

STUDY TOUR REPORT NO. 17

C.P.U.NO. 810

**COMMITTEE ON PUBLIC UNDERTAKINGS**

(2001-2002)

(THIRTEENTH LOK SABHA)

STUDY TOUR REPORT

ON

**NEW INDIA ASSURANCE CO. LIMITED**

Laid in the Lok Sabha on .....

Laid in the Rajya Sabha on .....

30 AUG 2001  
31 AUG 2001

LOK SABHA SECRETARIAT

NEW DELHI

August, 2001 / Bhadrapada 1923(S)

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**COMPOSITION OF COMMITTEE ON PUBLIC UNDERTAKINGS**  
**(2001-2002)**

**CHAIRMAN**

Prof. Vijay Kumar Malhotra

**MEMBERS**

**LOK SABHA**

2. Shri. Prasanna Acharya
3. Shri Mani Shankar Aiyar
4. Prof. S.P. Singh Baghel
5. Shri Sudip Bandyopadhyay
6. Shri Ram Tahal Chaudhary
7. Shri Ajay Singh Chautala
8. Shri Saty Raj Singh Chauhan
9. Shumali Sangeeta Kumar Singh Deo
10. Shri C.K. Jaffer Sharaf
11. Shri K.E. Krishnamurthy
12. Shri Vites Mullemwar
13. Shri Rajiv Pratap Rudy
14. Shri Teji Bhan Topdar
15. Shri Dinesh Chandra Yadav

**RAJYA SABHA**

16. Shri Suresh Kalmadi
17. Shri K. Kalavenkata Rao
18. Shri Jiban Roy
19. Shri B.P. Singhal
20. Smt. Anbika Soni
21. Shri C.P. Thirunavukkrasu
22. Shri Ranjan Prasad Yadav

**SECRETARIAT**

1. Shri. M. Rajagopalan Nair Joint Secretary
2. Shri S. Gal Shakar Director
3. Shri Raj Kumar Under Secretary

## **INTRODUCTION**

In pursuance of the procedure adopted under Rule 281 of the Rules of Procedure and Conduct of Business for laying the Study Tour Reports on the Tables of both the Houses of Parliament, I, Chairman, Committee on Public Undertakings have been authorised by the Committee to lay the Study Tour Report on their behalf, lay the Study Tour Report of the Committee on their discussions with the officials of New India Assurance Co. Ltd

2. The Committee held discussions with the officials at Pune on 4.6.2001. A copy of the tour programme is annexed (Annexure-I).

3. The Committee considered and approved the Report at their sitting held on 27<sup>th</sup> August, 2001.

4. The Committee wish to express their thanks to New India Assurance Co Ltd. for providing facilities during the visit of the Committee and for supplying necessary material and information required in connection with the Study Tour.

5. They would also like to place on record their sense of appreciation for the invaluable assistance rendered to them by the officials of the Lok Sabha Secretariat attached to the Committee.

New Delhi  
28 August, 2001  
6 Bhadrapada, 1923(S)

**PROF. VIJAY KUMAR MALHOTRA**  
*CHAIRMAN*  
**COMMITTEE ON PUBLIC UNDERTAKINGS**

**STUDY TOUR NOTES OF THE COMMITTEE  
ON PUBLIC UNDERTAKINGS**

**DISCUSSION WITH THE REPRESENTATIVES  
OF NEW INDIA ASSURANCE CO. LTD AT  
PUNE ON 4<sup>TH</sup> JUNE, 2001**

At the outset, Convenor, Committee on Public Undertakings made opening remarks and requested the Chairman-cum-Managing Director, New India Assurance Co. Ltd. (NIACL) to introduce himself and his colleagues to the Committee. The Convenor, COPU also requested him to give a brief on the working of the New India Assurance Co. Ltd.

2. After the introduction of officers, CMD, NIACL informed the Committee that the 'New India' was incorporated on 23<sup>rd</sup> July, 1919 and commenced transacting business on 14<sup>th</sup> October, 1919. Following the take over by the Government of India of the Management of all the insurance companies in India in 1971 and the subsequent nationalisation in 1973, New India was reconstituted under the merger scheme, taking over 23 Indian Companies into its fold. The reorganised New India started its operations in 1973 with a gross premium of Rs. 44.45 crores and assets totaling Rs. 144.80 crores. The Company has a four tier operational system, consisting of Branch Offices, Divisional Offices, Regional Offices and Corporate Office. As on April 1, 2001 the company is having 26 Regional Offices, 393 Divisional Offices and 700 Branch Offices. Out of the total 1093 operating Offices, 385 offices are located in the urban areas and the remaining 728 offices are located in the rural and semi-urban areas. Besides, the company operates in 23 countries through 33 offices. The network abroad consists of 17 Branches, 12 Agencies, 2 Subsidiaries and 2 Associate Companies.



