

[Mr. Speaker]

requirements of copper in the country, and for matters connected therewith or incidental thereto."

*The motion was adopted.*

SHRI S. MOHAN KUMARAMAN-GALAM : I introduce\* the Bill.

13.18 hrs.

GENERAL INSURANCE BUSINESS  
(NATIONALISATION) BILL

MR. SPEAKER : Shri Chavan.

SHRI S. M. BANERJEE (Kanpur) : I have a submission to make on the Bill.

MR. SPEAKER : There is nothing before the House yet. Let him move it and make his observations.

THE MINISTER OF FINANCE (SHRI YESHWANTRAO CHAVAN) : I beg to move<sup>1</sup> :

"That the Bill to provide for the acquisition and transfer of shares of Indian insurance companies and undertakings of other existing insurers in order to serve better the needs of the economy by securing the development of general insurance business in the best interests of the community and to ensure that the operation of the economic system does not result in the concentration of wealth to the common detriment, for the regulation and control of such business and for matters connected therewith or incidental thereto, as reported by the Joint Committee, be taken into consideration."

SHRI S. M. BANERJEE rose—

SHRI YESHWANTRAO CHAVAN : Let me make my observations and then he can say what he wants.

MR. SPEAKER : Why is he impatient ?

SHRI S. M. BANERJEE : I am impatient because we have no opportunity to

move amendments and get them accepted once he makes his speech and proceeds.

MR. SPEAKER : I have not received any intimation from him. The practice is that members inform me beforehand on such occasions.

SHRI S. M. BANERJEE : I am not opposing the Bill.

MR. SPEAKER : He can speak when his turn comes.

अध्यक्ष महोदय : स्पीकर को किसी मैटल का बना हुआ होना चाहिए ।

I am getting very much thick-skinned. Everytime, every hon. Member is getting up. This is too much, I am telling him that the matter is not before the House. He does not take it like that. The Minister is going to explain it. The Bill is going to come for consideration. He will have many opportunities to speak on it. He has not sent me any objection against its consideration. *(Interruption).*

SHRI S. M. BANERJEE : I have never wanted to oppose it.

MR. SPEAKER : Order, please.

SHRI YESHWANTRAO CHAVAN : As the House is aware, the General Insurance Business (Nationalisation) Bill, 1972 was introduced in the House on 29th May 1972 and was subsequently referred to a Joint Committee of both Houses of Parliament on 30th May, 1972. The Report of the Committee was presented to the House on the 21st August 1972.

The Committee received representations from a number of bodies and also heard evidence from several witnesses. The Committee have recommended certain changes in the Bill which are explained in detail in their Report. I need not go over the ground again but I shall confine myself to a brief explanation of the more important provisions of the Bill as amended by the joint Committee.

This Bill was introduced in pursuance of

<sup>1</sup> Introduced with the recommendation of the President.

the declared decision of Government to nationalise general insurance business. It will be recalled that life insurance business was nationalised in 1956 and the present Bill by nationalising general insurance business completes the process of nationalisation of all classes of insurance business.

I would like to say a few words about the broad structure of the Bill. The Bill visualises the setting up of a Government company called the General Insurance Corporation of India and four companies subsidiary to it. The functions of the Corporation broadly include, apart from carrying on general insurance business on its own, aiding, assisting and advising its subsidiary companies and also exercising supervision and control over their functioning by issuing directions to them wherever necessary. In issuing directions, the Corporation is expected to keep in mind the desirability of encouraging competition amongst the companies as far as possible in order to render their services were efficient. It will thus be seen that the Bill envisages a healthy competition throughout the country amongst the four subsidiary companies. The Bill provides that each subsidiary company shall act as far as possible on business principles.

The four subsidiary companies will be formed by integration of the existing insurers in India carrying on general insurance business. Hon'ble Members will recall that under the General Insurance (Emergency Provisions) Act, 1971, the management of the undertakings of all insurers carrying on general insurance business in India (with the exception of the Life Insurance Corporation of India), was taken over by Government. This take-over was made in order to enable Government, pending nationalisation, to carry out the necessary spade work for the ultimate take-over as visualised in the present Bill. In taking over the ownership under this Bill, two different procedures have been adopted in the case of various categories of insurers. In the case of each Indian insurance company (which is defined as an insurer having a share capital and is a company within the meaning of the the Companies Act), the shares are proposed to be acquired. In the case of other insurers which include, apart from foreign insurers, cooperative societies, mutual insurers and LIC, what is proposed to be acquired is the undertaking of the insurer relating to general insurance business. The

reason for this difference is that the latter insurers either have no shares in India which can be acquired or in the case of cooperative societies it is not desirable for Government to acquire the shares. On the "appointed day" the undertakings of all the latter group of insurers will be transferred to the Central Government and immediately thereafter to one or the other of the Indian insurance companies. Thereafter, the Central Government can frame one or more schemes providing for the merger of the Indian insurance companies between themselves so that ultimately there are only four companies (in addition to the General Insurance Corporation) in existence and that they are so situate as to render their combined services effective in all parts of India.

