



## K. L. N. Prasad Memorial Lecture

### Indian Insurance Industry: Post-Liberalization Landscape

by

C. S. Rao

**ADMINISTRATIVE STAFF COLLEGE OF INDIA**

Bella Vista : Hyderabad

**K. L. N. Prasad Memorial Lecture**  
*(Endowed by M/s. K. L. N. Trust)*

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Post-Liberalization Landscape**

*delivered by*

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**Insurance Regulatory Development Authority**

**21 April 2006**



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## **K. L. N. Prasad** **(1928–1987)**



Born on 1 January in an agricultural family in Kavutaram village in Krishna district of Andhra Pradesh, Mr. Kanuri Lakshmi Narayan Prasad did his matriculation in 1943. He went on to scale several heights during his illustrious career. He was Founder Chairman and Managing Director of Andhra Printers Ltd. (1960–87). He was the founder and publisher of the Andhra Jyothi (Telugu) daily newspaper and group of publications, contributing not only to journalism in the state but also helping to enrich Telugu language and literature.

Popularly known as K. L. N. in business and social circles, Mr. Prasad was actively involved in the overall growth and development of Andhra Bank Ltd. and Hindustan Ideal Insurance Company Ltd. since the early 1960s. Both these businesses were nationalized in the subsequent decades. At the time of its nationalization in 1980, Andhra Bank Ltd. was the biggest private sector bank in the country. Mr. Prasad's passion for banking and insurance activities was reflected in the outstanding results that both these organizations registered during his tenure, which are on record.

He was Chairman of Madras Enamel Works Ltd. (1960–74) and President of the Federation of AP Chambers of Commerce and Industry (1970–71). Mr. Prasad was Member of Parliament in the Rajya Sabha (1970–87) and a member of several consultative committees, including Public Accounts and Civil Aviation. He was also Chairman of the Andhra Pradesh State Financial Corporation (1975–80). In this capacity, his progressive policies contributed to strengthening the industrial base of AP and according the state a prominent place on the industrial map of the country.

Mr. Prasad served as Director on the boards of several companies, including: Shipping Corporation of India and India Oil Corporation. Ltd. (on both these PSUs up to 1969–70, when he had to resign after becoming an MP), Associated Cement Company Ltd., R. G. Foundry Forge Ltd., Nagarjuna Steels Ltd., Kinetics Technology India Ltd., Ananthapur Cotton Mills Ltd., Forest Industries (Travancore) Ltd., East Coast Marine Products Pvt. Ltd, Kirlampudi Sugar Mills Ltd., and Omarkhayyam Wineries Pvt. Ltd.

He was also involved in the promotion and development of educational institutions in Andhra Pradesh, like Siddhartha Academy, Vijayawada, and Kakatiya Cultural Academy, Visakhapatnam. Mr. Prasad was the Founder Trustee of the K. L. N. Trust. Among the activities that have been taken up by the trust is the establishment of the Smt. Kannuri Shantamma Centre for Vitreo Retinal Diseases (in memory of his mother) at the L.V. Prasad Eye Institute in Hyderabad in 1999—the fulfillment of his deep wish to also set up institutions in the medical field.

### **K. L. N. Prasad Memorial Lecture**

The K. L. N. Prasad Memorial Lecture was instituted in 2003 via the establishment of a Chair, by the K. L. N. Prasad Trust, in the Administrative Staff College of India (ASCI), Hyderabad. The lecture is delivered by persons of eminence in the fields of finance, banking and insurance. The list of previous lectures/speakers in this series can be found in the appendix.

# **Indian Insurance Industry: The Post-Liberalization Landscape**

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Reforms in the insurance sector need to be viewed in the light of the overall economic reforms process pursued by the Government of India. The reforms in the 1990s, undertaken subsequent to the balance of payments (BoP) crisis, encompassed all sectors of the Indian economy. These reforms were aimed at attaining a higher rate of growth.

In the industrial sector, state monopoly was virtually abolished. License raj was a thing of the past, and many entry barriers were dismantled. In international trade, import licensing was abolished, average tariff rates were substantially reduced and foreign investment was liberalized. The infrastructure sector was opened up. However, caps on foreign direct investment in some sectors were retained—considering either the sensitivity of the sector, or for want of amendments to existing legislation. In the past few years, some important policy initiatives have also been taken for improving agriculture.

The reforms process in the financial sector was oriented towards building a strong and resilient banking system. Accordingly, regulatory and supervisory norms were tightened while inducing greater accountability and market discipline among the players. As a result, the banking system acquired strength, efficiency and vibrancy necessary to meet global competition. There has been a noticeable improvement in the financial health of banks in terms of capital adequacy, profitability and asset quality, with an increased focus on risk management.

India has obviously benefited from the reforms process. The average annual growth rate in GDP was recorded at around 6

per cent during the period 1995–96 to 2005–06, touching 8 per cent in 2003–04. Inflation has been moderate. The foreign exchange reserves have been over US\$ 140 billion, and foreign debt is being paid ahead of schedule. India has become a production base and an export hub for diverse goods—from agricultural products to automobile components to high-end services.<sup>1</sup> The capital market has been buoyant, and India is considered as a favorable destination by foreign investors. Trade has risen from 21 per cent to 33 per cent of GDP during the period 1995–96 to 2005–06. All this has resulted in greater integration of the Indian economy with the world economy.

While reforms in various sectors of the economy were either welcomed or considered essential to overcome the BoP crisis, there was considerable debate on the need for reforms in the insurance sector. There were many who maintained that since insurance contracts between insurers and the insured involve special fiduciary obligations, it is better if those obligations are guaranteed by state ownership of insurance companies. To understand and appreciate the contentions of those who supported the status quo, it is necessary to briefly examine the history of insurance in India.

## **Insurance in India**

Life insurance companies came to India primarily to insure the lives of the Europeans. The Oriental Life Insurance Company, the first life insurance company to be established in India, was founded in 1818. In the early part of the twentieth century, a large number of Indian entrepreneurs started establishing insurance companies to cater to the needs of Indians and their establishments.

A proliferation of insurance companies prompted the government to regulate the life insurance business. In 1912, the Life Insurance Companies Act was passed, making it

compulsory to file with the government the certified actuarial valuation of insurance companies and their premium rate tables.<sup>2</sup> However, the act did not envisage extensive supervision and regulation of the companies by the government.