3. The Committee were informed that the Company's manpower strength as on 31<sup>st</sup> March, 2001 was 24581. It was also informed that the affairs of the company are guided by the Board of Directors headed by a whole-time Chairman-cum-Managing Director.

4. The Committee were informed that the financial performance of the company during the years from 1997-98 to 1999-2000 was as under :

(Rs. In crores)

Year	Profit (After tax)
1997-98	470.94
1998-99	375.00
1999-2000	287.29

Giving the reasons for reduction in profit during the year 1998-99 over 1997-98, the Committee have been informed that it was mainly due to (i) increase in Unexpired Risks Reserves (Rs. 61.25 crores); and (ii) increase in provision for taxation (Rs. 39.97 crores). About the reduction in profit of 1999-2000 over that of 1998-99, it was mainly due to (i) increase in Unexpired Risks Reserves (Rs.85.65 crores); (ii) increase in Claims Ratio by 5% (Rs. 123 crores); and (iii) increase in Management expenses by Rs. 6 crores due to upward revision in salary of employees.

5. The Committee have also been informed that the accounts of the company for 2000-2001 are being finalised. It was also informed that over the years, the fire portfolio has been profitable. The profits generated in this portfolio have been used to offset the losses in the motor portfolio, by way of cross subsidization. But with effect from May 2000, the fire tariff have been reduced by about 25 to 30%, leading

to decline in premium and resultant decline in profits in this portfolio. Moreover, the new entrants have targeted this portfolio, leading to substantial decline in the growth rate of the company for the year ended march 31, 2001.

The financial results of the company for the year 2000-2001 are likely to be affected as a result of increase in the claims ratio due to Gujarat Earthquake and floods in different parts of the country during the year.

To a query about impact of claims arising out of Gujarat Earthquake on the performance of the company, the Committee have been informed that all losses arising out of catastrophic events are reinsured in international market under special treaties. Majority of the amount paid, therefore, can be recovered under the treaties. The event may therefore, marginally affect the performance of the company.

6. When asked about the overseas operations of the company, the Company have been informed that on the whole the company's performance overseas has been satisfactory. Where ever the performance has not been as expected, this has generally been due to local statutory conditions and/or occurrence of catastrophic events. Corrective steps have been initiated wherever possible. It has also been informed that at present the company has no plans to open any new offices abroad. The company also does not plan to close any of the existing offices.

7. The investments made by the company in different sectors during the years from 1995-96 to 1999-2000 are as follows :-



(Rs. in crores)

SECTOR	1995-96	1996-97	1997-98	1998-99	1999-2000
Public Sector	2621.44	2923.26	3300.97	3540.26	4044.26
Co-operative Sector	0.94	0.82	0.70	0.58	0.46
Joint Sector	58.95	69.72	71.82	88.15	93.43
Private Sector	1057.95	1259.83	1565.16	1822.84	2054.79
<b>TOTAL</b>	<b>3739.28</b>	<b>4253.63</b>	<b>4938.65</b>	<b>5451.83</b>	<b>6192.94</b>

8. When asked about the investments made by the Company in the States in the last five years, the information furnished by the company to the Committee in this regard is given in Annexure-I.

9. The Committee have also been informed that the Company had contributed significant portion of their investible surplus to the Government Sector in tune with the guidelines issued by the Central Government. The investments made by the Company during the previous two plan periods is as under :

(Rs. in crores)

Plan period	Central Govt.	Various State Govts	Total
1993-97	490	700	1190
1998-2002	760	750*	1510

\* Till March, 2001, the Company had invested Rs. 635 crores while Rs. 115 crores will be invested during the current financial year 2001-2002.

10. The Committees have been informed that various rural insurance schemes in operation include Cattle Insurance and Live Stock Insurance such as Sheep and Goat, Poultry Camel, Honey Bee, Big Duck, Prawn, Silk Worm etc. Besides the other rural insurance schemes in operation are as under :-

- Agricultural Pumpsset Insurance Scheme
- Animal Driven Cart Insurance Scheme
- Hull Insurance Schemes
- Gobar Gas Insurance Scheme
- New Well Insurance
- Lift Irrigation Insurance Scheme
- Janata Personal Accident
- Gram n Personal Accident
- Composite Package For Tribals I & II
- Farmers Package Insurance
- Horticulture/Plantation(Input) Insurance Scheme
- Gram Vikas Vima Yojana
- Mahananda Vima Yojana
- Karagiri Griha Suraksha Vima Yojana
- Ganna Kamgar Vima Yojana
- Beedi Kamgar Vima Yojana
- Adivasi Kalyan Vima Yojana
- Laghu Vyapari Vima Yojana

