

**COMMITTEE ON PUBLIC UNDERTAKINGS**  
(1967-68)

**THIRD REPORT**  
(FOURTH LOK SABHA)

**Action taken by Government on the recommendations  
contained in the Fourth Report of the Committee on  
Public Undertakings (Third Lok Sabha)**

**LIFE INSURANCE CORPORATION OF INDIA,  
BOMBAY**

(MINISTRY OF FINANCE)



**LOK SABHA SECRETARIAT  
NEW DELHI**

September, 1967/Bhadra, 1889 (Saka)

Price : Re. 0.75 Paise

8.374R



## CONTENTS

	PAGE
• COMPOSITION OF THE COMMITTEE . . . . .	(iii)
INTRODUCTION :	(v)
I. Report . . . . .	1
II. Recommendations that have been accepted by the Government	11
III. Recommendations which the Committee do not desire to pursue in view of the Government's reply . . . . .	27
IV. Recommendations in respect of which replies of Government have not been accepted by the Committee . . . . .	38
V. Recommendation in respect of which final reply is still awaited	41
APPENDICES :	
I. Statement giving the particulars of ten leading companies, the investment made by L.I.C. in them and the average turn over of the scrips in the Bombay and Calcutta Stock Exchanges . . . . .	43
II. Statement giving the average turn over of the Shares of the ten companies which are cleared securities of the Bombay and Calcutta Stock Exchanges . . . . .	45
III. Analysis of the action taken by Government of the recommen- dations contained in Fourth Report of the Committee on Public Undertakings (Third Lok Sabha) . . . . .	46

# COMMITTEE ON PUBLIC UNDERTAKINGS

(1967-68)

(FOURTH LOK SABHA)

## CHAIRMAN

Pandit D. N. Tiwary

## MEMBERS

2. Shri C. C. Desai
3. Shri Surendranath Dwivedy
4. Shri S. S. Kothari
5. Shrimati T. Lakshmi Kanthamma
6. Shri Krishnan Manoharan
7. Shri Manubhai Patel
8. Shri S. N. Shukla
9. Shri Prem Chand Verma
10. Shri Chandrajeet Yadava
11. Shri Arjun Arora
12. Shri Vimalkumar M. Chordia
13. Shri Banka Behary Das
14. Miss M. L. Mary Naidu
15. Shri Awadheshwar Prasad Sinha

## SECRETARIAT

Shri A. L. Rai—*Deputy Secretary.*

Shri M. M. Mathur—*Under Secretary.*

## INTRODUCTION

I, the Chairman, Committee on Public Undertakings, having been authorised by the Committee to submit the Report on their behalf, present this Third Report on the action taken by Government on the recommendations contained in the Fourth Report of the Committee on Life Insurance Corporation of India, Bombay.

2. The Fourth Report of the Committee was presented to the Lok Sabha on the 12th April, 1965. Government furnished their replies indicating the action taken on the recommendations contained in that Report between 30th October, 1965, and 30th June, 1967. The Replies of Government to the recommendations contained in the aforesaid Report have been considered by the Committee. This Report was adopted by the Committee on the 27th July, 1967.

3. The Report has been divided into the following five chapters:

- I. Report
- II. Recommendations that have been accepted by Government.
- III. Recommendations which the Committee do not desire to pursue in view of Government's reply.
- IV. Recommendations in respect of which replies of Government have not been accepted by the Committee.
- V. Recommendation in respect of which final reply of Government is still awaited.

4. An analysis of the action taken by Government on the recommendations contained in the Fourth Report of the Committee is given in Appendix III. It would be observed therefrom that out of the 50 recommendations made in the Report 62 per cent have been accepted by Government and the Committee do not desire to

(vi)

pursue 28 per cent of the recommendations in view of the Government's reply. Replies of Government in respect of 8 per cent of the recommendations have not been accepted by the Committee. Final reply of Government in respect of 2 per cent of the recommendations is still awaited.

NEW DELHI;  
September 18, 1967  
Bhadra, 27, 1889 (S)

D. N. TIWARY,  
Chairman,  
Committee on Public Undertakings.

## CHAPTER I

### REPORT

#### **A. Relationship between the Life Insurance Corporation of India and Government—Paras 27—30 of Fourth Report**

##### **Recommendation (Serial No. 7)**

The Mundra Affair in 1957 highlighted the need for defining the exact relationship between the Government and the Public Corporations and in particular the Life Insurance Corporation. The Chagla Commission which investigated the affair came to the conclusion that "Government should not interfere with the working of an autonomous statutory Corporation; that if they wish to interfere they should not shirk the responsibility of giving directions in writing". The report of the Commission at one place observes "that Government must take the responsibility of a particular matter and that policy could only become clear if it was embodied in a direction given in writing".

2. Section 21 of the Life Insurance Corporation Act empowers the Government to issue directions in writing to the Corporation on matters of policy involving public interest. But only two directions had been issued one relating to the appointment of the Board of Enquiry (Vivian Bose Committee) and another relating to the action against the British India Corporation Ltd

3. The representative of the Ministry of Finance informed, the Committee on Public Undertakings during evidence, that Government's view was that apart from formal directions, it should be possible for them to issue certain informal instructions. He said that it was necessary for head of a project or undertaking to be in close touch with senior officers of the Ministries of the Government. Such informal relationship tended to flexibility and smoothness

4. The Committee in para 30 of their Fourth Report on Life Insurance Corporation had accordingly observed that while the Committee realised that it may not be possible to lay down every instruction issued to a public undertaking in the shape of a direction, it was at the same time necessary that clear principles should be laid down in writing specifying the occasions when it should take the form of an instruction rather than a directive. The representative

of the Ministry conceded that the principles governing the relationship between the public undertakings and the concerned Ministry which had evolved over a period of time could be codified, if an attempt was made. The Committee had, therefore, recommended that the Government should clearly lay down principles for guiding the relationship between the public undertakings and concerned Ministries.

5. The Government while furnishing their reply to the above recommendation of the Committee have stated that while the relationship between an undertaking and Government should continue to be informal and while Government would naturally expect its general policy to be accepted by an undertaking without the need for the issue of formal directives, Government should be prepared to issue directives in cases, where, in the judgment of the undertaking the instructions cannot be carried out without detriment to the interest of the undertaking. The Government nevertheless feel that such instructions should be carried out in the wider public interest, or where Government desires in the wider public interest that certain action should be taken by the undertaking, which is not indicated by normal commercial considerations.

6. *The Committee are not satisfied with Government's reply in as much as it makes no mention of the fact whether any principles for guiding the relationship between the public undertakings and the Ministries have been laid down or are proposed to be laid down. They, therefore, reiterate their earlier recommendation and suggest that Government should clearly lay down the principles as to where written directions would be issued to the undertaking so as to do away with ambiguity and the possibility of recurrence of another Mundra Affair.*

#### **B. Creation of higher Posts—Paras 31—33 of Fourth Report Recommendation (Serial No. 8)**

7. The Committee at the time of examination of the working of Life Insurance Corporation of India, in 1965, noted that Government did not exercise any control over the creation of higher posts in the Corporation as it does over other public undertakings following the recommendations of the Krishna Menon Committee that appointments to posts carrying an initial or ultimate salary exceeding Rs. 2,250 should be subject to the approval of Government.

8. The Committee were informed that the exception to the Krishna Menon Committee's Report in the case of the Corporation



had been made without any written order by Government. Government's view in this matter was that the senior posts in the Corporation apart from the post of Chairman should not require the sanction of Government. Giving his personal opinion the Secretary to the Ministry stated that the decisions referred to above related to Industrial Undertakings and not the Financial Corporations.

9. The Committee in para 33 of their Fourth Report on Life Insurance Corporation had observed that there was no valid ground for making an exception in the case of the Corporation from the decision of the Government on the Krishna Menon Committee Report. The Committee had, therefore, recommended that the Government should issue suitable directives to the Corporation requiring the latter to seek the approval of the Government for creation of posts carrying salary exceeding Rs. 2,250 p.m.

10. The Government in reply have now stated that the analogy of Industrial Undertakings was not appropriate to the Life Insurance Corporation which was a Financial Institution. They have stated that it would be more appropriate to compare the Corporation with the State Bank of India and the Industrial Finance Corporation of India, where Government approval was required only in respect of appointments to the post of Chairman/Vice-Chairman. The Government feel that *status quo* may be maintained in regard to the appointments in the Corporation.

11. *The Committee are not convinced with Government's reply. They consider that there is no justification for differentiating between Industrial and Financial Undertakings as regards principles to be followed for appointments to posts carrying scale above Rs. 2,250. Government have not advanced any valid ground for making an exception in the case of Life Insurance Corporation or other similar institutions. They, therefore, reiterate their earlier recommendation and urge Government to reconsider the desirability of issuing suitable directives that the Corporation requiring the latter to seek the approval of Government for creation of posts carrying salary exceeding Rs. 2,250 p.m. so as to bring about uniformity among the public undertakings.*

#### C. Heirarchical system of Officers—Paras 117—119 of Fourth Report

##### Recommendation (Serial No. 31)

12. The Committee at the time of examination of Life Insurance Corporation during 1965, had noted that in the Central Office there was a heirarchy of officers such as Directors, Secretaries, Deputy

**Secretaries and Assistant Secretaries. Similarly in the Zonal Offices there were besides the Zonal Managers, Deputy Zonal Managers, Secretaries, Assistant Divisional Managers, and Assistant Secretaries.**

13. When asked during evidence as to how far it was desirable for a public undertaking like the Life Insurance Corporation to have such a hierarchical system of officers and whether the Corporation had undertaken a re-examination of this point as suggested in the 41st Report of the Estimates Committee (Third Lok Sabha), the representative of the Corporation had stated that in a large organisation, measure of division of work and dovetailing of responsibility on the part of senior officers did become necessary but in their Reorganisation Scheme they had attempted cut out whatever step was capable of cutting down and the Corporation was anxious to reduce any extra steps that were prevalent in the administration. From the details of the Reorganisation Scheme furnished the Committee, however, did not find any such proposals.