The first two decades of the twentieth century saw considerable growth in the insurance business. From 44 companies with a total business-in-force of Rs. 22.44 crore in 1938, it rose to 176 companies with a total business-in-force of Rs. 298 crore. During the mushrooming of the insurance business, many financially unsound concerns were also floated that failed miserably. Against this background came a major enactment, which changed the course of the entire Indian insurance history. The Insurance Act, 1938, was the first major legislation, governing not only life but also non-life insurance, to provide strict state control over the insurance business. This legislation is so comprehensive and well drafted that it remains relevant even today.<sup>3</sup>

In spite of a sound legislative framework, the life insurance industry had to be nationalized in 1956 because of the threat of insolvencies and gross misuse of policyholder funds by insurance companies. All life insurance companies were merged into a single corporation, and the Life Insurance Corporation of India Ltd. (LIC) was created. Subsequently, when the general insurance companies were nationalized, a different model was adopted. The private companies were organized into four companies fully owned by the Government of India. The intention was that these companies should compete with each other on rates, terms of contract and levels of service. On both these occasions, nationalization of the insurance industry was justified on the following grounds:

- The state would be in a better position to allocate the massive amounts of resources generated by the insurance business for nation-building activities.

- The existing insurance companies tended to be urban-centric. Thus, a vast majority of the population dwelling in rural areas was denied the benefits of insurance. The state would have the means and the motivation to reach out to this section of the population.
- The standards of governance in some of the companies were low, and there was a pronounced threat of insolvency.

Nationalization did fulfill the major objectives that prompted the government to take this historic initiative. LIC became a household name. Operating through 10 lakh agents, it succeeded in penetrating rural areas and carried the message of insurance to the rural masses. The vast network of LIC offices provided easy access to customers to avail of the services provided by the organization. Long before banks and other financial institutions entered the business of providing housing loans, LIC policyholders had access to credit to finance their housing schemes. LIC also extended loans to panchayats and municipal bodies for undertaking water supply and sanitation schemes. It was at the forefront in financing long-gestation infrastructure projects.

The nationalized general insurance industry has also rendered yeoman service by providing insurance cover to small and medium enterprises located in small towns and major panchayats. It initiated a number of schemes to extend insurance cover to householders, small shopkeepers and occupational groups involved in hazardous professions. Thus, the nationalized industry did give a *rural* and *social* orientation to insurance.

However, over a period of time, it was recognized that there was a wide gap in terms of market potential and its exploitation by the nationalized industry. Insurance companies suffered from overstaffing and poor customer service. There was a

growing awareness that consumers did not benefit in the absence of competition in terms of wider choice and competitive pricing. The reach of nationalized companies was limited, the range of products offered restricted and customer service inadequate.

During the 1990s, it was acknowledged that it would be difficult for the state-controlled insurance industry to sustain the scale of economic activity attained by the mid-1980s and the momentum generated through the reforms process in other sectors of the economy. Insurance penetration and enlargement of the market can be accomplished only when a large number of companies compete with each other. It was also realized that the objective of nationalization of the industry could largely be accomplished through appropriate regulatory measures.

The Malhotra Committee was appointed in 1993 to examine the structure of the insurance industry and recommend changes to make it more efficient and competitive. It concluded that the time was ripe to dispense with state monopoly and allow private enterprises to enter the insurance sector for the following reasons:

- Competition will result in better customer service and help to improve the range, quality and price of insurance products.
- Though the nationalized industry had built up large volumes of business, the overall insurance penetration was quite low. The entry of private players would speed up the spread of life and general insurance.
- Since competition exists in the banking sector, and is also allowed in the case of mutual funds, merchant banks and other non-banking financial institutions, there is no reason why the insurance sector should not be exposed to competition.
- The dominant public opinion was in favor of introducing competition.

- The state-owned insurance companies have the financial strength and professional competence to compete with the private sector.

In order to make a smooth transition from a state monopoly to a free market, the Malhotra Committee recommended that only strong and serious players be permitted to enter the market. It further recommended that an *independent regulatory mechanism* should be established to instill confidence among prospective policyholders about the financial viability of private insurance companies. The independence of the regulator would also send the right signal about the commitment of the government to ensure that private companies operate on a level playing field and no preference is shown to state-owned enterprises.

The recommendations of the Malhotra Committee were widely discussed. There was support for opening up the sector with a strong and effective regulatory authority. The Government of India established an interim regulatory authority by an executive order in September 1996. It decided to bring in legislation to establish an independent regulatory authority for the insurance sector and to introduce modifications required to remove state monopoly in this area.

The enactment of any legislation is a time-consuming process even in normal circumstances. In the case of the insurance industry, the issue became even more complicated. In December 1996, the Government of India introduced the Insurance Regulatory Authority Bill. It aimed to provide a legislative framework for the establishment of an authority to protect the interests of holders of insurance policies and to regulate, promote and ensure the orderly growth of the insurance industry. The bill was referred to the Standing Committee of the Ministry of Finance, which submitted its report in May 1997. The amended bill, incorporating the recommendations of the committee, was taken up for consideration. However, it could not be passed and was withdrawn.

In 1998, a new government came to power at the Centre. In the budget speech for the same year, the policy to open up the insurance sector and establish a statutory regulatory authority was announced. Accordingly, the Insurance Regulatory Authority Bill was introduced in the Lok Sabha in December 1998. It sought to permit the entry of private Indian companies into the insurance sector and make certain consequential amendments to the Insurance Act of 1938. The bill was referred to the Standing Committee on Finance in January 1999. While recommending the bill, the committee suggested some amendments. The Government of India accepted these amendments, and the revised bill was circulated in March 1999. This bill too could not be taken up for consideration consequent upon the dissolution of the Lok Sabha.

### **Opening Up of the Insurance Sector and Introduction of Regulation**

A fresh bill was introduced by the new government in the second half of 1999 by incorporating the provisions of the Insurance Regulatory Authority Bill (1998) and the amendments suggested by the Standing Committee on Finance. As per the amendments, foreign equity was restricted to 26 per cent; the name Insurance Regulatory Authority was changed to Insurance Regulatory and Development Authority (IRDA); and emphasis was laid on development of the social, rural and unorganized sectors.

The Insurance Regulatory and Development Authority Bill was passed in December 1999 and became an act in April 2000. In July 2000, immediately after the first meeting of the Insurance Advisory Committee, 11 essential regulations relevant for players entering the Indian insurance market were notified. The regulations that were framed had tried to harmonize various points of view, without losing focus on internationally accepted best standards. The *consultation* process adopted by the regulator with the stakeholders had helped in framing

regulations that not only incorporated some of the internationally acclaimed standards but were also found acceptable by most stakeholders.

No doubt, the long debates in the 1990s and the twists and turns that surrounded the opening up of the sector for private participation had at times thrown up serious concerns about the implementation of insurance reforms in India. However, once the legislation went through, the actual process of inducting private players into the market went off smoothly.<sup>4</sup> In October 2000, six licenses to new players in the life and non-life areas were issued. Thus, India became a *liberalized* insurance market.

The continuity provided by retaining the office of the interim regulator through those turbulent four years between the creation of the office and the passing of the legislation helped the regulator in understanding the concerns of the Government of India, Parliament and the investors who were anxious to establish private insurance companies.