I would like to draw the specific attention of Members to the following provisions in the Bill :—

- (1) The General Insurance Corporation starts with a subscribed capital of Rs. 5 crores which is required for it to function smoothly until it begins to receive dividends from its subsidiary companies.
- (2) The amounts paid under section 11 for acquiring shares or undertakings, as the case may be, will be treated as additional contribution to the subscribed capital of the Corporation.
- (3) Although under the General Insurance (Emergency Provisions) Act, 1971, the management of the general insurance Business of LIC was not taken over, the present Bill provides for acquiring that undertaking (in so far as it relates to general insurance business) also.
- (4) Some State Governments are at present carrying on general insurance business. They will be allowed to continue the business to a restricted extent, namely, in respect of properties mainly owned by them or in which they have a substantial financial interest ; but otherwise they will be allowed to run off their business.

All the employees of the existing insurers whose shares or undertakings are taken over,

will be transferred to the companies under the new set-up and they will continue on the same terms and conditions with regard to pay scales, service conditions etc. until and unless these are changed. In this connection, Members will recall that Government has already set up a Committee under the Chairmanship of Shri K.P. Mathrani to examine the existing organisational and administrative set-up in all the insurers and to make suitable recommendations for an integrated and rationalised set-up in the future. When the recommendations of that Committee are received, naturally Government will consider the question of having uniform service conditions for the employees.

The Joint Committee has inserted two new clauses, namely, clauses 22 and 23. The former empowers the Central Government to transfer employees from the Corporation to the acquiring companies or vice versa or from one acquiring company to another if such transfer is desirable in the best interests of the nationalised set-up. Some fear has been expressed that this power might be used by the Central Government to victimise the employees, but I can say that any such fear is absolutely unfounded.

Clause 27 contained in the original Bill empowering repatriation of assets of foreign insurers has been omitted. Since the Committee felt that the matter can be regulated by administrative orders.

The Schedule to the Bill sets out the amounts payable by Government for acquiring the shares or the undertakings, as the case may be, of the existing insurers. In the Bill as introduced in this House, the total amount involved was Rs. 33.03 crores of which Rs. 25.68 crores was for the Indian insurers (including the LIC) and Rs. 7.35 crores was for the foreign insurers.

When the joint Committee took evidence, almost all the witnesses had something to say about the amounts proposed to be paid. On the one extreme, there were some witnesses who contended that no amount should at all be paid for taking over the argument that in the past, the shareholders or the proprietors had already enjoyed considerable benefit from the profits of the business. There was another opinion - you will see this one of the minutes of dissent also - that the shareholders may be

paid the amount of their paid-up capital only. The argument apparently is that what the shareholders have contributed should be returned to them and any appreciation in values of shares, for which the society at large has been responsible, should be returned to the public exchequer. The third category of opinion, which is at the other extreme, contended that full legal proprietary rights of the shareholders should be respected and that apart from the reserves for unexpired risks on minimum basis and provision for outstanding claims, the balance of all the assets should be returned to the shareholders. The first two views mentioned above raise ideological considerations which are also very important, however for the same reason it is not possible for me to discuss them from the technical angle. As regards the third, I must say that it is an extreme view which cannot stand deep scrutiny. Every insurer carrying on general insurance business must create additional reserves and these reserves serve not only as security for policyholders but also enable the insurer to write more business and cover more risks in the country itself. These reserves are built out of the premiums paid in the past by the policyholders and needless to say these have come out from the margin in the premium which is always provided directly or indirectly, to take care of possible fluctuations in risks. Hon'ble Members will appreciate that if all the reserves are paid to the erstwhile proprietors what is left namely the bare minimum policy liabilities will not enable the undertaking to continue functioning on a sound, not to speak of a strong, basis. To my mind, the point seems so obvious that I may be pardoned for placing emphasis on this aspect. Nevertheless, I think it is necessary to draw specific attention to this matter because a number of witnesses argued as if Government is expropriating what in law belongs to them, ignoring at the same time the necessity for continuing reserves in a running institution. We have to remember that we are nationalising general insurance to enable it to continue running in future and that we are not attempting to wind up the business and give away whatever belongs to the erstwhile proprietors.