14. The Committee accordingly in para 119 of their Fourth Report on Life Insurance Corporation urged the Government that hierarchical system of officers, obtaining in the Corporation should be reviewed early and suitable reduction in senior management posts effected.

15. The Government in their first reply to the Report stated that they had noted the recommendation. Subsequently when the Government was asked to indicate the latest position, it has been stated that this recommendation will be borne in mind whenever they have an occasion to review the sanctioned strength and care would be taken to see that no unnecessary officer was employed at any level.

16. *The Committee are not satisfied with the Government's reply. In this connection they note that it was as back as 1961 that the Estimates Committee in their 134th Report (2nd Lok Sabha) had recommended that the hierarchical system of administration, where full time Managing Director/Executive Directors were assisted by Secretaries was not quite suitable for Public Undertakings. The Estimates Committee had again reiterated the recommendation and suggested a re-examination of this point in their 41st Report (3rd Lok Sabha). A review of this system was recommended by the Committee on Public Undertakings in their 4th Report on Life Insurance Corporation. The Committee regret to note from the reply now given by Government, that no action has been taken during these*

years and heavy hierarchical system of administration has been allowed to continue which adds to the expense and delays and detracts from the profits. They, therefore, reiterate their recommendation and suggest early review of the hierarchical system of officers obtaining in the Corporation, with a view to effecting suitable reduction in the senior managerial posts.

**D. Expense Ratio—Paras 139—141 of Fourth Report  
Recommendation (Serial No. 37)**

17. The table below gives the figures of overall\* expense ratio and renewal expense ratio of the Indian Insurers in the year preceding nationalisation and those of the Corporation since its inception:

Year	Overall expense ratio	Renewal expense ratio
	Percentage	Percentage
1955	31·8	17·3
1956-57	27·3	15·89
1958	29·2	15·46
1959	28·7	12·92
1960	28·4	12·90
1961	28·0	12·42
1962-63	29·3	14·13
1963-64	27·5	12·46

18. During examination of the Corporation in 1965 it was noted from the table above that the overall expense ratio and the renewal expense ratio, had remained more or less static during the previous five years. In fact, there was an increase in the accounting period 1st January, 1962 to 31st March, 1963; but that was explained to be due to the increase in the salaries of Class III and IV employees from 1st January, 1962 and in the salaries of Class II employees from 1st January, 1963. The decrease in the overall expense ratio in the year 1963-64 was only slight.

\*Overall expense ratio is the ratio of management expenses to the total premium insured.

19. The Committee in para 141 of their Fourth Report on Life Insurance Corporation had accordingly observed that the renewal expense ratio of the New India, one of the better managed companies prior to nationalisation, was 9.1 per cent in 1954. That the renewal expense ratio of the Corporation during the last few years should have remained between 12.42 per cent to 12.92 per cent showed that the organisation did not reflect economies of the scale. The representative of the Ministry of Finance had told the Estimates Committee, when they examined the Corporation in 1960 that the Corporation should attempt to bring the ratio down to 8 to 9 per cent. The Committee, therefore, felt that earnest steps should be taken by the Corporation to reduce its expense ratio.

20. *The Government in reply have accepted the recommendation. However, from the perusal of the Annual Reports of the Corporation for the years 1964-65 and 1965-66, the Committee, note that instead of the renewal Expense Ratio coming down it was going up. In the year 1963-64, it was 12.46 per cent, in the year 1964-65 it rose to 14.09 per cent and in the year 1965-66, it was 14.69 per cent. The Committee note that Government has since appointed a Committee on the 21st July, 1967 under the Chairmanship of Shri R. R. Morarka to "investigate the causes of the present high level of expenses of the Corporation as indicated by its renewal expense ratio and to recommend administrative or other measures, to bring it down to reasonable levels so as to subserve the maximum interest of the policyholders". They however, regret to point out that although it was as far back as 1960 that the Estimates Committee and subsequently this Committee in 1965 had recommended that earnest steps should be taken by the Corporation to reduce its expense ratio, no concrete action had been taken in this regard. In fact the expense ratio had risen during this period. Had such a Committee been appointed earlier instead of waiting for 7 years, suitable steps could have been taken much earlier to check this rise in expense ratio.*

#### **E. Reorganisation—Paras 190—196 of Fourth Report**

##### **Recommendation (Serial No. 50)**

21. From the very inception of the Corporation there has been controversy whether the Corporation should be a single organisation or there should be four or five corporations, in place of one. The matter has been raised inside Parliament and outside and although Government has favoured a single Corporation, the idea of having more than one Corporation has not been overruled, as would be seen from the following statements.

22. While replying to the debate in the Lok Sabha on the Life Insurance Corporation Bill, 1956 the then Finance Minister had stated:—

“...we feel that to start with we should have only one autonomous Corporation with zonal organisations and if we find that it does not work satisfactorily then it would be open to us to change over from it to a number of autonomous Corporations. This process would be easier than the reverse process, that is to say, to proceed from several autonomous Corporations to one monopoly Corporation.”

23. Again speaking on the Chagla Commissions' Report on the 20th February 1958, the late Prime Minister had stated in the Lok Sabha:—

“Some Members have suggested that it might have been desirable or it might be desirable in the future for this huge organisation to be split up into three or four. It is a matter which may be considered. If that is more advantageous, it should be done. We should not hesitate to do it.”

24. The then Chairman of the Corporation had also observed before the Estimates Committee on the 29th November, 1960:—

“that if the new business of the Corporation in a year exceeded Rs. 1,000 crores, it might become necessary to split it up into one or more separate bodies. This target is expected to be reached by 1963.”

25. The Estimates Committee which went into this question in 1960 suggested\* a *via-media* that the Corporation should have a federal structure with semi-autonomous zonal units. They thought that the grant of autonomy in the writing of business, payment of claims, grant of loans, servicing etc. would increase the efficiency of zonal units. The central organisation in such a set-up, then need be concerned only with policy matters, overall supervision, co-ordination, rate of premia etc. The Committee further suggested that to introduce an element of competition between the different semi-autonomous zonal units, the figures of new business, management expenses, overall and renewal expense ratio, profit & loss etc. could

---

\*Para 10 of 134th Report of E.C. (2nd Lok Sabha).

be worked out for each zone and published separately in the annual reports of these units. The reply of the Government which had been accepted by the Estimates Committee stated as follows:—

“The position at present is that the zones are already functioning as semi-autonomous units to a substantial extent. The question of delegating the largest possible powers to the various offices of the Corporation is constantly under review.

Even now there is competition between the zones, divisions, branches, field officers and agents. The new business figures, zone-wise are already being published in the annual reports. The question of publishing renewal expense-ratio and management expenses of different zones will be examined after the work relating to decentralization of policies issued by the erstwhile insurers has been completed.

Profit and loss account cannot be worked out for the different zones separately as the investment work is centralised at the Central office of the Corporation.”

26. During evidence, the representative of the Ministry of Finance informed this Committee that he was inclined to agree with the former Chairman of the Corporation that after the Corporation had written business up to a certain limit, it would be advantageous to split up the Corporation.

27. The Committee accordingly in paras 196—200 of their Fourth Report on LIC observed as under:—

“The Committee have considered this matter carefully. They are convinced that the tardy growth of business, and deterioration of service to the policyholders.....are ascribable to the present size and centralised organisation of the Corporation.

The Committee feel that if the standard of efficiency in the Corporation is to be improved, with better service to the policyholders, and the Corporation is to expand its business on a massive scale, its present zones must be constituted into completely independent Corporations.

Such a major reorganisation would involve the amendment of the statute and may take some time. They, therefore, suggest that in the meanwhile the present zones should

be made fully autonomous not merely by delegating more powers to the Zonal Managers but by setting up separate Boards of Management and making each Zonal Manager the Chief Executive Officer of his Zone. The Committee hope that by this process overall business will expand, rural business would significantly increase and the service to the policyholders would also improve.

So far as investments are concerned, during the transitional period, the Central Board of the Corporation should look after this work, but even after formation of five independent Corporations it would be necessary in the national interest that the investments are equitably distributed throughout the country. A practical approach to this would be that a major portion of the investment of any zonal Corporation should be earmarked for the zone itself. The balance should be left at the disposal of a central authority, to be created for the purpose for meeting also the needs of the backward areas of the country.

The details of the reorganisation suggested in para 197 above will have to be worked out by an expert committee. The Committee, therefore, suggest that an expert Committee may soon be appointed for the purpose."

28. The Government in their reply originally furnished to the Committee stated as follows:—

"Government are unable to accept the recommendation that the LIC should be split up into five independent Corporations. The Government have, however, decided that the LIC should be reorganised on the model of the State Bank of India with Zonal Boards constituted by Government who would have clear and well-defined powers. As to what powers are to be vested in the Zonal bodies and how these powers are to be conferred, whether by Statute or by Regulations will be examined jointly by the Chairman of the Corporation and a Senior Officer of Government."

29. Subsequently, however, the Government in their further reply dated the 31st May, 1967 stated that the Government's above reply may be treated as cancelled as the matter was under re-examination. When again asked on the 2nd June, 1967 to expedite the

submission of their final reply, the Ministry of Finance stated that the examination of this recommendation was likely to take more time.