## **Nuances of Regulatory Supervision**

It is worth remembering that supervision of insurers is a relatively new phenomenon in India.<sup>5</sup> Insurance supervision is one of *oversight* to ensure that insurers have the financial resources required to pay all claims as they fall due, and that the insurers treat consumers in an equitable manner in all financial dealings. These twin objectives are achieved to a great extent when the state itself is a provider of insurance. The solvency of insurers is never in doubt when the insurance companies are fully owned by the government.<sup>6</sup>

Insurance supervision has, however, acquired a new significance with the opening up of the sector to private participation. Since government protection does not exist, the public needs assurance that their funds are safe, the affairs of

private companies are managed prudently and these companies will step in when a claim is made. To instill a sense of confidence among the public about the safety of their investments and to assure new players that they will be provided with a level playing field with no special favors shown to public sector insurance companies, the Government of India provided for a regulator *independent* of the government.<sup>7</sup>

The opening of the insurance sector prompted a large number of business concerns and banking establishments to enter the insurance arena, resulting in a sudden increase in the capacity to underwrite risk. Most senior managers in these establishments came from diverse backgrounds, and their appetite for taking risks varied widely. The competitive pressures to corner a large market share could tempt them to adopt unsound practices. Therefore, the supervisory system had to be geared to effectively assess the financial soundness of insurers. This would ensure that these companies have safeguards in position so that they are, at all times, in a position to meet their obligations to policyholders.

Concerns regarding solvency are generally addressed through prudent regulatory measures. Such measures include stringent capital and solvency requirements, prudent investment and reserving rules, and regular monitoring of the activities of insurance companies to ensure that they comply with regulations. In view of her limited experience, India had to necessarily turn to international practices while deciding on the appropriate regulatory framework.

Besides monitoring the financial solvency of insurance companies, supervision of insurance operations includes, in many countries, control over how insurance providers conduct their business. Competition rules, transparency and information requirements form the core of market conduct regulations. Effective marketplace operations require the presence of *free* and *open* information exchange. Market discipline can provide the right incentive for companies to act prudently and in the

best interests of owners and customers. However, when accurate and timely information is not made available, it becomes difficult for bad performers to be disciplined. The regulators have to necessarily accord high priority to information dissemination as an effective check against improper market behavior.

The supervisory philosophies vary from country to country. Some developed countries still substantially supervise a wide range of activities. These countries stipulate that supervisory bodies should not only check the solvency of insurance companies, but also verify that an adequate balance exists between premiums and benefits under the insurance contracts offered in their markets. Furthermore, these bodies need to ensure that policy forms comply with specific legal provisions for the fair treatment of policyholders. Other countries traditionally adopt a hands-off approach to supervision and rely more on market forces. Authorities in these countries concentrate on control of solvency and allow competitive forces to determine the market structure, rate setting, design of insurance contracts and other insurance business-related matters.

In both the models, there is need to establish by law the *functioning rules* with regard to capital, solvency, investment and reserving requirements, as well as the rules related to insurance contracts and consumer information. The law should also specify the role and powers of the supervisory authority. A differentiation in the regulations for non-life and long-term insurance operations is also established by law.

In India, IRDA has tried to follow these principles by framing the law and the rules in as clear and unambiguous way as possible. IRDA decided to follow a *prescriptive* rather than an indicative model so far as regulation is concerned. Keeping in view the history of bankruptcies and the unhealthy practices that led to the nationalization of the insurance industry, a conscious decision was taken to allow only strong corporate

entities with a proven track record to enter the insurance market. To achieve this objective, a high level of entry capital, coupled with stringent solvency requirements, has been prescribed.<sup>8</sup>

However, IRDA decided not to fix a limit with regard to the number of entrants. Instead, a strict criterion for awarding licenses has been put in place. The basic features that the regulator laid emphasis on are: financial strength; the track record and reputation of promoters with regard to compliance with regulations; the strength of internal control systems; and the commitment to contribute to India's development as a regional insurance hub and an international financial centre.

IRDA is keen to see that the insurance industry develops in terms of product innovation and the use of alternative distribution channels. Applicants with a strong track record in these areas, or in specialist and niche fields, and who are committed to underwrite the health insurance business have received favorable consideration. Many Indian promoters have collaborated with foreign insurance companies that have had long years of experience in marketing insurance products in emerging markets.<sup>9</sup>

While rigorous scrutiny of applicants at the entry level will ensure that only companies with sound finances are licensed to do insurance business, it is equally important that they remain solvent at all times. Insurance is a long-term business. Those who wish to enter the business should have the ability to inject more capital as the business expands. In order to protect the interests of policyholders, the solvency requirements have been placed at one and-a-half times the normal solvency requirements, or at Rs. 50 crore, whichever is higher.<sup>10</sup>

The life insurance contracts in India are not pure term contracts but mostly *endowment* contracts, whereby policyholders expect the company to return to them, at the end of the contract period, what they had paid as premium with a reasonable return.

Proper management of resources is a major task that has to be undertaken by the insurance company. In most countries, regulations do not prescribe the manner in which these funds are to be invested. In India, the Insurance Act itself prescribes the investment pattern to be adopted by the insurers.

Fund management is a highly specialized activity. It is often contended that the rigid patterns prescribed under the Insurance Act leave insurance company managers with little flexibility to extract the maximum returns. There is merit in this contention. It is equally true that a balance has been struck between safety and proper return. The rigidities of the system are partly overcome by the offer of unit-linked policies by insurance companies. Prospects are given the opportunity to choose the investment pattern depending on their risk appetite. While it is a transparent unbundled product, it is essential that insurance companies make proper disclosures upfront so that the prospects know what are the risks they have to shoulder.<sup>11</sup>

Prudential investment norms have been notified to further enhance the financial flexibility and risk management ability of insurance companies, and for better management of investment portfolios. IRDA believes that as financial complexity and contagion exposure increases with globalization, prudent investment management becomes increasingly critical to insurers for maintaining stability in their operations. In addition, guidelines on related-party transactions to ensure management integrity and public accountability in the conduct of insurance business have to be in place.

The guidelines issued by IRDA reinforce the *fiduciary duty* owed by insurers to properly manage insurance funds in an independent and transparent manner in the interest of policyholders at all times. Sound regulations, coupled with periodic inspections to ensure adherence to regulations, are the best protection that can be offered to policyholders. In addition to the rigorous scrutiny of companies at the entry level, diligent monitoring of their activities with special reference to the

maintenance of solvency margins and a prudent investment policy would ensure that companies remain viable and possess the ability to meet their commitments.

