

Termination of services of LIC agents

†1779. SHRIMATI KANAK LATA SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Life Insurance Corporation of India (LIC) terminates the service of its agents if they fail to sell twelve policies along with total premium of one lakh rupees per annum;

(b) if so, the number of agents whose services have been terminated during the last five years due to such policies;

(c) whether IRDA/LIC is considering to make its policies flexible so that agents services could continue; and

(d) the details of the schemes being run by LIC for the social welfare of agents?

THE MINISTER OF FINANCE (SHRI ARUN JAITLEY): (a) Life Insurance Corporation of India (LIC) has informed that the norms for minimum business to be procured by agents are specified under Rule 9 of the Agents Rules, 1972 which have been notified *vide* Gazette Notification No, 396 dated 09.07.2009 and prescribes 12 lives and One lakh First Premium Income.

(b) The year-wise details of agents whose services have been terminated during the last five years are as under:

Financial Year	No. of agents
2009-2010	254596
2010-2011	372039
2011-2012	404747
2012-2013	387017
2013-2014	318506

(c) Insurance Regulatory and Development Authority (IRDA) has informed that adequate leeway is provided to all life insurers to design their terms and conditions for continuation of the services of the agents. LIC has informed that as per existing provisions (notified *vide* Gazette Notification No. 396 dated 09.07.2009, in order to support new agents in their initial years, a relaxation has been provided to all agents recruited on or after 09.07.2009 to complete the minimum business quota for 3 years together, subject to

†Original notice of the question was received in Hindi.

a certain minimum limit in each of the three years. *Vide* Circular dated 11.02.2014, IRDA has also permitted all the life insurers to have their own company specific persistency criterion for renewal of Individual and Corporate Agency from 01.07.2014 onwards.

(d) LIC has informed that LIC agents are entitled for Gratuity under Rule 11 of the Agents Rules, 1972. Other schemes for the welfare of the agents are as under:

- (i) Group Insurance Scheme,
- (ii) Coverage under National Pension System (NPS) administered by Pension Fund Regulatory and Development Authority (PFRDA),
- (iii) Samvardhan, a Group Superannuation Cash Accumulation Scheme

FDI in Micro-finance

1780. SHRI T.K. RANGARAJAN: Will the Minister of FINANCE be pleased to state:

- (a) whether FDI is allowed in Micro-finance;
 - (b) if so, the total amount of FDI involved in Micro-finance;
 - (c) the rate of interest charged by these Micro-finance organizations;
 - (d) whether there is any other charges in addition to interest for securing the loan;
- and
- (e) the amount repatriated by FDI as profit for the past three years?

THE MINISTER OF FINANCE (SHRI ARUN JAITLEY): (a) Yes, Sir. 100% Foreign Direct Investment (FDI) is allowed under the automatic route in 18 permitted Non-Banking Finance Company (NBFC) activities, which includes Micro-finance, subject to conditions mentioned in the Consolidated FDI Policy issued by Department of Industrial Policy and Promotion.

(b) The total amount of FDI in 27 out of 50 NBFC-Micro Finance Institutions (MFIs), registered with Reserve Bank of India (RBI), is ₹ 3566.06 crore as on 5.12.2014.

(c) Reserve Bank of India issues guidelines for NBFC-MFIs for computing the rate of interest charged by them to the borrowers from time-to-time. The rate of interest charged by the NBFC-MFIs is usually ranged between 20% to 27.75%. With effect from