- Gruhasthi Kalyan Vima Yojana
- Kalpavriksha Vima Yojana
- Vidyarthi Kalyan Vima Yojana

11. As per the information furnished by the Company, the Rural Insurance premium during the last 5 years from 1996-97 to 2000-2001 is given below :

(Rs.in crores)

Year	Premium
1996-97	66.58
1997-98	98.57
1998-99	140.99
1999-2000	129.89
2000-2001	135.00 (Prov.)

Giving the reasons for decline in rural insurance business during 1999-2000 and 2000-2001 in comparison to 1998-99, the Committee have been informed that the major reason for decline in the Rural Insurance Business during 1999-2000 and 2000-2001 as compared to 1998-99 has been the diversion of funds under IRDP and other poverty alleviation programmes from Livestock and allied animal activities to others.

12. When asked what steps have been taken by the company to ensure that health-care insurance covers are available to the rural population, the Committee have been apprised that the company has designed a number of covers specially meant for the rural population, in particular covers relating to health insurance. However, the covers could not be successfully marketed since remuneration payable to agents was not commensurate with the efforts required for marketing of

these products. The Company has plans to enter into an arrangement with Third Party Administrators who will render cashless healthcare service to policy holders. It is expected that this arrangement will help ensure better healthcare service to the rural sector.

The Company invests huge amounts in state government infrastructure projects, thereby assisting state governments in providing better healthcare facilities. With the introduction of Third Party Administrators for healthcare, it is expected that access to healthcare for all sections of society will become easier.

13. It was pointed out that the rural population of the country is not aware of the various covers available. When asked what efforts are being taken to increase the penetration of insurance, the Committee have been apprised that out of more than 1100 offices about 60% offices are in rural and semi urban areas of the country. The purchasing capacity of the rural population is limited. The remuneration to agents for procuring business is also lower in rural areas because of lower premium under rural covers. However special covers designed for economically backward classes has ensured that the rural population is reasonably well covered.

14. The Committee have been informed that the company had introduced the following new products/schemes during the last three years :

- Office Protection Shield (General)
- Office Protection Shield (C.A. & Financial Consultants)
- Office Protection Shield (Architects & Engineers)
- Doctor's Protection Shield
- Adhikari Suraksha Kavach
- Package Insurance For Credit Society
- Comprehensive Insurance for Boatman

- Rasta Appatti Kavach (Road Safety Insurance)
- Tertiary Care Insurance (Major Ailments Expenses)
- Off-duty Seafarer's Hospital Expenses Policy
- Long Term Hospitalisation/Domiciliary Hospitalisation Policy
- Long Term Retirement Benefit Plan
- Gram Arogya Yojana

The Committee have also been informed that the number of policies sold and premium procured under the 13 new policies is as under :

Year	Number of Policies	Premium (Rs.)
1998-99	8092	1,16,00,000
1999-2000	26326	3,28,34,180
2000-2001	35468	3,64,47,485

15. It was also informed to the Committee that the following covers are proposed to be introduced by the Company during the current financial year :

1. **HOME PACKAGE INSURANCE** : This scheme is an improvement on the existing House Holders Insurance Policy with certain additions and modifications such as
  - Covering collapse of the dwelling
  - Alternate accommodation expenses of the dwelling being rendered uninhabitable
  - Increased amount of educational grant & funeral expenses under Personal Accident section.

**2. HOUSING LOAN PROTECTION INSURANCE:** This policy is designed to meet the requirements of the financiers towards mortgage and includes :

- Cover for the Dwelling & Contents
- Personal Accident
- Unemployment protection : wherein if the insured is rendered unemployed due to involuntary reasons the policy will pay the instalment amount for unemployed period up to twelve months.