## **The Experience So Far**

The experience so far in India is that the local partners are sound, with an excellent track record in their respective fields, and their foreign collaborators are well-established insurance companies with vast experience in both developed and emerging markets. As of 31 March 2005, there were 14 private life insurance companies, and eight private general insurance companies doing business in India.<sup>12</sup> High initial capital requirements and a cap on foreign direct investment at 26 per cent did not deter Indian companies and major foreign insurance companies from collaborating to form Indian insurance companies.<sup>13</sup>

It is worth examining what were the expectations in 2000, when government monopoly was removed, and how far these have been realized. Those who followed the debate on the entry of private companies into the insurance sector will recall that the following arguments clinched the decision in favor of private sector entry:

- The sector will grow at a much faster pace than what has been witnessed thus far.
- Public sector companies have the strength to withstand competition.
- The insurance business will generate resources for investment in infrastructure, which requires long-term finance.
- Consumers will benefit from the better choice of products and the high quality of service, thanks to competition in sector.
- The availability of insurance coverage itself will spur economic activity since having a risk cover at a reasonable

cost will encourage initiatives on the part of individuals and corporate entities that they would otherwise be reluctant to take.

- New avenues, like health insurance and pension funds, can be explored with the help of expertise that is available in the rest of the world.

Five years down the line, we find that most of these expectations were realistic and the benefits are being reaped. However, the pace at which the benefits are materializing could have been quicker.

It is instructive to compare figures between 2000–01 and 2004–05 and assess the progress made over this period. The total premium collected by insurers, both life and non-life, in the year 2004–05 was Rs. 1,00,335 crore (Rs. 82,854 crore in life and Rs. 17,481 crore in non-life) compared with Rs. 44,705 crore (Rs. 34,898 crore in life and Rs. 9,807 crore in non-life) during the year 2000-01. This increase represents an of 125 per cent over the period under review.<sup>14</sup>

The argument that the insurance sector has the potential to grow at a much faster rate than what was witnessed when it was under state monopoly has been validated beyond all doubt. At this stage, it would be worthwhile to examine the relative contributions of the private and public sectors in this expanding industry. In the case of life insurance, the private sector accounts for 9 per cent of the gross premium, with LIC accounting for the remaining 91 per cent.

The issue for consideration is whether the acquisition of market share by private companies is at the expense of LIC. The latter's gross premium grew by 115 per cent in 2004–05 over the premium collected in 2000–01. If this post-liberalization growth is compared with growth for the corresponding number of years prior to 2000, we find that between 1996–97 and 2000–01, LIC registered a growth in gross premium of 114.36 per cent.<sup>15</sup> The organization has obviously not lost its growth momentum.

The market share of private players has come out of an *enlarged* market. This enlargement of the market is mostly due to the efforts of private players. Private insurance companies realized rather quickly that LIC's strength lies in traditional products and its vast network covering a large number of middle-income customers. They also realized that highly networked individuals and young professionals would be willing to experiment with new products if there were reasonable prospects of higher returns than from conventional products. The new insurers introduced unit-linked products and created a hitherto unknown market segment.

In the case of general insurance, premiums registered an increase of 78 per cent in 2004–05 over those obtaining in 2000–01.<sup>16</sup> During this period, the growth in the premiums of the public sector was 43 per cent when compared with the 33 per cent registered between 1996–97 and 2000–01. Even here, the premiums of the private sector did not accrue at the expense of the public sector, though the private sector accounted for 20 per cent of the premiums collected in 2004–05.

The Indian insurance business, which remained underdeveloped with low levels of insurance penetration<sup>17</sup> and insurance density,<sup>18</sup> has shown signs of improvement. Insurance penetration increased from 2.32 per cent in 2000 to 3.17 per cent in 2004. Insurance density grew from US\$ 9.90 in 2000 to US\$ 19.70 in 2004. India's overall world ranking in terms of total premium volumes rose from 23 in 2000 to 19 in 2004; and her share in the world market increased from 0.41 per cent to 0.65 per cent during the same period.

India's world ranking in terms of life insurance premium volumes improved from 20 in 2000 to 18 in 2004, and her share in the world market increased from 0.50 per cent to 0.91 per cent. In non-life insurance, the ranking in terms of premium volumes rose from 29 in 2000 to 27 in 2004, and the share in the world market increased from 0.25 per cent to 0.31 per cent. While

the improvements are not dramatic, it appears that the country is moving in the right direction.

There is no denying that consumers today have a wide array of products to choose from. Insurance companies have been undertaking periodic surveys to assess the requirements of different sections of the population and devise appropriate products to suit their needs. Foreign promoters too have been bringing to the Indian insurance scene their long years of experience in the developed and emerging markets. Since a bewildering variety of products are available, most consumers feel the need for expert guidance from agents and the marketing teams of insurance companies to enable them to select the right policy.

### **Improving the Capacity of Human Resources**

Insurers have been recruiting agents on a continuous basis.<sup>19</sup> In order to introduce an element of professionalism among insurance intermediaries, elaborate *training* and *testing* arrangements were introduced by IRDA. The demand for a tied agency force has led to a situation where the resources of the institutes providing training have been stretched. The regulator's inspections of these institutes have revealed a number of areas where improvements are called for.

It was found that some of the institutes did not have the infrastructure to conduct classes, the faculty was hired on an ad-hoc basis and the short span courses conducted by these institutes resulted in many agents not receiving adequate training. IRDA also found that *licensed* training institutes allowed *franchisees* to conduct training on their behalf, which is irregular. Insurance companies, in their anxiety to recruit agents, did not pay much attention to the type of training imparted.

IRDA has impressed upon insurance companies the need for paying greater attention to the training of their agents. Being the person on the spot as a representative of the insurer, it is

essential that agents recognize and understand the needs of the prospects. Having identified their needs, it is the duty of agents to ensure *need-based* selling. In the absence of need-based selling, contracts are not likely to last long. Policyholders will look for the earliest opportunity to quit. The large attrition rate in contracts bears silent testimony to this fact. During 2004, IRDA streamlined the system of training. Revised guidelines were issued after extensive consultations with stakeholders. It is hoped that this effort will result in improving the quality of agents.

In this regard, another important factor is the unhealthy and illegal practice of offering rebates to solicit business. Section 41 of the Insurance Act strictly prohibits giving rebates for procuring business. Apart from the statutory imposition, the practice is also generally responsible for poor retention ratios. Although the retention ratios of insurance companies have been showing progressive improvement, a great deal still needs to be done. Well-trained agents, fulfilling their role as primary underwriters, can contribute a great deal in the accomplishment of this goal.

The institution of *corporate agents* was a new experiment started by IRDA. The aim was to facilitate the sale of insurance policies through existing institutions that are in contact with a large section of the population in the discharge of their normal business activities. The corporate agent model is expected to substantially bring down the procurement costs of business to the insurance company while benefiting the company with fee-based income, which improves its revenue stream. The insured too will feel comfortable with this model, as they will be dealing with institutions that are familiar to them.

In parts of Europe, the *bancassurance* model has worked well. The experience of the three parties to the transaction—the bank, the insurance company and the customer—has been positive. In India too, insurance companies are keen to have working arrangements with banks that gives them access to their

databases, which is a valuable resource for building their customer base. In the years to come, bancassurance will be a critical intermediary in the spread of insurance in the country.