30. *The Committee, regret to note that no final decision has so far been taken on the recommendation in spite of a period of about 2½ years having elapsed since their Fourth Report on LIC was presented to Parliament in April, 1965. As this is an important matter they would urge the Government to take a speedy decision on the reorganisation of the Life Corporation of India, as recommended by the Committee.*

#### **F. General Comments on replies**

31. *The Committee regret to note that in certain cases e.g. Recommendations against Serial Nos. 4, 12, 36, 39, 40, 49) the Government have merely stated 'Noted' in reply to the recommendation of the Committee. No mention has been made of the specific action taken in these cases. The Committee are unable to assess how far the recommendations have been implemented. The Committee desire that the Government should inform them of the action taken.*

---



## CHAPTER II

### RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

#### Recommendation (Serial No. 1)

*The Committee feel that although the appointment of the Chairman as the Chief Executive may not be illegal, there has been a departure from the management pattern envisaged in the Life Insurance Corporation Act, 1956 viz. the Executive Committee being incharge of the general superintendence and direction of the affairs of Corporation and the Managing Directors being the whole-time executives of the Corporation. Under the circumstances the Committee feel that the matter needs to be reviewed in the light of the provisions of the Act. (Paragraph 9).*

#### REPLY OF GOVERNMENT

The matter was reviewed in the light of the provisions of the Life Insurance Corporation Act, 1956 and on the basis of the advice of the Ministry of Law it was decided to provide for the appointment of a whole-time Chairman by making a Rule for that purpose under section 48 of the Act. The Life Insurance Corporation Rules, 1956 have accordingly been amended.

[Ministry of Finance O.M. No. 5(40)/INS(I)/65, Dated, 30th Oct. 1965].

#### Recommendation (Serial No. 2)

*Since the establishment of the Corporation there have been five changes in the incumbency of the post of Chairman and three changes in the incumbency of the post of the Managing Director. The Committee hope that to ensure continuity of management, Government would see to it that the Chairman and Managing Director of the Corporation are not changed so frequently. (Paragraphs 10—12).*

**REPLY OF GOVERNMENT**

Noted. Government agree with the Committee that the Chairman and the Managing Director of the Life Insurance Corporation should not be changed very frequently.

[Ministry of Finance O.M. No. 5(40)/INS(II)/65, dated 30th Oct. 1965].

**Recommendation (Serial No. 3)**

*None of the present Members of the Corporation had any experience in insurance. While appreciating the difficulty to secure suitable men with insurance experience to serve on the Board of the Corporation, the Committee recommend that the Corporation should secure some persons with sufficient knowledge and experience of insurance so that the Board plays a more useful role. (Paragraph 15).*

**REPLY OF GOVERNMENT**

Noted. Apart from the fact that experience of life insurance business would now be available only in the Life Insurance Corporation and, to some extent, in the office of the Controller of Insurance, there is also the possibility that persons having such experience and knowledge would have vested interest in it. It may, therefore, be difficult to find such persons to serve on the Board and Committees of the Corporation on this basis. The recommendation has, however, been noted and will be kept in view.

[Ministry of Finance O.M. No. 5(40)/INS(II)/65, dated 30th Oct. 1965].

**Recommendation (Serial No. 4)**

*The Public Relations Committee at the Centre and the Employees and Agents Relations Committees and the Zonal Advisory Boards in each zone, though they had important functions assigned to them, had met infrequently. The Committee desire that these statutory bodies should be taken more seriously. (Paragraphs 16—19).*

**REPLY OF GOVERNMENT**

Noted.

[Ministry of Finance O.M. No. 5(40)/INS(II)/65, dated 30th Oct. 1965].

**Recommendation (Serial No. 5)**

*The Committee were surprised to find that the Policy Holders Council contemplated under Section 49 (g) of the Life Insurance Corporation Act, 1956, and Regulation 43 of the L.I.C. Regulations, 1959, had not been set up by the Corporation. They are of the view that although the functions of the Zonal Advisory Boards have been enlarged by the Corporation, the Boards are able to look after the interests of the policy-holders only to a limited extent, because it is a small part of their total responsibilities. Therefore it is not only necessary to constitute Policy Holders Councils contemplated in the Act and the Regulations but it would also have been advantageous to do so. The Committee strongly feel that at present the viewpoint of the policy-holders goes largely unrepresented before the management. They, therefore, recommend that immediate steps should be taken to set up Policy Holders' Council in each Divisional Office so that the management might acquaint itself first hand with the problems and difficulties of the policy-holders. (Paragraphs 20—22).*

**REPLY OF GOVERNMENT**

Noted.

[Ministry of Finance O.M. No. 5(40)/INS(II)/65, dated 30th Oct. 1965].

**FURTHER REPLY OF GOVERNMENT**

Policy-holders' Councils have since been set up in all the Divisions.

[Ministry of Finance O.M. No. 5(40)/INS(II)/65, dated 4th Feb. 1967].

**Recommendation (Serial No. 6)**

*The Committee attach great importance to the inspection work and hope that the Inspection Organisation of the Corporation would undertake an early inspection of the Central Office and the Zonal Offices. (Paragraph 26).*

**REPLY OF GOVERNMENT**

Noted.

[Ministry of Finance O.M. No. 5(40)/INS(II)/65, dated 30th Oct 1965].

**FURTHER REPLY OF GOVERNMENT**

All the Zonal Offices were inspected once in the year 1965-66 and another inspection of the Zonal Offices will also be made during the current year 1966-67. The Central Office will be inspected in the current financial year.

[Ministry of Finance O.M. No. 5(40)/INS(II)/65, dated 4th Feb. 1967].

**Recommendation (Serial No. 9)**

*The Committee are constrained to observe that the Corporation has not been fixing its targets on a scientific basis. There is immense potential for expansion of the life insurance business, if one compares the ratio of the life insurance business to national income in India with the other countries. The Corporation should, while fixing the targets for a year, not only take the past performance into account but also examine what has been the rise in the savings of the people and what proportion thereof ought to be aimed at. (Paragraph 38).*

**REPLY OF GOVERNMENT**

Noted.

[Ministry of Finance O.M. No. 5(40)/INS(I<sup>A</sup>)/65, dated the 30th Oct. 1965].

**FURTHER REPLY OF GOVERNMENT**

As stated in the Corporation's reply to this Recommendation, there is no scientific basis for fixation of targets. The Corporation however, while fixing the targets for the current year, has taken into account broadly the factors mentioned in the Recommendation which ultimately however has to be on a balanced subjective judgement of all these factors.

[Ministry of Finance O.M. No. 5(40)/INS(II)/65, dated 4th Feb. 1967].

**Recommendation (Serial No. 11)**

*In the Committee's view drawing up of a suitable plan by the Corporation is absolutely essential for a proper and purposeful development of its business. They, therefore, hope that the Corporation would draw up a Five Year Plan of development of its business commencing from the 1st April, 1965. (Paragraph 44).*

**REPLY OF GOVERNMENT**

The Corporation will prepare estimates of its business for the five years commencing 1st April, 1966, co-terminous with the fourth five-year plan period.

[Ministry of Finance O.M. No. 5(40)/INS (I<sup>A</sup>)/65, dated the 30th Oct. 1965].

**FURTHER REPLY OF GOVERNMENT**

Action is being taken to draw up a plan for the five years commencing from 1st April, 1966.

[Ministry of Finance O.M. No. 5(40)/INS (II)/65, dated 4th Feb. 1967].

**Recommendation (Serial No. 12)**

*It was the declared objective of the Corporation to spread insurance as widely as possible and in particular to rural areas. The Committee would, therefore, strongly urge that the Corporation should lay much more emphasis on popularising insurance in rural areas than they do to-day. (Paragraph 49).*

**REPLY OF GOVERNMENT**

Noted.

[Ministry of Finance O.M. No. 5(40)/INS (I<sup>A</sup>)/65, dated the 30th Oct. 1965].

**Recommendation (Serial No. 13)**

*The Committee feel that the fixation of targets for rural areas is a sine qua non for spreading rural business and the Corporation should do it in the future years. (Paragraph 50).*

**REPLY OF GOVERNMENT**

Noted.

[Ministry of Finance O.M. No. 5(40)/INS (II)/65, dated the 30th Oct. 1965]

**FURTHER REPLY OF GOVERNMENT**

Action is being taken to fix separate targets for rural and urban areas while drawing up the Corporation's Five Year Plan.

[Ministry of Finance O.M. No. 5(40)/INS. (II)/65, dated. the 4th Feb. 1967]

**Recommendation (Serial No. 14)**

*Extension of the facility of collection of premia through post offices seems to be a desirable step for the expansion of rural business, and the Committee would urge that the Corporation should explore the possibility of extending the arrangement in the remaining States also as early as possible.* (Paragraph 51).

**REPLY OF GOVERNMENT**

Noted.

[Ministry of Finance O.M. No. 5(40)/INS(II)/65, dated 30th Oct. 1965].

**FURTHER REPLY OF GOVERNMENT**

As a result of the efforts of the Corporation the Posts and Telegraphs Department has been good enough to extend the facility of collection of premia through selected Post Offices to all the remaining Postal Circles in India. The Corporation is reviewing the position so as to make the maximum use of this facility.

[Ministry of Finance, O.M. No. 5(40)/INS.II/65, dated the 4th Feb. 1967].

**Recommendation (Serial No. 15)**

*The Committee feel that the efforts made by the Corporation to secure more business under the Group Insurance Scheme have not yet shown worthwhile results. They suggest that the Corporation should take more energetic measures to popularise this type of insurance both in the public and the private sectors. The Committee would also suggest laying down of suitable targets for the Group Insurance Scheme.* (Paragraph 56).

**REPLY OF GOVERNMENT**

Noted.

[Ministry of Finance O.M. No. 5(40)-INS(II)/65, dated 30-10-1965].