**3. CREDIT INSURANCE FOR DOMESTIC AND EXPORT CREDIT.**

16. The Committee have been informed that the company has standard and uniform procedure for settlement of claims. Claim intimation can be given at the underwriting office by a letter or by way of submission of claim form. The loss is assessed by independent surveyor on the company's panel who inspects the loss after it is reported. The surveyor reports are examined by the technical department and claims are paid by the competent authority. The powers have been delegated to the Regional/Divisional offices to settle the claims at their own levels. The procedure for settlement of claims is reviewed periodically. The number of claims preferred, settled and pending from 1998-99 to 2000-2001 are given below :

Department	Year	No. of claims at the beginning and those received during the year	Claims settled during the year	Claims pending as at end of the year	Percentage of claims settled to the total claims (%)
<b>Fire</b>	00/01	15767	10049	5718	63.73
	99/00	9514	6756	2758	71.01
	98/99	10380	7720	2660	74.37
<b>Marine</b>	00/01	47522	36437	11085	76.67
	99/00	60180	49526	10654	82.30
	98/99	55927	45977	9850	82.20
<b>Motor</b>	00/01	573247	344608	228639	60.11
	99/00	508166	300098	208068	59.05
	98/99	463555	273808	189747	59.09
<b>Misc.</b>	00/01	638545	547266	91279	85.70
	99/00	536738	474231	62507	88.35
	98/99	590079	536447	53632	55.61
<b>TOTAL</b>	00/01	1275081	938320	336761	73.60
	99/00	1114598	830611	283987	74.52
	98/99	1119641	863962	255679	77.15

The Company has over 6 lacs Third Party Claims in respect of Motor Accidents. These Claims can be settled only on the basis of awards of MACT, finalisation of which takes long time due to legal procedure.

In view of the fact that there are as many as 6 Lakhs Motor Third party Claim cases pending in various Tribunals, it is event that the number of MACT (Motor Accident Claims Tribunal) are insufficient to meet the workload, despite the fact that sittings are held on every working day. In order to mitigate this problem of delay in settlement of claims, the company have set up other Fora such as DICC (Divisional Inhouse Claims Committee), RICC (Regional Inhouse Claims Committee), Conciliatory Committee, where claims are settled with the consent of aggrieved parties.

17. On the question of low premium rates and unlimited liability on Third party claim compensations, the Committee have been informed that the issue has been deliberated upon in great detail at various forums, in particular by the companies with the Tariff Advisory Committee (TAC) and the Ministry. An attempt was made in the year 1997-98 to upwardly revise the rates in a phased manner over three years. However, when the first slab of rate revision was implemented, there was strong opposition from the transport operators lobby, forcing the industry to defer further increase in rates. The matter is still being discussed with the Ministry of Surface Transport and TAC.

It was also pointed out that premium for motor insurance in India are among the lowest in the world. Moreover, the liability in case of airline accidents and rail accidents are limited to Rs. 5 lacs and Rs.4 lacs respectively. Yet, for motor accidents, the liability is unlimited. This issue requires to be urgently examined.

18. The Committee have also been informed that the following customer services are provided to the policy holders :



- Educating customers via Seminars, workshops, publicity brochures. Information is provided on various schemes, benefits to insureds, do's and don'ts for insureds etc.
- Advisory services in the form of guidance for policy coverage, policy options. This is provided by the field staff and operating heads and in case detailed information is required, the same is provided by the technical experts.
- Advisory services on modalities of claim settlement including steps to be taken for speedy settlement of claims as per the Citizen's Charter, commitments have been made to insureds for time bound settlement of claims.
- Risk Management services. Advises are given for improving the risk to be insured, whereby there would be a reduction in premium and ensure improvement in the quality of the insured property.

The following measures are being taken for further improvement in customer services :

- Completion of computerisation of all offices.
- Completion of the process of inter-connectivity between offices for better co-ordination and control.
- Upgradation of Company's website for further dissemination of information.

19. It was informed to the Committee that the Company has a full fledged vigilance set up and mechanism. The vigilance set up in the company is headed by

Chief Vigilance Officer who is in the cadre of General Manager and who is on deputation from LIC.

The number of cases (complaints) received, disposed and pending during the last 5 years from 1996 to 2000 are as under :

Year	No. of cases (complaints) received	No. of cases (complaints) disposed of	No. of cases pending
1996	253	229	24
1997	212	200	12
1998	320	279	41
1999	462	328	138
2000	340	285	55

20. It was also informed to the Committee that the Company has received 16 complaints from All India National General Insurance Employees Association during the year 2000-2001. These complaints relate to (i) Fraudulent/irregular settlement of claims; and (ii) Fraudulent/irregular settlement of LTS/TE bills. The status and action taken on the complaints is given in Annexure – II.

21. On the question of merger of four subsidiary companies with a view to withstand the challenge posed by private insurance companies, the Committee have been informed that the option of merger is not under consideration at present. However, it will not be proper to merge the companies at this stage when the private companies have already started operations. This option could have been considered few years back so that the new entity had time to stabilize. At this stage we cannot afford to spend time in setting up and streamlining of operations of a merged company.