The introduction of *brokers* in the Indian insurance industry in the liberalized scenario is another significant development. Although they are paid by the insurers, brokers act as representatives of policyholders. As a result, they are expected to bring better service to the clients in the following areas:

- Monitoring the insurance market and assessing the credibility of players and the quality of services they render
- Analyzing various products available in the market and assisting clients in choosing products that suit their requirements
- Helping clients in the completion of proposals, conclusion of contracts and rendering subsequent service, if any
- Assisting clients in the settlement of claims

While the agent is expected to render most of these services, for several reasons this has not been achieved in the Indian context. Being better equipped with higher training and with no nexus with insurers, brokers are expected to deliver these services to the client in a more objective fashion. Brokers largely drive the general insurance market. They package client requirements and negotiate with insurers on rates and the terms and conditions of the contract.

The relevance of brokers is limited in the Indian context. Insurance companies have no flexibility in determining the rates or terms. These are laid down by the Tariff Advisory Committee, and any deviation would invite penalties. In spite of the constraints inherent in a tariff regime, there has been significant growth in the number of applications for the grant of broker licenses. Brokers are obviously testing the market in preparation for detariffing that should normally take place when the market is freed from monopoly.

IRDA realizes that tariffs and a free market do not go together. As an initial step, it has tried to remove the constraints placed on brokers participating in the market. The rules originally prohibited payment of commissions to brokers if the company for whom insurance is placed with an insurer has a subscribed share capital of more than Rs. 10 lakh. This rule has been relaxed. Brokers are now permitted to earn a commission for arranging insurance with companies that have a share capital of up to Rs. 15 crore.<sup>20</sup>

There has been a persistent demand for freeing the general insurance market from the rigidities inherent in a regime where tariffs are prescribed by an outside agency. It has been argued that insurance companies should be able to determine what risks they are prepared to underwrite and the rate at which they would underwrite the risk. It has also been pointed out that the present system of having tariffs in some risks and free rates for others is leading to distortions in pricing. Insurance companies are underwriting risks not covered by tariffs at throwaway prices in order to gain access to the lucrative fire and engineering risks that have tariff covers.

IRDA recognizes that the consumer would normally stand to gain when there is a free market. It is also convinced that *detariffing* is an essential prerequisite for the healthy growth of the market. However, it has to be recognized that absence of data and the lack of experience in underwriting could upset the market, with adverse consequences for the insurer as well as the insured, if tariffs are abruptly withdrawn. In September 2005, IRDA announced a road map where it laid stress on an orderly transition from the tariff market to a free market. It was also announced that insurance companies could determine their rates and terms from 1 January 2007 for all the risks that they would undertake.

If a free market scenario is to be largely successful, *knowledge management* should occupy the top slot in strategic management.

In a market free of tariffs, any responsible insurer should have in place internal capabilities for underwriting, have rating support, and develop policy terms and conditions that will pass scrutiny by any judicial body. IRDA is of the view that the function of underwriting and rating of insurance business should be independent of the business development function. The regulator would like to ensure that sound underwriting principles are not sacrificed for gaining business access.

Just as actuaries are in short supply, so are people who have specialized in underwriting. They have to be recruited and adequately trained. The road map provides sufficient time to insurers to identify the right kind of people and place them in appropriate positions to undertake this work when the tariff regime is replaced by free tariffs on 1 January 2007. In order to feel confident that insurers are properly planning the process of eventual detariffing, IRDA has been conducting review programmes at various stages.<sup>21</sup>

IRDA has suggested that so far as policy terms and conditions are concerned, insurers may adopt existing ones. However, where the insurer wishes to modify the terms, the regulator's approval will be required. In respect of risks that are rated on the basis of international market terms, these may continue to be governed by the terms and conditions acceptable to re-insurers. The General Insurance Council, which consists of all general insurers, seems to be convinced, after a close study, that it will be able to adhere to the road map drawn up by IRDA.

There was some apprehension about motor tariffs. All the insurers have stressed the need for detariffing motor premium along with the rest. IRDA sees no difficulty in agreeing to this suggestion. However, it would like to ensure that no vehicle that has a valid registration and the permission to ply on the road goes without a proper insurance cover. It has, therefore, suggested the creation of a Declined Motor Insurance Pool.<sup>22</sup>

## **Health Insurance**

The opening of the insurance sector for private participation raised hopes of the emergence of health insurance as a specialized line of business, with stand-alone health insurance companies catering to the health needs of the public at large. It was believed by many that health services in the country are geared to meeting the requirements of health insurance companies. There is nothing unreasonable about these expectations. The health care industry in India has come a long way from the days when those who could afford it had to travel abroad to get highly specialized services, while others had to do without it.

In the recent past, there have been several innovations in the health care services industry in India, giving patients a new experience of health care. The innovations in products and services have made hospitals a one-stop location for the health care needs of the people. These innovations have given patients better service. Since India is meeting international standards at prices that compare very favorably with developed countries, patients from neighboring countries in Asia, and in some cases from parts of the developed world, are coming to India to receive specialized medical treatment.

In India, health care is delivered through both the public as well as the private sector. The public health care system consists of facilities run by the central and state governments that provide services free of cost or at subsidized rates to the general public in rural and urban areas. The government funds allocated to the health care sector have always been low in relation to the country's population. In the private sector health care industry, facilities are owned and run by for-profit companies and non-profit or charitable organizations. Health care facilities run by charitable organizations also provide services at subsidized

rates or free of cost, depending on the income of the patient.

Initially, the government imposed high customs duties on imported medical equipment, making it difficult for private individuals to set up hospitals that provided specialized care using sophisticated equipment. As a result, there were very few privately run large hospitals but there were many small private practitioners who provided primary and secondary care. Another limitation faced by the private sector was the low penetration of medical insurance, which meant that almost everybody paid out of their pockets.

Therefore, many could not afford to go to private hospitals, as the fees were much higher than those of government-run hospitals. With a rising population and an increasing number of people suffering from diseases that required specialized care, together with limited government spending on health care, the quality of services at government-run hospitals declined over the years. The existing government facilities are simply not adequate to cater to the primary, secondary or tertiary health care needs of the burgeoning population.

Private sector investment in the health care industry really took off in the 1990s, after the liberalization of the Indian economy. The number of privately run large hospitals as well as non-profit and charitable hospitals began to increase. Non-profit hospitals cater to low-income families who cannot afford to go to corporate hospitals and also avoid government hospitals because of the perception that such hospitals do not provide the best care.

