in all the insurance companies during the last three year separately?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) to (c) The Insurance Regulatory and Development Authority (IRDA) has informed that the complaints against insurance companies for selling policies by making false lucrative offers at the point of sale are put under the category of Unfair Business Practices. Primarily, these complaints relate to life insurance policies. The number of such complaints were 56,470 during 2009-10, 1,00,581 during 2010-11, 1,00,770 during 2011-12 and 1,68,482 during the last financial year, *i.e.* 2012-13.

The details of total number of complaints and Unfair Business Practice complaints as available with IRDA (insurance company-wise) for the last four years are given in Statement-I (*See below*).

Based on complaints received, follow-up action taken by the insurer, and based on its own enquiries, IRDA levies penalty on insurance companies wherever a case of an unfair business practice is established. Details of such penalties company-wise are given in Statement-II (*See below*).

(d) The details of the life insurance business achieved by LIC and other private life insurance companies during the last three years is given in Statement-III (*See below*).

The details of lapse rate for LIC and other private life insurance companies in terms of persistency for 13/25/37 months are given in Statement-IV.