**FURTHER REPLY OF GOVERNMENT**

The Corporation has set up special Department in some of the Divisions for attending to Group & Superannuation Schemes work. Branch Managers and Assistant Branch Managers (D) are also

appointed specially for the purpose of developing Group & Superannuation Schemes business in some of the big cities. Continuous efforts are being made with Employers to develop this business. The Corporation is in correspondence with the Government to explore the possibility of tax concessions in respect of contributions to Group and Superannuation Schemes. With the passing of the Bonus Act, Group & Superannuation Schemes business is likely to be adversely affected unless it receives special encouragement through tax concessions.

[Ministry of Finance, O.M. No. 5(40)-INS.II/65, dated the 4th Feb., 1967].

### Recommendation (Serial No. 16)

*The Committee are not convinced by the arguments put forward by the Government for not introducing the Salary Savings Scheme in all the Central Government Departments/Public Undertakings. They note that a good number of Central Government Departments/Public undertaking and certain Governments viz., that of Rajasthan, Punjab, Orissa and Kerala whose accounts are also maintained by the Comptroller and Auditor General have with advantage introduced this scheme. They recommend that Government should re-examine the entire question of introducing Salary Savings Scheme in the Central Government Departments/Public Undertakings. The Government should also urge upon the remaining State Governments to introduce the Salary Savings Scheme. (Paragraph 61).*

### REPLY OF GOVERNMENT

The matter has been reconsidered in consultation with the Comptroller and Auditor General of India and the Life Insurance Corporation of India and it has now been decided to introduce the Scheme (with minor changes—with a view to avoid premium deductions passing through Government Accounts) as an experimental measure in Central Government Offices at Bombay, Madras and Delhi in respect of non-gazetted staff only.

The extension of the Scheme on an experimental basis to the Maharashtra State Government employees (non-gazetted) as well has also been agreed to by the Comptroller and Auditor General of India. The Railway Board has also agreed to the introduction of the Scheme in the Diesel Locomotive Works at Varanasi and Integral Coach Factory at Perambur.

[Ministry of Finance, O.M. No. 5(40)-INS.II/65, dated, the 19th April, 1966].

**Recommendation (Serial No. 18)**

*A certain rush of business towards the end of the year is perhaps inevitable but it appears to the Committee that the rush towards the end at present is more than what can be considered healthy. The Committee suggest that the Corporation should devise ways and means to see that Development Officers procure business evenly throughout the year and the chances of unsound business are reduced to the minimum. The Committee would also like the targets of new business to be procured by Development Officer to be fixed on a quarterly basis instead of the present annual one. (Paragraph 66).*

**REPLY OF GOVERNMENT**

**Noted.**

[Ministry of Finance O.M. No. 5(40)-INS(II)/65, dated 30-10-1965].

**FURTHER REPLY OF GOVERNMENT**

By recently staggering the Agency Year and by staggering of the increment dates of the Development Officers throughout the year, the Corporation has sought to regulate the flow of business. In the periodical reviews of the work of Development Officers this aspect is also stressed and some positive inducement is given for regular flow of business in the Scheme of incentives.

[Ministry of Finance, O.M. No. 5(40)-INS.II/65, dated the 4th Feb., 1967].

**Recommendation (Serial No. 20)**

*The Committee consider it regrettable that the recommendation of the Estimates Committee made in 1961 and reiterated in 1963 that the premium rates should be reviewed remains unimplemented. They feel that the premium rates which were fixed in 1956 are on the high side and call for an immediate revision. As for the Corporation's stand that they were awaiting the results of mortality investigations, the Committee feel that there was enough evidence to believe that the mortality rate has gone down. The raising of age of retirement of the Central and State Government servants is an indication of this fact. They, therefore, recommend that the Corporation should immediately appoint a Committee of Experts consisting of Controller of Insurance, representatives of the Corporation and independent actuaries to review the rates of premium offered by the Corporation with a view to bringing them down. (Paragraph 74).*



### REPLY OF GOVERNMENT

The Corporation has undertaken a detailed investigation into the mortality of insured lives covering the period from 1961 to 1964. The investigation is expected to be completed in 1966. The Corporation proposes to appoint a Committee of their actuaries with the Corporation's Actuary as Chairman, to study the results of the investigation and advise them on the question of premium rates. The Corporation has added that they would be glad to associate the Controller of Insurance with that Committee.

[*Ministry of Finance O.M. No. 5(40)-INS(II)/65, dated 30-10-1965*].

### FURTHER REPLY OF GOVERNMENT

The results of the investigation into the mortality experience of assured lives for the years 1961—64 are now available. The Corporation has appointed a Committee of Actuaries with the Corporation's Chief Actuary as the Chairman to advise the Corporation on the question of revision of premium rates. The Committee includes, among its members, an Assistant Controller of Insurance from the Office of the Controller of Insurance, Shri A. Rajagopalan, Officer on Special Duty, Ministry of Finance, has also agreed to associate himself with the deliberations of the Committee. The Committee will be meeting shortly.

[*Ministry of Finance, O.M. No. 5(40)-INS.II/65, dated the 4th Feb., 1967*].

### Recommendation (Serial No. 24)

*The Committee regret to note that the statutory requirements regarding the venue of the meetings of the Investment Committee have not been hitherto observed by the Corporation. They hope that the Corporation would in future adhere to them. (Paragraph 96).*

### REPLY OF GOVERNMENT

Government regret to note that the provisions of Regulation 24 of Life Insurance Corporation Regulations were not strictly adhered to. The Corporation has assured the Government that in future the provisions of this Regulation would be fully complied with.

[*Ministry of Finance O.M. No. 5(40)-INS(II)/65, dated 30-10-1965*].

**Recommendation (Serial No. 25)**

*The Committee note that agenda papers on a good number of points during 1963-64 were not circulated well in advance to the Investment Committee. They need hardly emphasise that if the Investment Committee is to play an effective role it should not be treated in a casual way and barring such occasions where the offers themselves are received just a day or two in advance, in other cases, the Committee should be given sufficient time to consider each proposal. Paragraphs 99-100).*

**REPLY OF GOVERNMENT**

Noted. The Corporation will ensure that as far as possible the agenda papers are circulated well in advance of the meeting of the Investment Committee.

[Ministry of Finance O.M. No. 5(40)-INS(II)/65, dated 30-10-1965].

**Recommendation (Serial No. 26)**

*The Committee notice that a suggestion made by the Estimates Committee in 1960 that the Corporation should collect the various minutes relating to the procedure of the Investment Committee to serve as a ready guide to the Members of the Committee has not yet been implemented. The Committee would urge that the Corporation should at least collect the aforesaid minutes and frame the Rules of Procedure for the Investment Committee as required under Regulation 23 (ii) of the Regulations. (Paragraph 102).*

**REPLY OF GOVERNMENT**

The Corporation has since framed rules of procedure of the meetings of the Investment Committee as required under Regulation 23 (ii) of the Life Insurance Corporation Regulations, 1959.

[Ministry of Finance O.M. No. 5(40)-INS(II)/65, dated 30-10-1965].

**Recommendation (Serial No. 27)**

*The Committee feel that it should be possible to devise ways and means whereby the purchase of securities from the Reserve Bank of India by the Corporation could be effected directly and not through a broker thereby saving the Commission payable to the brokers. They trust that this matter would be looked into. (Paragraph 104).*

**REPLY OF GOVERNMENT**

The Reserve Bank of India has decided to treat the L.I.C. on par with scheduled banks including the State Bank of India in this matter. The new arrangement involves addition of a small premium to the Reserve Bank's selling prices and eliminates payment of brokerage.

[Ministry of Finance O.M. No. 5(40)/INS (I<sup>2</sup>)/65, dated the 30th Oct. 1965].

**Recommendation (Serial No. 29)**

*The Committee think that the economy and efficiency of the Corporation lies in increasing the business without proportionate increase in the operational cost. They would, therefore, urge that while reviewing the staff structure of the Corporation as suggested in para 108 ante to the total strength that may be necessary for a certain quantum of business may also be worked out. (Paragraph 112).*

**REPLY OF GOVERNMENT**

Noted.

[Ministry of Finance O.M. No. 5(40)-INS/(I<sup>2</sup>)/65, dated the 30th Oct., 1965].

**FURTHER REPLY OF GOVERNMENT**

This recommendation of the Committee will be borne in mind.

[Ministry of Finance O.M. 5(40)-INS. II/65, dated the 4th Feb., 1967].

**Recommendation (Serial No. 30)**

*While the considerations pointed out by the Secretary, Ministry of Finance are no doubt important, the Committee feel that an unduly long time has been taken for the consideration of the proposal which affects the core of the organisation of the Corporation. Such delays also affect the satisfactory working of the whole organisation. (Paragraph 116).*

**REPLY OF GOVERNMENT**

Noted.

The scales of pay and allowances of officers have since been revised.

Ministry of Finance O.M. No. 5(40)-INS/ (II)/65, dated the 30th Oct., 1965].

**Recommendation (Serial No. 33)**

*The Committee are not clear as to why the Corporation has not so far complied with the statutory requirement of framing regulations governing the terms and conditions of service of the Agents and the method of their recruitment. The Committee urge that these should be framed at an early date. (Paragraph 127).*

**REPLY OF GOVERNMENT**

Noted. Regulations in this regard are being framed by the Corporation.

[Ministry of Finance O.M. No. 5(40)-INS/(I<sup>F</sup>)/65, dated the 30th Oct., 1965].

**FURTHER REPLY OF GOVERNMENT**

Regulations under section 49 of the LIC Act have been framed and are now under the Consideration of the Government.

[Ministry of Finance O.M. No. 5(40)-INS. II/65, dated the 4th Feb., 1967].

**Recommendation (Serial No. 36)**

*The bonus declared by the Corporation in 1963 on the policies issued by it was lower than the bonus declared on the policies issued by Oriental, New India etc. The representative of the Corporation was of the view that the Corporation bonus should be stepped up further and it should certainly come up to about Rs. 18 per thousand. The Committee hope that the Corporation would make earnest endeavours to enhance the rates of bonus. (Paragraphs 137-138).*

**REPLY OF GOVERNMENT**

Noted.