With regard to the amounts specified in the Bill, it was argued in the Select Committee that there was discrimination *inter se* between Indian insurers as well as discrimination between Indian and foreign insurers. It was contended that those Indian insurance com-

panies which followed a conservative dividend policy in order to build up a sound reserve position got a raw deal in comparison with other companies which distributed higher dividends. As regards foreign insurers, it was argued that the amounts specified in the Schedule discriminated in their favour and that the Indian insurers should get at least the same treatment, if not better, as all their assets are retained in the country. To meet these points, the amounts mentioned in the Schedule were reviewed and the amounts were increased for 31 Indian insurers. The total amount payable to Indian insurers has gone up from Rs. 25 68 crores to Rs. 30-70 crores. After the above changes, the amounts in the Schedule can, of course, still be assailed on the ground that they are generous or inadequate depending on the political philosophy of the person criticising them. But the amounts cannot be assailed on the basis that they are arbitrary or discriminatory as between the Indian and foreign insurers or as among the Indian insurers *Inter se*. I should add that while arriving at these final figures given in Schedule A and B, we have taken into consideration arguments advanced in Select Committee and also factors like dividend, assets minus liability, profitability etc. so as to ensure that there is no discrimination between insurers.

Certain other criticisms of the Bill were made by witnesses and these have found place in some of the minutes of dissent. First, there is the suggestion that there should be a single autonomous corporation and not four or five units. This is a matter on which a number of representations were received by Government even earlier, mainly from employees unions. I may say that before drafting the Bill, very careful consideration was given to the suggestions received, but Government came to the conclusion that four units competing with each other throughout India would be the best in the circumstances. The evidence given before the Committee has not brought out any fresh point for changing this view.

In one minute of dissent a suggestion has been made that the 'appointed day' should be advanced suitably to avoid continuing to pay management compensation. Government fully appreciates the need for fixing the "appointed day" as early as possible for saving payment of management compensation. Naturally,

we have also to take into account the time required for the preliminary work which has to be completed before the appointed day. The appointed day will be fixed taking all the various aspects into consideration. Shri Babubhai Chinai in his minute of dissent has suggested that the rate of interest on instalments should be raised from 4% to 12%. When Government is able to borrow at 5½% or 5¾% even for long term loans I do not see how it will be correct to pay 12% on the instalments. It must be remembered that it is not as if the interest is being paid as a penal measure on account of delay on payment; the law itself provides for three annual instalments and save for the inevitable procedural time for making payment, interest is payable mainly for the period during which the instalments have been spread out. Shri Chinai has also suggested that a 51% majority of shareholders should be empowered to nominate a person or body to whom the amounts payable to them can be paid. I need only say in this connection that unless the amount involved is substantial, little purpose would be served by the provision and in many cases 51% of the total amount payable may not be a substantial sum.

There were suggestions from some witnesses that provision should be made in the Bill for the absorption of the employees of the Calcutta Claims Bureau and similar organisations and some of the minutes of dissent also mention this point. I have given an assurance in the Committee that the employees of that Bureau and organisations of a similar nature will be absorbed in the new set up of the General Insurance Corporation.

With these words, I beg to move that the Report of the Joint Committee be taken into consideration.

MR. SPEAKER : Motion moved :

"That the Bill to provide for the acquisition and transfer of shares of Indian insurance companies and undertakings of other existing insurers in order to serve better the needs of the economy by securing the development of general insurance business in the best interests of the community and to ensure that the operation of the economic system does not result in the concentration of wealth to the common detriment, for the regulation

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and control of such business and for matters connected therewith or incidental thereto, as reported by the Joint Committee, be taken into consideration."

SHRI S. M. BANERJEE : Now that he has moved the Bill for consideration, I have to make a submission.

MR. SPEAKER : He should have given some intimation to me.

SHRI S. M. BANERJEE : Does it mean that from now onwards whoever wants to raise anything should write to you immediately and then raise it? I have patiently heard the Finance Minister. Now my submission is this. The Business Advisory Committee met on the 26th and decided that four hours should be allotted for this Bill. It was never decided that it will come up for consideration today. Suddenly we found day before yesterday that this Bill is coming up today. Because of this we could not move our amendments. Therefore, I suggest that we may have general consideration today and clause-by-clause consideration tomorrow or the day after so that we will be able to move our amendments. Let us have only general discussion today.

SHRI YESHWANTRAO CHAVAN : I have no objection. My only point is that then it will be very difficult for us to pass the Bill in the Rajya Sabha because this is the last week. And naturally you do not want this Bill to remain unpassed in this session. You can give notice of your amendments even now.

SHRI INDRAJIT GUPTA (Alipore) : Whatever time you choose to allow for general discussion, that may be taken up today. The consideration of the clauses can be taken up tomorrow. In the mean time, we can be allowed to move our amendments. Otherwise, how can we table our amendments?

THE MINISTER OF PARLIAMENTARY AFFAIRS AND SHIPPING AND TRANSPORT (SHRI RAJ BAHADUR) : The difficulty is that we have to get it passed by the Rajya Sabha. The rule about notice for amendments can be waived so that they can be moved even now.