Although health insurance was introduced in the country in the late 1980s, it suffered from a lack of trust among the public. The product itself was under a cloud for several reasons associated with its abuse.<sup>23</sup> Even though the insurance industry was opened up to the private sector in 2000, the penetration of health insurance still remains very low.<sup>24</sup> The institution of *third-*

*party administrators* was introduced in the liberalized regime in order to obviate several of these ills. The institution itself ran into rough weather during the initial days but has stabilized itself over the years. The number of complaints with regard to poor servicing of health insurance contracts has certainly reduced in recent times.

The potential in the health segment is tremendous considering the huge untapped market. An analysis of the trends of hospitalization, irrespective of economic standards of the people, will indicate that there is a lack of awareness among the masses about the benefits of health insurance. A great deal needs to be done in this area. Several steps have already been taken to improve the situation, and positive results have been achieved. However, there is still a great hiatus between what has been achieved and the actual potential.

The thrust to health insurance can come only when stand-alone health insurance companies start functioning in India.<sup>25</sup> The Health Insurance Working Group constituted by the IRDA in 2004 made several recommendations, including reduction in entry-level capital, higher level of foreign direct investment and separate regulations to supervise health insurance companies. Detariffing of the general insurance premium itself will pave the way for the scientific pricing of health insurance products and better administration of this portfolio by the insurers.

## **Conclusion**

India has traveled a long way on the road to deepen the insurance market. The overall growth has shown positive signs. Global players are interested in this market. There is vast untapped potential with a major portion of household savings parked in the banking sector. A large portion of those savings could migrate to insurance. India is on the threshold of a free market where the players themselves will decide prices. It is hoped that in their anxiety to access more business, insurers

will not resort to aggressive methods of expansion, throwing caution to the winds.

While the initial trends in such a scenario indicate rapid growth, it is important to guard against a situation wherein the commitments made by insurers could become incapable of being honoured. That would be detrimental not only to the business interests of insurers, but also to the welfare of the industry itself in the long run. In an emerging market in particular, this could have disastrous consequences, including a severe setback to the reforms process initiated in this sector.

The economy itself is consistently growing at a high rate with inflation in check. The Government of India is taking concerted steps to improve infrastructure through public-private partnerships. The insurance industry has a major role to play in nurturing this partnership and in providing the required resources to sustain investments in infrastructure. Hopefully, insurers will not be found wanting in this effort at transforming the Indian economy.

An examination of the global life insurance scenario will reveal that while growth has either reached a saturation point or turned negative in developed countries, it has shown great potential in emerging markets. India, in particular, has experienced a buoyant market that has displayed a steady growth trajectory since the opening up of the sector. The prerequisites of global competitiveness are: developing world-class products that meet the aspirations of global customers; delivering services to match rising expectations; and managing costs to remain competitive and sustain growth. This will require application of technology and developing world-class workforce competencies.

Insurance contracts, particularly life, are basically long-term contracts. Succeeding in the long-term requires *rigorous asset-liability management* in an uncertain business environment, where interest rates are demonstrating tremendous volatility. This demands vast expertise in risk management. It becomes

imperative for an insurance company to groom and develop a cadre of risk managers. The looming threat of global terrorism, deadly lifestyle diseases like AIDS, natural disasters which are putting the most scientific assessments to shame, among others, pose unending challenges to actuarial skills. These demand a paradigm shift in risk management and a consequent departure from conventional mortality investigations.

In the light of these sensitivities, *solvency margins* will continue to be a critical parameter that needs to be monitored by IRDA to ensure that the insurers are be in a position to meet their obligations. This will be a continuing challenge for new players who are on a growth path, as they will be called upon to inject additional capital to meet increasing liabilities.

Today, the total insurance penetration is just over 3 per cent in India against a world average of 8.06 per cent. This shows the potential for growth of the insurance industry and provides a great opportunity to all the players in this sector. In such a scenario, the market share of different players is not a very vital factor; what is relevant is the total accretion of new business. Insurers can capture reasonable market shares if they come up with schemes that are alternatives to state-provided social security schemes and are also socially meaningful.

There can also be collaboration between insurers and the state and central governments so that target groups are identified and governments are persuaded to fund a portion of the premiums. Here, implementation is the key. All insurance companies can come together to create greater awareness, viewing it as a means of discharging their corporate social responsibility. Social obligations can largely be met through *micro-insurance* programmes. The success of such programmes will depend on creatively designed demand-driven products along with client-friendly collection and delivery mechanisms. However, the ultimate success of such programmes will depend on the commitment and passion with which they are implemented.

It should be realized that in the end the customer is supreme. Steps should be taken to ensure that obligations, which have been dealt with at length earlier, are fulfilled without causing any hardship to the customer. It may be the avowed desire of several corporate entities to achieve this goal. Ultimately, what matters is how successful they are in accomplishing it. Time and again, it has been reiterated that a satisfied customer functions as the greatest brand ambassador for a corporate entity. It is high time that the rights of the customer are recognized and insurance players gear themselves to effectively meeting customer needs.

Customers will be guided by two important considerations—price and quality of the service. While a high level of service is required from providers, for the buyers, price is also extremely important. This growth in customer sophistication poses problems for insurers. The profit margin, if any, will be squeezed as insurers would be expected to provide the services that customers demand.

Insurance is a long-term business with an extended gestation period. It is possible that considering the huge expenses upfront, insurers may not reap any margins in the initial years. This should not act as a deterrent. All those who have entered the field are aware of it and are here for the long term. Many multinational insurance companies view India as a vast market waiting to be tapped. They have great expectations from the market and are willing to invest and wait for the returns to flow. They have confidence in the regulatory framework and the judicial system. The market will continue to grow with many players joining the fray.

## **Notes**

1. Indian firms are now a part of global product chains. Large international corporations have established R&D centres in India.

2. This legislation primarily provided for information to be furnished by the companies to the government with the comfort about their viability provided through an assessment by an actuary.
3. So far, only modifications and additions have been made to this act, where required, leaving intact a substantial portion of the original legislation.
4. I do not think there is any other sector in this country where the transition from state monopoly to free market has been as hassle free as in the insurance sector.
5. The legislation providing for regulation of the sector itself was passed in 1938. In less than two decades, life insurance was nationalized, followed by nationalization of the non-life business in 1972.
6. The equitable treatment of the insured is ensured through government supervision, coupled with parliamentary control over these institutions.
7. This is a significant step taken by the Government of India. In many countries, the supervision of insurers is done not by an independent regulator but by the Commissioner of Insurance, who is normally an employee of the Ministry of Finance.
8. In order to avoid fragmentation of the market and to prevent the entry of unsound operators, the minimum capital requirement has been placed at Rs. 100 crore for the company.
9. Verification with the home regulator of foreign collaborator companies was done to ascertain their record of compliance with regulations.
10. While the Insurance Act prescribes that assets should match liabilities, the prudential requirement has deliberately been kept at a higher level so that there is complete protection for the policyholders.
11. The government proposes to address the concerns of the insurance companies on investments when it undertakes amendments to the Insurance Act.