22. When asked about the impact of privatisation in the insurance sector on the public sector companies, the Committee have been informed that in short-term, privatisation is not expected to lead to an expansion of the existing market. The new entrants in the industry might attract a part of business of existing Public Sector Companies. It is also expected that the new Private Sector Companies will choose to approach selected large profitable insurance business of the existing Company. This is expected to adversely affect the growth and profitability of the existing Public Sector Companies in short run. However, in the long run, the existing public sector companies with their large capacity based on their financial strength, wide marketing network, experience of the local market for long years and trained manpower will be able to maintain their leadership in the Indian non-life Insurance Market.

The New India Assurance company is the market leader in the Indian non-life insurance industry since 1976. The company has inherent strengths. In view of these factors the impact of privatisation on New Indian Assurance Company is expected to be marginal.

23. When asked about the Action Plan for computerisation, the Committee have been intimated that as on date, 570 offices of the company have been computerized, and another 230 offices will be computerized by July end this year. As regards the balance offices, it is proposed to complete the same by March, 2002.

24. On the question of deployment of personnel, it was informed to the Committee that the company has plans to utilize the large manpower to its advantage by redeployment of personnel to other areas of operations, especially areas relating to customer service.

25. To a query about introduction of Voluntary Retirement Scheme (VRS), the Committee have been intimated that the company has no plans to introduce VRS. Instead of introducing the option of VRS, the company has introduced action plans to make the employees more productive.

26. It was informed to the Committee that some of the recommendations of the Malhotra Committee have still not been implemented by the Government.

27. When enquired about the sports activities, the Committee have been informed that the company has active Sports Clubs at all Regional centers. The company regularly participates in cricket, football and table-tennis tournaments at regional and state level. The company also organised all India Meets for the employees in athletics, table-tennis, carom, cricket and badminton.

28. It was informed to the Committee that besides allowing entry of private players in the insurance business, PSEs particularly banks and financial institutions have also been allowed to enter into the field of insurance sector. It was also informed to the Committee that IRDA is in the process of finalising regulations for allowing entry of brokers in the Indian insurance market. The regulations will allow payment of commission upto 17-1/2 % to brokers for business procured by them.

**RECOMMENDATIONS/OBERVATIONS**  
**OF THE COMMITTEE**

**HEALTH INSURANCE COVERS FOR RURAL POPULATION**

1. The Committee note that out of the total 1093 operating offices of the New India Assurance Co. Ltd., 728 offices are located in the rural and semi-urban areas. Though the Company has designed a number of covers specially meant for the rural population, covers relating to health insurance could not be successfully marketed, since remuneration payable to agents was not commensurate with the efforts required for marketing these products. The Committee have been informed that the Company is planning to enter into an agreement with Third Party Administrators who will render cashless healthcare service to the policy holders. The Committee, therefore, desire that the Company should expedite the decision in the matter In order to provide healthcare service to the rural sector.

**REVISION OF MOTOR TARIFF AND AMENDMENT TO MOTOR VEHICLES ACT**

2. The Committee note that the Motor tariff was last revised in the year 1998 when the first of the three instalments in increase in the premium was effected. The remaining instalments of increase in premium had to be deferred till receipt of directives from IRDA. It is also noticed that when the MV Act was amended in the year 1988 by introducing the concept of unlimited liability, it was felt that the existing premium rates would be able to absorb the increased liabilities. In the absence of subsequent increase in motor premium and the tendency on the part of the courts to award increasingly higher awards of compensation, the claim ratio of the motor portfolio was adversely affected. Therefore, the quantum of Motor Tariff charged needs to be re-examined. The Committee further note that the liability in case of airline accidents and rail accidents are limited to a specific amount, while in the case of motor accidents, the liability is unlimited. This issue also requires to be urgently examined. The Committee therefore, recommend that the Government should examine the issues urgently and take a quick decision in the matter with a view to protect the interest of the Insurance companies.

### ENTRY OF BANKS / FIs IN NON-LIFE INSURANCE BUSINESS

3. The Committee note that the Indian Insurance Industry has already been opened to competition by allowing entry of private players. In this context, the Committee find that the PSEs, particularly, the banks and the financial institutions have also been allowed entry in the insurance business. The Committee feel that allowing PSEs, particularly, the banks, the financial institutions etc. would lead to excessive competition amongst the PSEs. Since banks and financial institutions are in the field of project financing etc., their entry would encourage linkage between financing and insurance and as such it would be detrimental to the healthy and professional growth of the insurance market. The Committee, therefore, recommend that the matter regarding allowing PSUs, especially the banks, financial institutions, etc into the insurance sector should be re-considered. They wish to be informed about the decision taken in the matter within three months from the date of presentation of this Report to the Parliament.