[Ministry of Finance O.M. No. 5(40)-INS/(I<sup>F</sup>)/65, dated the 30th Oct., 1965].

**FURTHER REPLY OF GOVERNMENT**

No specific action is called for.

[Ministry of Finance O.M. No. 5(40)-INS. (II)/65, dated the 4th Feb., 1967].

**Recommendation (Serial No. 39)**

*The figures of complaints are a sad reflection on the state of service rendered by the Corporation. The Committee were surprised to learn that no disciplinary action was taken against any employee of the Corporation for the aforesaid inadequate follow up or accumulation of arrears. The Committee urge that the Corporation should take adequate measures to tone up its administration, so that the causes of complaints from its policyholders are removed. (Paragraph 151).*

**REPLY OF GOVERNMENT**

Noted.

[Ministry of Finance O.M. No. 5(40)-INS. II/65, dated the 30th Oct., 1965].

**Recommendation (Serial No. 40)**

*In spite of the steps said to have been taken by the Corporation and the appointment of a Special Officer, death and maturity claims to the tune of about Rs. 15 crores were outstanding. The Committee need hardly point out that if a claim is paid promptly it creates a fund of goodwill and opens out further prospects of securing business. They, therefore, recommend that much more vigorous and concerted efforts should be made by the Corporation to settle the outstanding claims without further delay. (Paragraph 156).*

**REPLY OF GOVERNMENT**

Noted.

[Ministry of Finance O.M. No. 5(40)/INS (I<sup>2</sup>)/65, dated the 30th Oct. 1965].

**Recommendation (Serial No. 42)**

*The Committee feel that the Corporation has not set that importance to the question of prompt payment of money due under its policies as it ought to. It is significant that there has been no enquiry in any case of delay whether the delay was avoidable. There has been no case of disciplinary action against any officer or other employee of the Corporation for delaying settlement of claims. It cannot be that all the cases of delay referred to in para 153 arose out of default on the part of the policyholders or their heirs. The Committee are of the view that a policy maturing be it by efflux of time or by the death of the policyholder, the money*

*payable in terms of the policy becomes the property of the policyholder or his heir or assignee as the case may be and since the Corporation has the use of that money and earns interest on it, the amount under the policy should be paid to the policyholder, his heir or assignee as the case may be with interest at an appropriate rate. (Paragraph 164).*

#### REPLY OF GOVERNMENT

The matter is being examined by the Corporation. It is proposed to consider payment of interest at an appropriate rate where delay exceeds a specified period and is due to reasons within the Corporation's control.

[Ministry of Finance O.M. No. 5(40)-INS/(IF)/65, dated the 30th Oct., 1965].

#### FURTHER REPLY OF GOVERNMENT

The Corporation has since decided to allow simple interest at the rate of 3 per cent on all claims, the settlement of which has been delayed for more than three months, subject to the condition that no interest would be payable in cases of death claims where investigation is necessary or where the delay is on account of operation of Exchange Control Regulations or where the delay is due to circumstances beyond the control of the Corporation. The Corporation is paying such interest on delayed claims with effect from 3rd March, 1966.

[Ministry of Finance O.M. No. 5(40)-INS. II/65, dated, the 4th Feb., 1967]

#### Recommendation (Serial No. 43)

*The Committee are surprised to find that the Inspection Organisation of the Corporation had also not looked into the delays in sanctioning loans and disbursing the same during their inspections. (Paragraph 176).*

#### REPLY OF GOVERNMENT

Noted. The Inspection Organisation of the Corporation will, in future, look into the delays in sanctioning loans and in disbursing them.

[Ministry of Finance O.M. No. 5(40)/INS(II)/65, dated 30th Oct. Oct., 1965].

**Recommendation (Serial No. 44)**

*The grant of loans is one of the accepted services offered by the insurance companies to their clients all the world over. This benefit in turn is known to bring more business for the insurers. The advantage of this benefit can however be lost if there are delays in sanctioning of loans. The Committee regret to note that there is delay in the Corporation sanctioning loans. They recommend that the Corporation should grant loans expeditiously. (Paragraph 178).*

**REPLY OF GOVERNMENT**

Noted. Every endeavour will be made by the Corporation to ensure expeditious sanction of loans.

[*Ministry of Finance O.M. No. 5(40)/INS (IF)/65, dated the 30th Oct. 1965*].

**Recommendation (Serial No. 47)**

*The Committee hope that receipts to policyholders for policies deposited with the Corporation as security for loans would be given by the Corporation as a matter of routine irrespective of requests. (Paragraph 187).*

**REPLY OF GOVERNMENT**

Noted. The Corporation will ensure that the policyholder gets a receipt for the deposit of his policy.

[*Ministry of Finance O.M. No. 5(40)-INS/(IF)/65, dated the 30th Oct., 1965*].

**Recommendation (Serial No. 48)**

*The Committee would suggest that a study should be made of the loan agreement form of other companies to find out the most practicable but short and simple form in consultation with their solicitors. (Paragraph 188).*

**REPLY OF GOVERNMENT**

Noted.

The present loan agreement form was adopted after a study of the forms in use by the major companies. A simpler form has been prepared by the Corporation and is being submitted to the various stamp authorities for adjudication.

[*Ministry of Finance O.M. No. 5(40)-INS. II/65, dated the 30th Oct., 1965*].

**Recommendation (Serial No. 49)**

*The service rendered by the Corporation to its policyholders is far from satisfactory. The Committee feel that if the Corporation is to earn the good will of the insuring public and gain its confidence it will have to ensure greatly improved service to policyholders. (Paragraph 189).*

**REPLY OF GOVERNMENT**

Noted.

[Ministry of Finance O.M. No. 5(40)-INS/(I<sup>2</sup>)/65, dated the 30th Oct., 1965].



## CHAPTER III

### RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLY

#### Recommendation (Serial No. 10)

*The non-achievement of even the modest annual targets of business fixed by the Corporation during the last 4 years in the opinion of the Committee, is a clear evidence of lack of vigour in the present organisation of the Corporation. It is also an indication that the business offered by the Corporation needs to be made more attractive. The organisational changes suggested in Chapter IX and certain other suggestions made in Chapter IV should enable the Corporation to procure more business than hitherto. But at the same time, Corporation should also review the manner in which the business is canvassed with a view to effecting improvements therein. (Paragraph 40).*

#### REPLY OF GOVERNMENT

Noted.

[Ministry of Finance O.M. No. 5(40)-INS. (II)/65, dated the 30th Oct. 1965].

#### FURTHER REPLY OF GOVERNMENT

As a result of a review made of the machinery for procurement of new business, the Corporation has decided upon the creation of a cadre of Senior Agents in the Corporation. This will have the great advantage of developing a cadre of whole time and stable agency force. This cadre of Senior Agents will be finalised after the Agents' Regulations, which are now under consideration of the Government, are approved.

[Ministry of Finance O.M. No. 5(40)-INS. (II)/65, dated the 4th Feb., 1967]

#### Recommendation (Serial No. 17)

*At present the policyholder under the Salary Savings Scheme is entitled for a discount of 75 Paise per thousand of sum assured per annum and the Corporation does not charge any extra for monthly*

payment of premiums which is usually charged in other cases. Since the chances of lapses under this scheme are very little, the Committee feel there is a case for giving a further incentive to the policyholders to avail of the insurance policy, without detriment to the Corporation. They would, therefore, recommend that the feasibility of giving a higher discount might also be considered by the Corporation. (Paragraph 62).

#### REPLY OF GOVERNMENT

The main consideration in allowing a rebate in premium of 75 paise per thousand sum assured under the Salary Savings Scheme, which is normally allowed only where premiums are payable annually, is the expectation of saving in administrative cost resulting from the abolition of monthly notices and receipts and individual premium registers. Unfortunately, however, this expectation is not fulfilled.

2. Economy in the working of the Salary Savings Scheme depends considerably on the co-operation of the paying authorities. Of the 25,000 and odd paying authorities, a considerable proportion do not send the monthly remittances to the Corporation in time in spite of reminders resulting in loss of interest income. Further, the reconciliation of the (Monthly) demand and the remittance is also not done correctly and satisfactorily resulting in labour and expense. Moreover, a number of paying authorities (employers) desire that they should be paid collection charges to compensate them for the administrative and accounting work involved.

3. In view of the above, even allowing for the resulting lower lapses in the case of Salary Savings Scheme policies, it will not be possible to give any further incentives to the policyholders under Salary Savings Scheme, till the Corporation's experience of the scheme is more favourable.

[Ministry of Finance O.M. No. 5(40)-INS. (II)/65, dated the 30th Oct. 1965].

#### Recommendation (Serial No. 19)

The lapse ratio of the Corporation has been going up since 1960 so much so that the ratio for 1963-64 is higher than the year 1955, the year immediately preceding nationalisation. The Committee view the rise in the lapse ratio with alarm. They are left with the impression that although the Corporation is enthusiastic about writing new business not sufficient follow up work is being done. They therefore, suggest that the Corporation should take urgent steps not only to arrest further rise in the lapse ratio but also to

*bring it down to a lower level. In this connection they feel that there is also a case for providing suitable incentives to the agents for bringing in sound business. (Paragraph 67—71).*

#### REPLY OF GOVERNMENT

Noted.

[*Ministry of Finance O.M. No. 5(40)-INS (II)/65 dt. 30th Oct. 1965*]

#### FURTHER REPLY OF GOVERNMENT

In our comments on the Recommendation the various steps taken by the Corporation to conserve the existing business have already been stated.