12. The total investment portfolio of the insurers as of 31 March 2005 was Rs. 4,65,864 crore compared to Rs. 2,18,472 crore as of 31 March 2001. The share of investment in infrastructure out of the total investment of Rs. 4.65 lakh crore is Rs. 49,810 crore.
13. While these companies may view the stipulations are irritants, they are not strong enough to be a deterrent for the entry of private players into this area.
14. If we take the four-year block prior to the opening of the sector, we find that the total premium collected in 1996–97 was Rs. 23,625 crore (life: Rs. 16,277 crore; non-life: Rs. 7,348 crore), which grew to Rs. 44,705 crore by 2000–01, representing an increase of 89 per cent.
15. From Rs. 16,277 crore in 1996–97 to Rs. 34,898 crore in 2000–01.
16. Rs. 17,480 crore in 2004–05 when compared with Rs. 9,807 crore in 2000–01.
17. Premiums as percentages of GDP.
18. Premium per capita.
19. Presently there are more than 20 lakh individual agents and nearly 5,000 corporate agents. A significant development noticed in 2005 was the arrangement entered into by insurers and commercial banks for marketing contracts, either as corporate agents or on referral basis providing insurers with access to bank databases.
20. This measure was initiated to help brokers to get acquainted with the market before it is freed from the constraints of predetermined tariffs.
21. Wherever the constraints faced by insurers, it is IRDA's earnest desire to ensure that steps are taken to tide over such hardships. Looking at the progress achieved in this area, it is expected that the new regime will be successfully implemented.
22. It is believed that the General Insurance Council has created two sub-committees to monitor the preparedness of insurers to meet the challenges of a detariffed regime and to work out

the modalities for the creation of the Declined Motor Insurance Pool.

23. Moral hazard was quoted to be the biggest factor for its undoing. Delays associated with settlement of bills, poor servicing of policies, among others, were quoted to be reasons for the product not taking off the way it should have.
24. It is estimated that only around 10 per cent of the Indian population is covered by some sort of health care, whether it is private health insurance or government schemes.
25. IRDA has recently licensed a stand-alone health insurance company. This is just the beginning and many more will follow.

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4.	Shri H. V. R. Iyengar Chairman, EID Parry	The Challenge of the Seventies	9 & 10 Dec 70
5.	Shri Keshub Mahindra Chairman, Mahindra & Mahindra	Manager in Wonderland	4 & 5 Feb 72
6.	Shri C. Subramaniam Union Minister for Industrial Development	Science for Economic Development	8 Dec 72
7.	Prof. Sukhamoy Chakravarty Member, Planning Commission	Classical & Contemporary Theories of Economic Development	6 & 7 Dec 73

Sl. No.	Name of the Speaker	Title of the Lecture	Delivered on
8.	Shri S. R. Kulkarni President All India Dock Workers' Federation	Industrial Relations in the Seventies and Trade Unions & Politics	6 & 7 Dec 74
9.	Prof. M. G. K. Menon Chairman Electronics Commission	Science & Technology for Human Development	6 & 7 Dec 75
10.	Shri T. A. Pai Union Minister of Industry	Industrial Development: Our Strategy	20 Dec 76
11.	Shri Shanti Bhushan Union Minister for Law & Company Affairs	Constitutional Changes	31 Jan 78
12.	Dr. M. S. Swaminathan Director-General Indian Council of Agricultural Research	From Begging Bowl to Bread Basket	5 Jan 79
13.	Dr. I. G. Patel Governor Reserve Bank of India	The Current Inflation & Monetary Policy	10 Dec 79
14.	Shri N. A. Palkhivala Eminent jurist	India in the Eighties	6 Dec 80

15. Sir John Thomson  
British High Commissioner to India  
The Elite and Equality  
16 Feb 82
16. Prof. V. V. John  
Eminent educationist  
Politics as the Art of the Impossible  
6 Dec 82
17. Shri Pranab Mukherjee  
Union Minister for Finance  
Perspectives in Development  
30 Jan 84
18. Dr. V. K. R. V. Rao  
Director  
Institute of Social & Economic Change  
Decentralization and Development  
6 Dec 84
19. Shri Ramakrishna Hegde  
Chief Minister  
Government of Karnataka  
Administration and Socio-economic  
Change in India  
30 Jan 86
20. Shri P. Chidambaram  
Minister of State for Home  
Affairs & Personnel  
Autonomy, Accountability and the  
Forgotten Factor  
13 Jun 87
21. Shri Jyoti Basu  
Chief Minister  
Government of West Bengal  
Planning in India: Need for an  
Alternative Approach  
6 Dec 87
22. Shri N. D. Tiwari  
Chief Minister  
Government of Uttar Pradesh  
Development and Decentralization  
6 Dec 88

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28.	Justice P. Jaganmohan Reddy Former Judge Supreme Court of India	Indian Democracy: A Horse Without a Rider(s)	6 Dec 95

29. Dr. C. Rangarajan  
Governor  
Reserve Bank of India  
Some Issues in Monetary Policy  
6 Dec 96
30. Shri Rahul Bajaj  
Chairman & Managing Director  
Bajaj Auto Ltd.  
Globalization and its Implications for  
Indian Industry  
6 Dec 97
31. Dr. A. P. J. Abdul Kalam  
Scientific Adviser to Defence Minister,  
and Secretary, Dept. of Defence  
Research and Development  
Transforming Developing India into  
a Developed India  
5 Dec 98
32. Dr. Bimal Jalan  
Governor  
Reserve Bank of India  
Finance and Development:  
Which Way Now  
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33. Dr. R. A. Mashelkar  
Director-General, CSIR, and  
Secretary, DSIR, Gol  
Techno-globalism: The Indian  
Opportunity and Challenge  
5 Dec 03
34. General (retd.) K. V. Krishna Rao  
PVSM  
National Security: Review  
6 Dec 04
35. Shri Montek Singh Ahluwalia  
Dy Chairman  
Planning Commission  
Infrastructure Development :  
Problems and Prospects  
6 Dec 05

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36.	Dr. Manmohan Singh Prime Minister of India	ASCI Golden Jubilee Address	5 Dec 06
37.	Prof. M. S. Swaminathan President, Pugwash Conferences on Science & World Affairs Chairman, M. S. Swaminathan Research Foundation	Ever-Green Farm Revolution: Pathway to Sustainable Food Security	5 Dec 07
38.	Shri P. Chidambaram Union Minister for Finance Government of India	Second ASCI Golden Jubilee Address High Growth: What It Means, What It Entails	15 Dec 07

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2.	Justice Ashok A. Desai Judge Allahabad High Court	Shaping of the Constitution by Dr B. R. Ambedkar	11 Nov 99
3.	Dr. L. M. Singhvi Member of Parliament Senior advocate Supreme Court of India	The Crisis & Promise of Democratic Governance in India	18 Jun 2004
4.	Shri Gopalkrishna Gandhi Governor of West Bengal	Rage and Calm	22 Sep 2006