## **ENTRY OF BROKERS**

4. The Committee have been informed that IRDA is in the process of finalising regulations for entry of brokers in the Indian insurance market and they will be paid commissions upto 17 ½ per cent for the business procured by them. The Committee note that the non-life insurance companies are already working with high management expenses. They, therefore, feel that the additional burden on brokerage will compel the non-life insurance companies to raise the premium rates in order to absorb the additional costs. They are also of the view that introduction of Brokers at this stage will also affect the Agency system, which is so vital to the growth and penetration of insurance business in the country. The Committee desire that the issue about entry of brokers in the insurance business should be reconsidered and a quick decision should be taken in the matter.



## RETENTION OF PROFITS

5. The Committee note that the insurance companies are at present paying sizable amount as dividend year after year to the GIC and to the Government. The Committee feel that if this dividend amount is allowed to be retained by the insurance companies for a period of about five years or so, it would enable them to improve their net worth. Such retained profits would also enable them to improve their retention level and reduce reinsurance abroad which will further result in saving valuable foreign exchange. Increase in Net Worth also can be utilised for related diversification by the insurance companies. Therefore, the Committee recommend that the government should consider retention of profits by the insurance companies to help them increase their networth and to save valuable foreign exchange.

### SETTLEMENT OF CLAIMS

6. The Committee note that as many as 6 lakhs Third Party Claims in respect of motor accidents of the New India Assurance Co. Ltd. are pending in the various Motor Accident Claims Tribunals (MACT) in the country. The Committee have been informed that these claims can be settled only on the basis of awards of MACT, the finalisation of which takes a long time due to the complicated legal procedure involved in the matter. Since lakhs of Third Party Motor Claim Cases of the public sector non-life insurance companies are pending in the tribunals, the Committee feel that the number of MACT are insufficient to meet the workload. The Committee, therefore, recommend that more number of Motor Accident Claim Tribunals should be set up in the country in order to expedite the settlement of claims.

### IMPLEMENTATION OF MALHOTRA COMMITTEE RECOMMENDATIONS

7. The Committee have been informed that some of the recommendations of the Malhotra Committee have not been implemented so far by the Government. The Committee desire that the Government should take a quick decision with regard to pending recommendations of the Malhotra Committee.

**STATE-WISE PARTICIPATION IN STATE GOVERNMENT LOANS FOR THE LAST FIVE YEARS**

(Rs. in  
crores)

States	1999-2000	1998-1999	1997-1998	1996-1997	1995-1996
<b>CATEGORY A (HIGHER PER CAPITA INCOME-LEVEL)</b>					
Andhra Pradesh	0.88	0.06	0.04	0.06	0.06
Goa	0.08	0.53	0.25	0.20	0.07
Gujarat	0.96	2.04	1.39	2.21	0.43
Haryana	0.26	1.18	1.24	1.17	0.45
Himachal Pradesh	0.18	0.29	0.45	0.47	0.20
Maharashtra	1.44	2.69	2.87	2.71	2.22
Punjab	3.33	1.75	1.83	1.58	0.33
<b>TOTAL</b>	<b>6.81</b>	<b>8.53</b>	<b>8.07</b>	<b>8.39</b>	<b>3.76</b>
<b>CATEGORY B (MEDIUM CAPITA INCOME-LEVEL)</b>					
Andhra Pradesh	8.27	5.21	2.49	1.93	0.90
Assam	4.65	0.96	4.70	0.67	0.20
Karnataka	1.20	1.03	1.37	0.63	0.50
Kerala	0.70	1.49	1.68	1.91	0.55
Madhya Pradesh	4.58	1.76	6.30	1.91	1.20
Manipur	0.10	0.16	0.65	0.11	0.05
Nagaland	8.99	2.15	1.49	0.26	0.07
Rajasthan	6.21	2.64	1.76	1.61	0.85
Sikkim	6.00	0.76	0.54	0.11	0.05
Tamil Nadu	1.08	1.55	2.87	1.60	0.68
Uttar Pradesh	9.70	27.18	13.45	4.55	1.20
<b>TOTAL</b>	<b>49.48</b>	<b>44.89</b>	<b>37.30</b>	<b>15.29</b>	<b>6.26</b>
<b>CATEGORY C (LOWER CAPITA INCOME-LEVEL)</b>					
Bihar	9.30	2.02	9.63	16.92	2.87
Jammu & Kashmir	0.16	0.46	1.78	2.72	1.00
Meghalaya	0.18	0.41	0.31	0.78	0.43
Mizoram	3.00	0.67	0.50	0.46	0.23
Orissa	0.94	2.00	3.61	7.43	4.22
Tripura	6.00	1.20	0.78	0.56	0.43
West Bengal	1.06	1.82	2.29	10.05	5.82
<b>TOTAL</b>	<b>20.62</b>	<b>8.58</b>	<b>18.90</b>	<b>37.92</b>	<b>18.00</b>
<b>GRAND TOTAL</b>	<b>77.01</b>	<b>62.00</b>	<b>64.27</b>	<b>61.60</b>	<b>25.00</b>

Statement showing the status and Action Taken on the complaints received from All India National General Insurance Employees Association.