The Recommendation also envisages providing suitable incentives to agents for bringing in sound business. At present the rates of commission to agents are based on premium income brought in by the agents and not necessarily on the quality of the business introduced. The maximum rate of first year's commission which could be given in terms of the Insurance Act, —this section has been made applicable to the Corporation also—is only 35% and commission at this rate is already being paid to fairly good producers. If within the framework of the Insurance Act further encouragement to those bringing in quality business has to be given the commission rate now in force will have to be reduced so as to have a margin which may be utilised to give higher commission for those who introduced quality business. But the agents are already clamouring that increase in emoluments is given to every body but their rates of commission have not been revised. It would not therefore be possible to reduce the rates of commission with a view to giving higher commission to those who produce quality business.

The Corporation is however contemplating creation of a cadre of senior agents. These agents will be doing a good volume of work and policyholders servicing. They will no doubt be earning the maximum rate of 35% already allowed. The Corporation is at present thinking of giving them certain fringe benefits. The relevant regulations for this purpose are under the consideration of the Government. After these regulations are approved, the matter will be further discussed with the Government regarding the benefits to be allowed and the consequent amendments which are necessary to Insurance Act which can be made by means of a notification.

[*Ministry of Finance O.M. No. 5(40)-INS./II/65, dated the 4th Feb., 1967*].

**Recommendation (Serial No. 21)**

The Committee are sorry to find that the actual surrender value of the Corporation is still much lower than that of some leading insurance companies. They would emphasise that as low surrender values adversely affect the limits to which loans can be given to the policyholders against their policies, no time should be lost by the Corporation to raise the surrender values of the Corporation's policies. (Paragraph 75—78).

**REPLY OF GOVERNMENT**

Noted.

2. The Committee referred to in the reply to recommendation No. 20 will also consider and advise the Corporation on the issue raised in this recommendation.

[Ministry of Finance O.M. No. 5(40) - INS (II) /65 dt. 30th Oct. 1965]

**FURTHER REPLY OF GOVERNMENT**

As stated in our comments on Recommendation No. 20 above, the Committee of Actuaries which has been set up and will be meeting shortly will consider and advise the Corporation on the question of Surrender Values also.

[Ministry of Finance O.M. No. 5(40)-INS. (II)/65, dated the 4th Feb., 1967].

**Recommendation (Serial No. 22)**

The Committee no doubt appreciate that investment in Government and other approved securities is necessary, but it does not mean that the funds of the Corporation which are in the nature of trust money should be invested in them beyond the statutory minimum of 50 per cent, which has not been raised by Government itself. The Committee would like to point out that the Corporation is expected to work on business principles and further the interests of its policy holders. They would, therefore, recommend that consistent with social objectives the Corporation should so direct its investments that it earns a higher return on them. (Paragraph 86).

**Recommendation (Serial No. 23)**

Taken as a percentage of the total investments during 1963-64, the investment in Housing schemes amounted to 22.5 per cent only. The Committee, therefore, urge that the Corporation should follow a more vigorous policy of investing in housing schemes. The observa-

*tions made by the Committee in para 86 would also enable the Corporation to achieve this objective. (Paragraphs 87-92).*

#### REPLY OF GOVERNMENT

Noted.

Government have no intention of changing the investment pattern of the Life Insurance Corporation of India's funds by increasing the statutory minimum of 50% for investment in Government and approved securities. The overall investment policy to be followed by the Life Insurance Corporation of India in regard to the funds which maybe available for investment, otherwise than in Government securities and approved securities is, however, constantly kept under review in consultation with the Life Insurance Corporation of India and the Reserve Bank of India from time to time, in the context of the economic situation in the country and to suit the needs of the planned economy.

2. In undertaking such an internal review, the observations of the Committee that the Corporation is expected to work on business principles and further the interests of its policy holders consistent with the social objectives are borne in mind. It may, however, be stated, in this connection that it is not always feasible for the Life Insurance Corporation of India to divert a substantial portion of its funds for investment in the share capital of the companies which declares good dividends. The law imposes certain limits and restrictions as regards investments in companies which are, it is relevant to add, reasonable and justified even on their own merits. They are that the Corporation cannot invest its funds in private limited companies without the prior approval of the Central Government but only in public limited companies; it can subscribe to (a) debentures of public limited companies without any limit, if the company concerned has satisfied certain conditions as regards the security offered or the payment of interest on the debentures and (b) preference share of public limited companies, again without any limit in certain conditions are satisfied. But as regards investment in ordinary shares of public limited companies it cannot do so beyond a limit of 30% of subscribed equity capital of the company concerned, which again is a salutary restriction, and incidentally has the very desirable effect of preventing the Life Insurance Corporation of India from becoming very deeply involved in the management of the affairs of any particular undertaking. Within the ambit of these desirable restrictions in law, there is also a paucity of good scrips in

the market in which the Life Insurance Corporation of India can invest its funds for earning increased income. On an analysis of certain selected and leading cleared securities of the Calcutta and Bombay Stock Exchange, it is noticed that even with regard to the well established companies whose shares are expected to have a large turn over in their dealings on the stock exchange, the position indicated is that it would be difficult for the Life Insurance Corporation of India to increase its investments in the scrips of those companies for earnings increased income. Particulars of the shares of the ten leading companies are given in an annexure.

3. In underwriting or subscribing to the share capital of new companies, Life Insurance Corporation of India faces considerable difficulty because of the present shy market conditions. Major portion of the issues subscribed by the Corporation with the intention of helping the capital market do not yield any return to it during the initial few years. On the other hand, it does not necessarily follow that on a realistic appraisal of the situation, Life Insurance Corporation of India should divert its investments only to Government securities. No doubt, during the emergency now facing the country, when the needs of Government assume high priority, the Life Insurance Corporation of India may have to lend its support to any defence loans for bonds issued by Government. Further with the pattern of interest rates prevailing, Life Insurance Corporation of India may to a certain extent, invest in loans and debentures including loans to housing schemes to earn a higher fixed income than on its investments in Government securities but here also, it has to be selective. As regards financial assistance for housing schemes the total amount of loans granted to State Governments and housing finance agencies amounted at the end of March, 1965 to Rs. 74.11 crores. This is a substantial amount. A further Rs. 15 crores has been or will be granted during 1965-66. It also provides assistance to policy holders direct for purchase or construction of houses. The position cannot therefore be considered unsatisfactory.

4. It must be remembered that the interest rates cannot be raised beyond a particular level because, apart from its other effects on the general economy, any rise in the interest rate would automatically result in depreciation of the Corporation's own existing investments including investments in shares. Taking, therefore, an overall view of the avenues of investments available to the Life Insurance Corporation within the frame work of the law, the needs of the emergency, the conditions in the capital market and the pattern of inte-

rest rates ruling in the economy, the balance of advantage seems to lie in having a continuous review, as is being done, of the investment policy of the LIC, in consultation with the RBI from time to time.

[Ministry of Finance O.M. No. 5(40)-INS (II)/65, dt. the 26th Feb., 1966].

#### **Recommendation (Serial No. 28)**

*It appears to the Committee that the increase in the number of Class I Officers is very high. Moreover, whereas in other categories in earlier years, the number of officers has remained more or less at the level of the previous year or has even shown a decline, in the case of Class I Officers it has been constantly on the increase. The Committee deprecate such disproportionate rise in the number of Class I Officers and the high ratio obtaining between them and the Class II and III Officers and recommend the Corporation should urgently review the staff structure which seems to have become top heavy. (Paragraph 108).*

#### **REPLY OF GOVERNMENT**

Noted.

The categorisation of the erstwhile employees of insurers was not completed till some time in 1958 so that many who were actually categorised as officers with effect from the appointed day were shown as Class III employees on 31/12/1957. Therefore 31/12/58 would be a better basis for comparison and on this basis the increase is 92%.

This increase, the Corporation has explained, has been due to the opening of a large number of branches, the strengthening of its training, inspection and audit departments, and the increase in business.

[Ministry of Finance O.M. No. 5(40)-INS/(IF)/65, dated the 30th Oct., 1965].

#### **Recommendation (Serial No. 32)**

*The Committee feel that if the Development Officers were to exist as an agency for scrutinising the proposals brought by the agents, they must also ensure that the business brought is sound.*

*In the rules of the Corporation at present there was a provision for new business bonus being paid to the Department Officers if they brought business above a certain quota. But there was no corresponding disincentive against bad business. The rate of lapses clearly indicates that a good deal of poor business was brought in yearly. In such cases the Development Officer or the agent was the only gainer. The Committee, therefore, feel that the Corporation should work out some formula or device by which some deduction should be made from the New Business Bonus paid to the Development*

*Officers for being set off against policies that might lapse. (Paragraphs 124-125).*

#### REPLY OF GOVERNMENT

The Corporation has noted the observations of the Committee and will take them into account while framing the conditions for granting incentives to the Development Officers. In the periodical review of the work of the Development Officers also, the position of lapses is one of the points which is taken into account to estimate whether the totality of the working of the Development Officer is proper or otherwise.

[Ministry of Finance O.M. No. 5(40)-INS (II)/65 dt. 30th Oct., 1965]

#### Recommendation (Serial No. 34)

*The Committee are inclined to believe that the benami system still prevails and that the Corporation has not fully succeeded in eliminating the evil. The Committee, therefore recommend that the Corporation should take energetic steps to (i) weed out the existing benami agents and (ii) to properly screen the new agents at the time of their recruitment. (Paragraph 131).*

#### REPLY OF GOVERNMENT

Noted.

The Corporation makes enquiries into specific complaints about benami agencies and if in any particular case the benami nature is proved the agency is terminated.

2. In addition, the Corporation has taken the following steps:

- (a) In the case of female applicants who generally give rise to benami agencies, an assurance is taken that they will themselves be working independently.
- (b) In such cases, the reasons why the husband has not been able to take up an agency are also obtained and unless these are satisfactory, agencies are not given.
- (c) A condition has also been laid down that every applicant for agency shall be interviewed as soon as possible after the agency has been granted to him or her to ensure that he/she is capable of working independently.

