Important Bills in the Budget Session of 16th Lok Sabha

The Budget Session of 16th Lok Sabha was held between 7th July to 15th August 2014. In total, both the Houses sat for 27 sittings and passed 6 finance related bills and 6 other bills.

The Judicial Appointments Commission Bill, 2013
Highlights of the Bill
The Constitution (120th Amendment) Bill, 2013 amends provisions related to appointment and transfer of judges to the higher judiciary.

- It establishes a Judicial Appointments Commission (**JAC**) to make recommendations to the President on appointment and transfer of judges to the higher judiciary. It empowers Parliament to pass a law providing for the composition, functions and procedures of the JAC.

- The JAC Bill, 2013 states that the JAC shall comprise:

  (i) The Chief Justice of India (CJI),
  (ii) Two other senior most judges of the Supreme Court (SC),
  (iii) The Union Minister for Law and Justice, and
  (iv) Two eminent persons to be nominated by the Prime Minister, and the Leader of Opposition of the Lok Sabha.

- The functions of the JAC include making recommendations for appointments of the CJI, SC judges, Chief Justice and other High Court (HC) judges, and transfer of HC judges.

JAC Constitutional Amendment Bill
The Constitution (**121st** Amendment) Bill amends the provisions of the Constitution related to the appointment of Supreme Court and High Court judges, and the transfer of High Court judges.

The Bill amends Article **124 (2)** of the Constitution to provide for a Commission, to be known as the National Judicial Appointments Commission (NJAC). The NJAC would then make recommendations to the President for appointments of SC and HC judges.

Key Issues and Analysis

- The current method of appointments has been examined by various bodies including the Law Commission and the Parliamentary Standing Committee. They vary in the role of the executive and judiciary in making appointments of judges.

- The composition of the JAC has not been included in the Constitution, but has been left for Parliament to decide by law. This implies that modifying the composition of the JAC would not require a constitutional amendment, but may be altered by a simple majority in Parliament.

- The Standing Committee examining the JAC Bill has recommended that (i) the JAC be composed of three eminent persons, (ii) the broad parameters for short listing of candidates for HC appointments be laid down in the Bill, and (iii) the centre also consider the setting up of state level appointments commissions comprising the Chief Minister, the Chief Justice of HC and the Leader of Opposition.

The Insurance Laws (Amendment) Bill, 2008
In India, insurance companies are not permitted to have foreign holding of more than 26%. This Bill raises the limit to 49% and allows entry of foreign re-insurers (companies that insure insurance companies). It also provides for permanent registration of insurance companies. It permits the holder of a life insurance policy to name the beneficiary.

The Insurance Laws (Amendment) Bill, 2008 was introduced on December 22, 2008 in the Rajya Sabha. The Bill was referred to the Standing Committee on Finance under the chairmanship of Shri Anant Kumar.

Highlights of the Bill

- The Bill allows foreign investors to hold up to 49% of the capital in an Indian insurance company. It allows for nationalised general insurance companies to raise funds from the capital markets.

- Companies or co-operative societies in the life or general insurance business must have a minimum equity capital of Rs 100 crore, while those in health insurance must have a minimum equity capital of Rs 50 crore.

- An insurer cannot challenge a life insurance policy for any reason, after a period of five years.

- Insurers who fail to meet their obligations with respect to underwriting third party motor insurance, or underwriting policies in rural and social sectors or with vulnerable sections, face a fine of Rs 25 crore.

- The Bill provides for appeals against decisions by Insurance Regulatory and Development Authority to lie with the Securities Appellate Tribunal set up under the SEBI Act, 1992.

Key Issues and Analysis

- The Bill provides for Lloyd's of London to be included within the definition of a foreign company. However, it is unclear whether the members of Lloyd's who ultimately bear all risks of policies which are written, will be able to operate in the country.

- The IRDA Act, 1999 required Indian promoters of an insurance company to reduce their stake to 26% over a period of ten years. The Bill does away with this requirement.

- The Bill permits a policyholder to completely assign all rights under the policy to a third party, while allowing an insurer to decline such a transfer. The validity of such transfers is under legal challenge. While the Mumbai High Court has ruled that such transfers are valid, the case is currently facing appeal in the Supreme Court.

- While appeals against decisions by IRDA lie with the Securities Appellate Tribunal, the Bill does not provide for the tribunal to appoint a member with experience in insurance law.

- The Law Commission had suggested the merger of key provisions of the IRDA Act with the Insurance Act. This has not been implemented.

Other Bills Passed in the Current Session

- The Andhra Pradesh Reorganisation (Amendment) Bill, 2014 alters the boundaries of the States of Telangana and Andhra Pradesh.

- The National Institute of Design Bill, 2013 incorporates the National Institute of Design, Ahmedabad and declares it an institute of national importance.

- Telecom Regulatory Authority of India (Amendment) Act, 2014 makes the Chairperson and the whole-time members of the Telecom Regulatory Authority of India eligible for any employment under government or any State Government or in any company in the business of telecom service.

(Source: PRS LEGISLATIVE RESEARCH)