

Derek O'Brien speaks on Insurance Laws (Amendment) Bill, 2015 | Transcript

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Sir, I rise to strongly oppose the Bill that proposes to increase the FDI cap in Insurance from 26% to 49%.

It is not a coincidence that the Prime Minister is on an island somewhere in the Indian Ocean or the Finance Minister is on a plane to London or the Home Minister is about to try some vegetarian sushi in Japan.

So who are we left with? We are left with the Foreign Minister on Indian soil. This gives us a good sense of this new Government and where this new Government is headed.

So, it does not surprise me one bit that they believe that FDI is the magical *jaributi*, which will cure India of all its problems.

Sir, I have heard what the Samajwadi Party said and what the JDU said, and I urge Bahujan Samaj Party and the DMK, as Trinamool, not to be a part of this new alliance between both the sides.

I want to give them five solid reasons as where both sides are wrong. But before I give the five reasons, let me respond to the two-three points that the Speaker from BJP said.

One he said, that in USA, 100% of FDI is allowed. Correct, but what he didn't tell you is how many States have taken 100% in FDI. 37 States in United States of America have never taken FDI in insurance under their State Law. Only 13 States have adopted it.

Secondly, he told you quite correctly that when LIC Chairman came and had coffee with us at the Select Committee meeting, he endorsed FDI. What he didn't tell you is what happened on March 9 is all across the country the LIC employees were protesting and doing dharna.

Now, let me come to the five points. I will speak one by one, no emotion, only rationale. Not political but insurance rationale. Trinamool always gives you constructive criticism. That is why we gave you Mining Bill, which is going through in one week.

Sir, on the insurance penetration, Ram Gopal ji had made the point; I do not want to dwell on it. From 2000 to 2015, there has been an increase of 3.9% in insurance penetration. In the last 5 years, the penetration has in fact dropped by 1%.

Now their target is 3% in the next five years. Do not say we did not warn you, this will never happen. Next, in the last ten years how much has the LIC given you in terms of dividend? Rs 7800 crore is what you have got from FDI in ten years.

What has the LIC given you? About Rs 1200 crore to Rs 1400 crore every year. You add it up, FDI in Insurance has given you Rs 7800 crore and LIC Dividend has given you Rs 14000 crore in the last 10 years.

Now let me come to the dangerous part about investment in infrastructure. This is my second point. 65% of the Funds are invested in ULIPs (this is the private insurers who have come to India) whereas LIC has only 8%. Now what does this mean? This means these funds are at high risk; that is why we are telling you, do not touch this, this is dangerous.

The last point is the investment in infrastructure – average annual premium for the private insurers, is an interesting figure of Rs 60,000, and the average annual premium of LIC – Rs 9000. You can draw your own inferences as to who is going to the top end of the market and who is actually doing the dirty work at the bottom end of the market.

My third of the five points Sir. Let me come to claim and settlement performance. These are not my figures, these are IRDA figures. Claims and settlement performance the best you can have in Six Sigma is 99.999%. The LIC's figure is at 99.86% settlement and the private sector is at 79%. These are IRDA figures, not mine and the same Chairman of LIC who had come and had coffee and said "sell".

Lapse ratio in LIC is 5% and in private insurers it is 47%. I am not getting technical; Ram Gopal ji has already mentioned that for claims if you do this then from LIC you send it to the ICU.

Sir, portfolio investment has been included. This is hot money and both the Congress and BJP have included themselves in this. This is dangerous because portfolio investment, everyone knows what happened in the time of global recession. What would have happened to this money if it was caught up in the global recession? If it was caught up in the global recession I do not need to remind you Sir, AIG was bailed out for almost USD 200 Billion. So this is a very dangerous trend Sir.

Sir, because the Congress speaker who got up said "I went to UPenn"; this gentleman also went to UPenn. We are happy and proud of such Indians. Then Harvard, then McKinsey; all are very good institutions. I only went to St. Xavier's in Kolkata. So, I wanted to quote a great American Noble Laureate, Joseph Stiglitz, because even Joseph Stiglitz cautioned against FDI in insurance. He avoided foreign capital advised to leverage domestic savings.

I will conclude with an Indian quote.

"The public sector general insurers have expressed confidence in raising the capital projected as required by IRDA. The double digit growth of the Indian insurance sector could be maintained during the global financial crisis of 2008, because 74% of the paid-up equity capital was held by Indian promoters and only 26% by the foreign promoters. The Committee would, therefore, consider it prudent to seriously pursue the alternate route of tapping the Indian market for raising the capital required for the sustenance and growth of the sector."

It was a disaster in 2008. Thankfully because we had 26%, we got saved.

Now, who said this? This was said by Yashwant Sinha *ji*. Now, at least he should try and convince you.

Now, the Trinamool warns you, we also warned the previous Government. We warned them on the Land Acquisition. We were the only party who called for a Division and said do not do that, but our friends from the Congress and our friends from the BJP said, “no, no you are 11-12 in Rajya Sabha.”

Now, what do I say? This is Yashwant Sinha *ji*'s view. So all I have to say at the end is:

*Papa kehte hain bada naam karega
Beta humaara aisa kaam karega.*