[Ministry of Finance O.M. No. 5(40)-INS (II)/65 dt. 30th Oct. 1965]

#### Recommendation (Serial No. 35)

*The Committee have noted earlier that the lapse ratio of the Corporation is rising and the service to the policy-holders is also poor. In the opinion of the Committee this appears to reflect the unsound procurement of business and unsatisfactory after sale service on the*



part of the agents.. The Committee understand that the better managed insurance companies in the past used to depend a great deal on professional agents whom they used to properly select and build up by training. The Committee therefore recommend that the Corporation should endeavour to develop a stable agency force built on a nucleus of whole time professional agents not only by exercising care in their proper selection but also by imparting them suitable training which would equip them better for the task. (Paragraph 135).

#### REPLY OF GOVERNMENT

Noted.

Special training courses are provided to Agents and Development Officers which stress the need for procuring only quality business.

The Corporation tries to recruit whole-time agents. It is not, however, possible to eliminate part-time agents without the business being adversely effected.

[Ministry of Finance O.M. No. 5 (40)- INS (II) /65 dt. 30th Oct. 1965]

#### Recommendation (Serial No. 38)

The Committee hope that Government would review the time limit prescribed for submission of the valuation reports to the Controller of Insurance, so that these reports can be submitted to Parliament early. (Paragraph 146).

#### REPLY OF GOVERNMENT

In view of the volume of work involved it may not be possible to complete the valuation within a period of 9 months. It is not, therefore, possible to reduce the time limit. The Corporation will, however, endeavour to submit the report as early as possible so that the proof of age forthcoming. Paragraph 160.

[Ministry of Finance O.M. No. 5 (40)- INS (II) /65 dt. 30th Oct. 1965]

#### Recommendation (Serial No. 41)

The Committee recommend that where payments of maturity claims are withheld for want of proof of age at least 90 per cent of the insured amount should be paid on maturity and the balance on the proof of age forthcoming. (Paragraph 160).

#### REPLY OF GOVERNMENT

The number of outstanding maturity claims which were remaining unpaid because of non admission of age was only about 6 per cent.

of the total outstanding maturity claims. With greater efforts to obtain age-proof during the last two years prior to the date of maturity this proportion should go down considerably and it would not, therefore be necessary to resort to part payment of 90 per cent of the maturity claims in such cases.

[Ministry of Finance O.M. No. 5(40)-INS (II)/65 dt. 30th Oct. 1965]

#### Recommendation (Serial No. 45)

*The nationalisation of life insurance business in India was resorted to for the benefit of the masses. It was, therefore, of prime importance that various loan schemes of the Corporation should more and more cater for weaker sections of society. The Committee hope that the Corporation would take suitable steps in this direction. (Paragraph 183).*

#### REPLY OF GOVERNMENT

Noted.

[Ministry of Finance O.M. No. 5(40)-INS. II/65, dated the 30th Oct., 1965].

#### FURTHER REPLY OF GOVERNMENT

The 'Own Your Home' Scheme is at present in operation in 118 centres in India, covering all towns with a population of one lac and above as per 1961 census. Under this Scheme, Rs. 7.85 crores have been sanctioned upto the end of October, 1966 to 2,823 applicants, out of which Rs. 4.83 crores have been disbursed by 31st October, 1966.

Under the Scheme for grant of loans to Co-operative Housing Societies of the employees of the Corporation Rs. 2.2 crores have been sanctioned to 44 Societies upto 31st October, 1966. Out of this, Rs. 1.18 crores have been disbursed to 42 Societies.

We have also sanctioned Rs. 22.49 lacs to 3 Co-operative Societies of employees of Public Limited Companies.

Under the 'Own Your Home' Scheme we are able to help people belonging to the middle class to have residential houses of their own. It is uneconomical to reduce the minimum loan available under the Scheme and hence the poorer sections may not be able to avail themselves of the facility of loans under the Scheme. Further, the Corporation has to look into the security as well as the repaying capacity of the applicant in sanctioning loans under any of its Mortgage Schemes. Primarily, anybody who wants to have a house of his own must have the necessary saving capacity and in

the case of poorer sections of the community where saving capacity is negligible or practically nil, it will not be possible for the Corporation to come to their assistance.

As regards extension of the 'Own Your Home' Scheme to further towns, it has been our experience that we are not getting good response at the centres where the Scheme was recently extended. Added to this, we have problems in getting qualified Legal Advisers and Valuers in smaller towns and the Corporation has necessarily to proceed with extreme caution in the matter of further extension of the Scheme.

[Ministry of Finance O.M. No. 5(30)-INS(II)/65, dated the 4th Feb., 1967].

#### Recommendation (Serial No. 46)

*The grant of a loan on the security of a policy does not entail any risk to the Corporation. The Committee, therefore, feel that there is no reason why the procedure for the granting of a loan should be complicated. They recommend that the procedure should be simplified and liberalised and the Branch Offices empowered to sanction loans. (Paragraphs 184—186).*

#### REPLY OF GOVERNMENT

Noted. While 117 Branches of the Corporation are empowered to sanction loans, it is not feasible to make it a general practice. Before a loan is sanctioned, it is necessary to determine by reference to basic policy records whether the policy is in force or not, what the surrender value acquired by the policy is, whether the applicant has proper title to the loan, etc. These records are maintained only at the Divisional Offices and not at the Branch Offices. Maintenance of duplicate sets of records at the Branch Offices for this purpose will entail heavy expenses not commensurate with the results sought to be achieved.

[Ministry of Finance O.M. No. 5(40)-INS-(FI)/65, dated the 30th Oct., 1965].

## CHAPTER IV

### RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

#### Recommendation (Serial No. 7)

*While the Committee realise that it may not be possible to lay down every instruction issued to a public undertaking in the shape of a direction, it is at the same time necessary that clear principles should be laid down in writing specifying the occasions when it should take the form of an instruction rather than a directive. The representative of the Ministry conceded that the principles governing the relationship between the public undertakings and the concerned Ministry which had evolved over a period of time could be codified, if an attempt was made. The Committee, therefore, recommend that the Government should clearly lay down principles for guiding the relationship between the public undertakings and concerned Ministries. (Paragraph 30).*

#### REPLY OF GOVERNMENT

While the relationship between an undertaking and Government should continue to be informal and while Government would naturally expect its general policy to be accepted by an undertaking without the need for the issue of formal directives, Government should be prepared to issue directives in cases, where, in the judgement of the undertaking the instructions cannot be carried out without detriment to the interest of the undertaking but Government nevertheless feel that such instructions should be carried out in the wider public interest, or where Government desires in the wider public interest that certain action should be taken by the undertaking, which is not indicated by normal commercial considerations.

[Ministry of Finance O.M. No. 5(40)-INS-(II)/65, dated the 30th Oct., 1965].

#### COMMENTS OF THE COMMITTEE

(Please see paras 1—6 of Chapter I)

**Recommendation (Serial No. 8)**

*In the Committee's view there seems to be no valid ground for making an exception in the case of the Corporation from the decision of the Government on the Krishna Menon Committee Report that appointments to posts carrying an initial or ultimate salary exceeding Rs. 2,250 should be subject to the approval of Government. The Committee trust that the Government would issue suitable directives to the Corporation requiring the latter to seek the approval of the Government for creation of posts carrying salary exceeding Rs. 2,250 p.m. (Paragraph 33).*

**REPLY OF GOVERNMENT**

The analogy of industrial undertakings is not appropriate to the Life Insurance Corporation, which is a financial institution. It would be more appropriate to compare the Corporation with the State Bank of India and the Industrial Finance Corporation of India, where Government approval is required only in respect of appointments to the post of Chairman/Vice-Chairman. It is, therefore, felt that *status quo* be maintained in regard to appointments in the Corporation.

[Ministry of Finance O.M. No. 5 (40)-INS. FI/65, dated the 30th Oct., 1965].

**COMMENTS OF THE COMMITTEE**

(Please See paras 7—11 of Chapter I)

**Recommendation (Serial No. 31)**

*The Committee would urge that the heirarchical system of officers, obtaining in the Corporation should be reviewed early and suitable reduction in the senior managerial posts effected. Paragraph 119.)*

**REPLY OF GOVERNMENT**

NOTED.

[Ministry of Finance O.M. No. 5 (40)-INS. FI/65, dated the 30th Oct., 1965].

**FURTHER REPLY OF GOVERNMENT**

This recommendation will be borne in mind whenever we have occasion to review the sanctioned strength and care will be taken to see that no unnecessary officer is employed at any level.

[Ministry of Finance O.M. No 5 (40)-INS (II)/65, dated the 4th Feb., 1967].

## COMMENTS OF THE COMMITTEE

(Please See paras 12—16 of Chapter I)

**Recommendation (Serial No. 37)**

That the renewal expense ratio of the Corporation during the last few years should have remained between 12.42 per cent to 12.92 per cent shows that the organisation does not reflect economies of the scale. The representative of the Ministry of Finance had told the Estimates Committee, when they examined the Corporation in 1960 that the Corporation should attempt to bring the ratio down to 8 or 9 per cent. The Committee, therefore, feel that earnest steps should be taken by the Corporation to reduce its expense ratio. (Paragraph 141).

REPLY OF GOVERNMENT

Noted. While increased administrative expenses due to increased salaries to the staff and the higher expenses entailed in development of rural business militate against a reduction in the renewal expense ratio, every effort will be made by the Corporation to bring down the expense ratio.

[Ministry of Finance O.M. No. 5(40)-INS. #1/65, dated the 30th Oct., 1965].