Sl. No.	Nature of the Complaints	Action Taken
1	Five (5) complaint letters dt. 12.10.2000, 9.1.2001, 1.2.2001, 15.2.2001 and 12.3.2001 were received containing various allegations of mal-practices by Officials of DO 310900 under Delhi RO I. The allegations are mainly relating to settlement of claims without proper survey, registration of claims after payment, tampering of computer for registering various claims, payment of claims in different names etc. etc.	All the allegations contained in the above complaint letters were investigated jointly by Shri K. Ravinarayanan, Deputy Manager, Vigilance Dept., HO, and Shri S. Vaideswaran, VO, Delhi RO I and they have submitted their report. The investigation report is being examined and it is proposed to refer the case to CVC for their first stage advice as the allegations are made against DM also who is in the cadre of Class 'A' Officers.
2	Four (4) complaint letters dt. 27.2.2000, 21.4.2000 (2), and 21.3.2000 were received containing several allegations against Shri RS Sharma, DM, DO 310400 under Delhi RO I. The allegations are in the nature of wrong payment of claims, unnecessary expenses for advocates, and lack of administration in the office.	Investigation reports on these complaints have already been received by us. The matter is being referred to CVC for their first stage advice as Shri RS Sharma, DM, is in the category of Class 'A' Officers. Incidentally, it may kindly be noted that Shri RS Sharma has already retired from the services of the Company.
3	One complaint letter dt. 21.7.2000 was received containing allegations relating to payment of Third Party claim by DO 310700 under Delhi RO I.	The matter was investigated and the report has also been received. After examining the investigation report, the case has been referred to CVC for first stage advice as Shri Sanjay

		Prasad Singh, Sr. DM, is in the category of Class 'A' Officers. The 1st stage advice of CVC is awaited.
4	Another complaint letter dt. 27.10.2000 was received containing allegations against Shri Phoolchand of DO 310700, Delhi RO I relating to claiming excess conveyance expenses by tampering the vouchers.	The allegations were investigated and the report has been examined. The case has been closed since the allegations were not found established.
5	Another complaint letter dt. 23.2.2000 was received containing allegations against Shri Murari Prasad Singh of DO 310700 under Delhi RO I relating to mal-practices in TE bills and LTS bills/LTS advance.	Allegations were investigated and the report has already been received which is under consideration.
6	Another complaint letter dt. 8.8.2000 was received containing allegations against Shri Lalit Mahajan of DO 310200 relating to misuse of LTS.	The allegations were investigated and the matter stands closed as the allegations were not found established.
7	Two (2) complaint letters dt. 8.11.2000 and 12.11.2000 were received containing allegations against DO 312400 under Delhi RO I about settlement of various claims.	CBI, Delhi have taken over the files and are making secret verification on these claims and their report is awaited.
8	Another complaint letter dt. 1.5.2000 was also received relating to a Fire claim of M/s. Bhushan Steels and Strips Ltd., containing allegations of fraudulent nature of the claim. In this claim an on-account payment of Rs.5Crores has already been made after due approval from HO.	Our VO, Delhi RO II has conducted certain investigation. Considering the technical nature of the claim, it has been suggested to Fire Tech. Dept., HO, to have a technical investigation into the claim and we understand that they have already taken up the matter of technical investigation with some foreign experts. The report is awaited.

ANNEXURE - III

**TOUR PROGRAMME ACTUALLY PERFORMED BY THE  
COMMITTEE ON PUBLIC UNDERTAKINGS TO  
PUNE, BANGALORE, MYSORE AND GOTACAMUND  
FROM 4<sup>TH</sup> JUNE, 2001 TO 11<sup>TH</sup> JUNE, 2001**

( MEMBERS ASSEMBLED AT PUNE )

DATE & DAY	TIME	VISIT & DISCUSSION
4.6.2001 (Monday)	1000 hrs	Discussion with the Officers of New India Assurance Co. Ltd.
	1200 hrs	Discussion with the Officers of Hindustan Antibiotics Ltd.
	1400 hrs	Discussion with the Officers of Export Credit Guarantee Corpn. (E) Ltd.