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3.	Prof. U. R. Rao Chairman Indian Space Research Organization	Space and Transformation of Society	16 Sep 88
4.	Dr. M. R. Srinivasan Secretary & Chairman Atomic Energy Commission Government of India	Nuclear Power: Technological & Managerial Challenges	7 Jul 89
5.	Prof. Claudio Dematteo Director Scuola di Direzione Aziendale Universite Luigi, Bocconi, Italy	The Enlarged Emerging Europe: Economic & Managerial Opportunities and Problems	21 Jul 90

6. Dr. A. P. J. Abdul Kalam  
Director  
Defence Research & Development Laboratory  
Can Technology Transform India into  
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7. Prof. R. Narasimha  
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National Aeronautical Laboratory  
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8. Shri S. M. Datta  
Chairman, Hindustan Lever Ltd.  
Industrial Research and Indian  
Industry 2 Sep 94
9. Dr. A. V. Rama Rao  
Former Director  
Indian Institute of Chemical Technology  
Chairman & Managing Director  
AVRA Laboratories Pvt. Ltd.  
Indian R&D Scenario: Some Random  
Reflections 3 Apr 99
10. Dr. J. V. Narlikar  
Director & Homi Bhabha Professor  
Inter-University Centre for  
Astronomy & Astrophysics  
The Challenges & Rewards of  
Creating and Managing  
a Scientific Institution 11 Feb 2000
11. Prof. P. V. Indiresan  
Former Director  
Indian Institute of Technology  
Chennai  
Why the West Leads in Technology,  
and How India Can Catch Up 21 Mar 03

Sl. No.	Name of the Speaker	Title of the Lecture	Delivered on
12.	Prof. P. Rama Rao ISRO Dr. Brahm Prakash Distinguished Prof. International Advanced Research Centre for Powder Metallurgy & New Materials	Asymmetries in the Development of Science, Technology and Higher Education in India	24 Jan 05
13.	Dr. Lalji Singh Director Centre for Cellular & Molecular Biology	Science of Establishing Individual Identity: Past, Present and Future	27 Jan 06
14.	Prof. C. N. R. Rao Scientific Advisor to PM National Research Professor Hon. President and Linus Pauling Research Professor Jawaharlal Nehru Centre for Advanced Scientific Research	Science for Our Future	21 Nov 06

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2.	Mrs. Ranjana Kumar Chairperson NABARD	Organization Turnaround: Redefining the HR Agenda	30 Dec 04

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3.	Shri Bagaram Tulpule Eminent trade unionist	Labour Management Relations in Public Sector Industry	28 Mar 79
4.	Shri B. G. Verghese Editor-in-Chief Indian Express	Impact of the Public Sector on the People of India	6 Oct 80
5.	Shri P. L. Tandon President Board of Governors NCAER	A New Design for India's Public Sector	2 Nov 81
6.	Dr. V. Kurien Chairman National Dairy Development Board	Dilemma in the Management of Rural Development	2 Nov 82
7.	Shri Hiten Bhaya Member Planning Commission	Public Sector: Quo Vadis	24 Jan 87
8.	Shri Vasant Sathe Union Minister for Energy	Energy Conservation: A National Challenge	9 Jan 88

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| 9.  | Shri Abul Ahsan<br>Secretary-General<br>SAARC   | South Asian Regional Cooperation:<br>Trends and Prospects                     | 21 Jan 89 |
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2.	Shri P. Chidambaram Member of Parliament Former Union Minister for Finance	Financial Sector Reforms	22 Aug 98

3. Dr. Bibek Debroy  
Director, Research  
Rajiv Gandhi Institute for  
Contemporary Studies  
Rajiv Gandhi Foundation  
The Indian Economy in 2020:  
Looking Ahead  
20 Aug 99
  4. Dr. Ashok S. Ganguly  
Chairman  
ICICI OneSource Ltd.  
Emerging Issues and Future  
Legacies  
1 Oct 04
  5. Shri Krishnan Srinivasan  
Former Foreign Secretary  
and Commonwealth  
Deputy Secretary-General  
Invigorating the Commonwealth:  
Nehru and Rajiv Gandhi  
6 Jan 06
  6. Shri Mani Shankar Aiyar  
Minister for Panchayati Raj,  
Youth Affairs and Sports  
Minister for Development of  
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to Tomorrow  
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3.	Shri H. M. Patel Union Minister for Finance	Rural Development in India	13 Aug 77
4.	Sir George Goyder Chairman British International Papers	Trusteeship as a Principle of Administration and Government	18 Feb 78
5.	Justice H. R. Khanna Supreme Court Judge	Centre-State Relations as Visualized in the Constitution	20 Sep 79
6.	Dr. S. Varadarajan National Development Indian Pharmaceuticals	Science and Technology in Chairman & Managing Director	10 July 81
7.	Prof. C. N. R. Rao Indian Institute of Science	Scientific Research in India at Cross-roads	25 Mar 82

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| 8.  | Shri B. K. Nehru<br>Governor, Jammu & Kashmir                                    | The Problem of Identity  | 26 Oct 83 |
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| 11. | Dr. Ashok S. Ganguly<br>Chairman, Hindustan Lever Ltd.                           | India in Transition  | 1 Jul 88  |
| 12. | Prof. Alex Inkles<br>Stanford University, California, USA                        | Modernization in India and<br>Other Developing Countries                     | 2 Feb 89  |
| 13. | Shri Viren J. Shah<br>President, ASSOCHAM<br>C&MD, Mukund Ltd.                   | India and the World: Directions<br>of Change                                 | 17 Mar 90 |
| 14. | Shri A. N. Haksar<br>Chairman Emeritus, ITC Ltd.                                 | Management of Change via<br>Indoism: Indo-Economics                          | 26 Mar 91 |
| 15. | Dr. Ram S. Tarneja<br>Managing Director<br>Bennet Coleman & Co. Ltd.             | The Changing Asia Pacific<br>Region: Managerial Dynamism                     | 11 Mar 93 |

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16.	Dr. Parvinder Singh CMD, Ranbaxy Labs Ltd.	Creating Indian MNCs: The Ranbaxy Approach	28 Mar 95
17.	Dr. R. A. Mashelkar Director-General, CSIR	Publicly Funded Industrial R&D Institutions in India: The New Role and Challenge	5 Feb 97
18.	Mr. Michael Carter Country Director, The World Bank New Delhi office	World Bank and India: Working in Cooperation for the Achievement of MDGs	5 Nov 04
19.	Dr. Shankar Acharya Honorary Professor, ICRIER	Can India Sustain Rapid Growth?	3 Mar 2006
20.	Dr. D. Subbarao Finance Secretary Government of India	Elephants Too Dance: The India Growth Story	24 Nov 07