## COMMENTS OF THE COMMITTEE

(Please See paras 17—20 of Chapter I)

## CHAPTER V

### RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES OF GOVERNMENT ARE STILL AWAITED

#### Recommendation (Serial No. 50)

*The Committee are convinced that the tardy growth of business, and deterioration of service to the policy-holders which have been brought out in Chapters IV and VIII are ascribable to the present size and centralised organisation of the Corporation.*

*The Committee feel that if the standard of efficiency in the Corporation is to be improved, with better service to the policy-holders, and the Corporation is to expand its business on a massive scale, its present zones must be constituted into completely independent Corporations.*

*Such a major reorganisation would involve the amendment of the statute and may take some time. They, therefore, suggest that in the meanwhile the present zones should be made fully autonomous not merely by delegating more powers to the Zonal Managers but by setting up separate Boards of Management and making each Zonal Manager the Chief Executive Officer of this Zone. The Committee hope that by this process overall business will expand, rural business would significantly increase and the service to the policy-holders would also improve.*

*So far as investments are concerned, during the transitional period, the Central Board of the Corporation should look after this work, but even after formation of five independent Corporations it would be necessary in the national interest that the investments are equitably distributed throughout the country. A practical approach to this would be that a major portion of the investment of any Zonal Corporation should be earmarked for the zone itself. The balance should be left at the disposal of a central authority, to be created for the purpose for meeting also the needs of the backward areas of the country.*

*The details of reorganisation suggested in para 197 above will have to be worked out by an Expert Committee. The Committee, therefore, suggest that an expert committee may soon be appointed for the purpose. (Paragraphs 196—200).*

#### REPLY OF GOVERNMENT

Government will require more time to examine in all its aspects-

this proposal which affects the very structure of the Corporation. Government will send a reply as soon as its examination of this proposal is completed.

[Ministry of Finance O.M. No. 5(40)-INS(II)/65, dated 30th Oct., 1965].

#### FURTHER REPLY OF GOVERNMENT

Government are unable to accept the recommendation that the LIC should be split up into five independent Corporations. The Government have, however, decided that the LIC should be reorganised on the model of the State Bank of India with Zonal Boards constituted by Government who would have clear and well-defined powers. It will be examined in due course as to what powers are to be vested in the Zonal bodies and how these powers are to be conferred, whether by Statute or by Regulations.

[Ministry of Finance O.M. No. 5(40)-INS(II)/65, dated the 22nd April, 1967].

#### FURTHER REPLY OF GOVERNMENT

".....the reply sent to the recommendation at S. No. 50 may be treated as cancelled.....the matter is under re-examination".

[Ministry of Finance O.M. No. 5(40)-INS (II)/65, dated the 31st May, 1967].

".....the examination of recommendation 50 is likely to take more time."

[Ministry of Finance O.M. No. 5(40)-INS(II)/65, dated the 30th June, 1967].

#### COMMENTS OF THE COMMITTEE

(Please See paras 21—31 of Chapter I)

NEW DELHI;  
September 18, 1967.  
Bhadra 27, 1889 (S).

D. N. TIWARY,  
Chairman,  
Committee on Public Undertakings.



## APPENDIX I

(Vide reply to recommendation at Serial No. 22-23 in Chapter III)

*Particulars of ten Leading Companies, the Investment made by L.I.C. in them and the Average Turnover of the Scrips in the Bombay and Calcutta Stock Exchanges*

Name of the Company	Number of Equity Shares	Number of Shareholders	% of total Equity held by first 10 shareholders including the L.I.C.	% of Shares held by the L.I.C.
1	2	3	4	5
A. . . . .	36,74,305	55,170 (59,823)	28·72 (27·52)	11·02 (10·43)
B. . . . .	10,00,000	17,635	56·38	5·51
C. . . . .	2,54,909	7,632 (7,257)	64·17 (64·44)	5·67 (5·48)
D. . . . .	2,41,121	10,826 (10,509)	22·76 (20·09)	
E. . . . .	2,09,118	5,845 (5,171)	59·15 (54·59)	.. ..
F. . . . .	1,24,40,899	15,812 (16,153)	39·87 (38·17)	10·98 (9·24)
G. . . . .	80,94,955	24,625 (25,236)	34·80 (35·12)	7·65 (6·71)
H. . . . .	15,95,621	1,168 (1,391)	38·93 (35·95)	5·17 (4·78)

	1	2	3	4	5
I. . . . .		45,00,000	4,659 (4,615)	73·40 (73·43)	17·79 (17·77)
J. . . . .		63,21,874	13,428 (13,212)	70·24 (68·65)	2·82 (2·82)

**N.B.—** Figures in brackets for the year 1963.

## APPENDIX II

(Vide reply to recommendations at Serial Nos. 22-23 in Chapter III)

*Daily Average Turnover of the Shares of the ten Companies which are cleared Securities of the Bombay and Calcutta Stock Exchanges.*

Month—1965	*A.	*B.	C.	*D.	*E.	%F.	%G.	H.	I.	J.
April . . . . .	87,365	11,919	18,111	23,428	2,413	1,08,755	99,747	23,426	12,717	6,616
May . . . . .	88,806	14,197	17,169	30,371	1,364	5,99,039	63,274	20,617	6,643	5,452
June . . . . .	99,625	16,671	23,749	36,104	3,172	8,95,700	68,765	24,943	5,513	4,974
July . . . . .	79,668	50,558	23,461	35,807	2,866	9,10,243	83,556	30,674	5,896	4,152
August . . . . .	72,277	13,646	25,144	33,275	2,307	6,65,400	88,541	31,000	5,668	3,273
September . . . . .	82,446	12,780	22,322	36,985	1,987	1,04,387	77,322	39,326	4,848	3,635
October . . . . .	48,844	7,434	13,271	25,809	1,952	6,61,085	64,945	28,060	8,730	4,465
November . . . . .	56,905	11,507	20,657	23,601	3,173	5,77,400	68,986	29,977	9,600	5,345
Range of daily average turnover of shares in relation to the total number of shares. . . . .	1.3% to	0.7% to	5.2% to	9.7% to	0.7% to	1.0% to	0.75% to	1.3% to	0.01% to	0.05% to
	2.7%	5.0%	9.1%	15.3%	1.5%	8.0%	1.2%	2.6%	0.40%	0.11%

\*Quoted also in the cleared list of Ahmedabad Stock Exchange.

%Quoted also in the cleared list of Bombay and Delhi Stock Exchanges.

### APPENDIX III

(Vide Para 4 of Introduction)

*Analysis of action taken by Government on the recommendations contained in the Fourth Report of the Committee on Public Undertakings (Third Lok Sabha)*

I.	Total No. of recommendations made . . . . .	50
II.	Recommendations that have been accepted by Government (Vide recommendations at S. Nos. 1,2,3,4,5,6,9,11,12,13,14,15,16,18,20,24,25,26,27,29,30,33,36,39,40,42,43,44,47,48,49 Number . . . . .	31
	Percentage of total . . . . .	62%
III.	Recommendations which the Committee do not desire to pursue in view of Government reply (Vide recommendations at S. Nos. 10,17,19,21,22,23,28,32,34,35,38,41,45,46. Number . . . . .	14
	Percentage to total . . . . .	28%
IV.	Recommendations in respect of which replies of Government have not been accepted by the Committee (Vide recommendations at S. Nos. 7,8,31,37. Number . . . . .	4
	Percentage to total . . . . .	8%
V.	Recommendations in respect of which final replies of Government are still awaited (Vide recommendations at S. No. 50). Number . . . . .	1
	Percentage to total. . . . .	2%

Sl. No.	Name of Agent	Agency No.	Sl. No.	Name of Agent	Agency No.
18.	W. Newman & Company Ltd., 3, Old Court House Street, Calcutta.	44	29.	Oxford Book & Stationery Company, Scindia House, Connaught Place, New Delhi.-1	68
19.	Firma K. L. Mukhopadhyay, 6/1A, Banchharam Akkur Lane, Calcutta-12.	82	30.	People's Publishing House, Rani Jhansi Road, New Delhi.	76
DELHI					
20.	Jain Book Agency, Connaught Place, New Delhi.	1	31.	The United Book Agency, 48, Amrit Kaur Market, Pahar Ganj, New Delhi.	88
21.	Sat Narain & Sons, 3141, Mohd. Ali Bazar, Mori Gate, Delhi.	3	32.	Hind Book House, 82, Janpath, New Delhi.	95
22.	Atma Ram & Sons, Kashmere Gate, Delhi-6.	9			
23.	J. M. Jaina & Brothers, Mori Gate, Delhi.	11	33.	Bookwell, 4, Sant Narankari Colony, Kingsway Camp, Delhi-9.	99
24.	The Central News Agency, 23/90, Connaught Place, New Delhi.	15	MANIPUR		
25.	The English Book Store, 7-L, Connaught Circus, New Delhi.	20	34.	Shri N. Chaoba Singh, News Agent, Ramlal Paul High School Annexe, Imphal.	77
26.	Lakshmi Book Store, 42, Municipal Market, Janpath, New Delhi.	23	AGENTS IN FOREIGN COUNTRIES		
27.	Bahree Brothers, 188, Lajpatrai Market, Delhi-6.	27	35.	The Secretary, Establishment Department, The High Commission of India India House, Aldwych, LONDON, W.C. -2	
28.	Jayana Book Depot, Chapparwala Kuan, Karol Bagh, New Delhi	66			

---

© 1967 BY LOK SABHA SECRETARIAT

PUBLISHED UNDER RULE 382 OF THE RULES OF PROCEDURE AND CONDUCT OF  
BUSINESS IN LOK SABHA (FIFTH EDITION) AND PRINTED BY THE GENERAL  
MANAGER, GOVERNMENT OF INDIA PRESS, MINTO ROAD, NEW DELHI.

---