( NIGHT HALT AT PUNE )

5.6.2001 (Tuesday)	1315 hrs	Departure for Bangalore by IC-917
	1615 hrs	Arrival Bangalore

( NIGHT HALT AT BANGALORE )

6.6.2001 (Wednesday)	1000 hrs	Discussion with the Officers of Hindustan Teleprinters Ltd. (HTL Ltd)
	1430 hrs	Departure for Mysore by Road (Approx. 140 km)
	1800 hrs	Arrival Mysore

( NIGHT HALT AT MYSORE )

7.6.2001 (Thursday)	0930 hrs	Discussion with the Officers of Indian Tourism Devp. Corpn. (ITDC)
	1200 hrs	Discussion with the Officers of Bharat Earth Movers Ltd.

( NIGHT HALT AT MYSORE )

8.6.2001 (Friday)	0900 hrs	Departure for Gotacamund by Road (Approx. 120 km)
	1300 hrs	Arrival Gotacamund
	1745 hrs	Discussion with the Officers of NTC (IN&P) Ltd.

( NIGHT HALT AT GOTACAMUND )



9.6.2001 (Saturday)	0930 hrs	Discussion with the Officers of Hindustan Photofilms Mfg. Corpn. Ltd.
	1200 hrs	Discussion with the Officers of Food Corporation of India Ltd.
		(NIGHT HALT AT OOTACAMUND)
10.6.2001 (Sunday)	0900 hrs	Departure for Bangalore by Road
	1800 hrs	Arrival Bangalore
		(NIGHT HALT AT BANGALORE)
11.6.2001 (Monday)	0930 hrs	Discussion with the Officers of Rashtriya Chemicals & Fertilizers Ltd.

**DISPERSAL**

**COMPOSITION OF THE COMMITTEE ON PUBLIC UNDERTAKINGS  
WHICH VISITED PUNE, BANGALORE, MYSORE AND COCHINMUND  
FROM 4<sup>TH</sup> TO 11<sup>TH</sup> JUNE, 2001**

S. NO.	NAME	DATE OF JOINING	DATE OF LEAVING
1.	Prof Vijay Kumar Mathotra, Chairman	5.6.2001 Bangalore	11.6.2001 Bangalore
2.	Prof. S. P. Singh Baghel	4.6.2001 Pune	9.6.2001 Coimbatore
3.	Shri Sudip Bandyopadhyay	3.6.2001 Pune	12.6.2001 Bangalore
4.	Shri Ram Tahel Chaudhary	3.6.2001 Pune	11.6.2001 Bangalore
5.	Shri C K Jaffer Sharief	6.6.2001 Bangalore	8.6.2001 Bangalore
6.	Shri Raju Pratap Rudy	5.6.2001 Bangalore	8.6.2001 Bangalore
7.	Shri Tarit Baran Topdar	5.6.2001 Bangalore	11.6.2001 Bangalore
8.	Shri Suresh Karmadi	3.6.2001 Pune	4.6.2001 Pune
9.	Shri K. Kalavenkata Rao	7.6.2001 Mysore	11.6.2001 Bangalore
10.	Shri Jibon Roy	3.6.2001 Pune	7/8.6.2001 Mysore / Bangalore
11.	Smt Ambika Bani	3.6.2001 Pune 8.6.2001 Bangalore	4.6.2001 Pune 8.6.2001 Coimbatore
12.	Shri Ranjan Prasad Yadav	3.6.2001 Pune	8.6.2001 Bangalore
<b>SECRETARIAT</b>			
1.	Shri S Bal Shukar, Director		
2.	Shri L. N. Gaur, Under Secretary		
3.	Shri Raj Kumar, Under Secretary		
4.	Shri Tarunakar Das, Sr. Executive Asstt		



**ANNEXURE -**

**LIST OF OFFICIALS OF NEW INDIA ASSURANCE COMPANY LTD.  
WHO WERE PRESENT DURING DISCUSSION WITH THE COMMITTEE  
ON PUBLIC UNDERTAKINGS AT PUNE ON 4.6.2001**

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1. Shri K. N. Bhandari, Chairman-cum-Managing Director
2. Shri A. S. Pradhan, General Manager
3. Shri S. S. Khadilkar, Manager, Region-in-charge
4. Shri A. R. Sekar, Company Secretary
5. Shri S. Khaleel, Manager
6. Smt. Jayanti Shukla, Deputy Manager
7. Shri Vilas Ambardekar, Assistant Manager