

PRESS STATEMENT OF SELVI J JAYALALITHAA,
HON'BLE CHIEF MINISTER OF TAMIL NADU
6.10.2012

The UPA Government is unfazed by the sufferings of the common people, small traders and small farmers. The UPA's latest FDI flag is diversionary - more to anesthetize the mammoth corruption charges against the UPA Government especially when elections seem imminent.

The Cabinet's approval on these issues, totting these as big ticket reforms which would accelerate unprecedented growth and boost a sagging economy is premature.

Increasing FDI from 26% to 49% in the Insurance Sector and opening up FDI up to 26% in Pension funds will be operational only if the relevant bills viz. Pension Fund Regulatory & Development Authority (PFRDA) Bill, 2011, and Insurance Law (Amendment) Bill, 2008, are passed by both the Houses of Parliament where the UPA faces a number crunch.

26% FDI in the Insurance Sector was permitted, but nothing appreciable has come out of it. Hiking it to 49% against a Parliamentary Committee recommendation will prove disastrous. As to whether they have the right to jeopardize this crucial sector is a debatable issue. Limiting the capital requirement to Rs.50 Crores for Insurance Companies will result in the mushrooming of small companies lacking experience and capability and will be fraught with danger. This will unnecessarily expose our public to the risk of uncertainty.

Allowing FDI into pension funds and channelling the domestic savings of elderly persons into the highly risky and unpredictable capital market will place the future of senior citizens at tremendous risk.

FDI in the Insurance Sector will lead to the emergence and dominance of Private Insurance Companies whose motives will be totally commercial. Consequently, the Public Sector Insurance Companies like LIC which participate actively in the developmental process will suffer. As a result, the developmental process of the nation itself will be adversely and severely affected.

This move at best is a gimmick and at worst an unworthy risk. The act of disguising harmful decisions and promoting them under the name of grand reforms amounts to deceiving the people of the country. No amount of rhetoric will change the truth. I strongly oppose these moves as they are detrimental to the future of the common people of this country.

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Chief Minister of Tamil Nadu

Issued By:-

DIPR,Secretariat, Chennai - 9.