MR. SPEAKER : I am told that a number of amendments are there. I will give another half an hour to the hon. Members to give their amendments. Then we will circulate them. In the mean-while, we will have 2½ hours for general discussion.

SHRI S. M. BANERJEE : By 4 O' Clock ?

MR. SPEAKER : In half an hour, you give your amendments

SHRI S. M. BANERJEE : We have to take part in this general discussion.

MR. SPEAKER : As for those who take part in the general discussion, they will be given another 15 minutes extra to give amendments.

SHRI S. M. BANERJEE : Let the Bill be passed without any amendments.

MR. SPEAKER : He has explained the difficulty.

SHRI INDRAJIT GUPTA : In the Business Advisory Committee, we allot time and all that. We decide what are the items to be taken up. But the actual order of priority is left entirely to the Government, to the Minister of Parliamentary Affairs. Now, suddenly, he puts on the Order Paper that it is coming on Monday. Where is the time to table amendments? This is a very important Bill.

SHRI RAJ BAHADUR : I put it in the List of Business for the next week that I announced on Saturday. Yesterday being Sunday, amendments can come even now.

MR. SPEAKER : Yesterday being Sunday, I relax the time-limit and say, you can send your amendments within half an hour.

SHRI INDRAJIT GUPTA : Say, 3 O' Clock.

MR. SPEAKER : No question of bargaining; any convenient time. All right. Upto 3 O' Clock. There is no hard and fast thing about it. Yesterday being Sunday, I am relaxing it. I am giving the reason to be recorded so that it should not be treated as a precedent for future.

SHRI S. M. BANERJEE : I may also say, if two days restriction is to be strictly adhered to for moving the amendments, in that case, the Ministry should also do that two days in advance of the Bill coming before the House.

MR. SPEAKER : He has explained the reason for that. That is why I have allowed it. If there had been any reason not acceptable, we could have easily postponed it.

I want to say one thing more, before we proceed with this. I hope, you will not mind. As far as the other matter about Supplementary Demands is concerned, I have received a letter from Shri Shyamnandan Mishra and also a letter from Mr. Morarji Desai saying that the Demand for grant for rulers, of about Rs. 20 crores or something like that, is just mentioned and that details are not given. I am forwarding that letter to you. I quite agree with the reasons given in these letters. I hope, by the time this is over, you will be ready with those details.

SHRI SHYAMNANDAN MISHRA (Begusarai) : We should not be given information just at the time we start considering the Demands. We should be given information in advance.

MR. SPEAKER : After all, we the House of the People are responsible for the main Budget. I quite agree with the reasons given.

Now, Shri Somnath Chatterjee to speak on the General Insurance Bill.

SHRI SOMNATH CHATTERJEE (Burdwan) : Mr. Speaker, Sir, as you have been pleased to allow us to move the amendments, we have given some of the amendments and, because the time was very short, we could not give very comprehensive amendments. I hope, they will be circulated and taken into consideration.

So far as the Bill is concerned, I support the provision for nationalisation no doubt. But some provisions which have been made in the Bill make us wonder as to who are the real objects of bounty. This Bill is a glaring example that what the ruling party professes or preaches is not being practised. The slogan of *Garibi Hatao* is said to be translated into action by surrendering crores of rupees in favour of the business houses and mono-

polists as is provided in the Bill. We feel that the Government by making provision for payment of compensation or amount that has been provided here cannot achieve socialism. It is nothing but pampering to the big monopolists and big business houses. Very large sums of money are being doled out and are being given to rich business houses and the monopolists when the country is suffering from lack of resources and when famine is staring us at the face in various parts of the country.

13.45 hrs.

[MR. DEPUTY-SPEAKER *in the Chair*]

I think, this is nothing but a surrender to the big business interests—certain provisions which have been made. We are totally opposed to the provisions which have been made in this Bill for payment of compensation. When General Insurance (Take-Over) Bill was discussed in the House, if the hon. Finance Minister will recall, I had suggested that if the management was taken over a limited period under article 31A(2) of the Constitution, no compensation would be payable. The answer that was given was that it would be a *mala fide* action, it would be a colourable exercise of power; as the intention was finally to nationalise general insurance business, we should not take it over for a limited period but we should pay compensation. Precisely, that has been done now. In the case of Indian Iron & Steel Company, it has been taken over for a limited period for which no compensation need be paid to it. Hon. Minister, Shri S. Mohan Kumarmangalam has said in this House and outside that there is no question of returning the Indian Iron & Steel Company to the former management. Therefore, in the case of Indian Iron & Steel Company a particular type of formula has been adopted. Probably Mr. Biren Mukherjee was not in the good books of the Government—we do not know. But this is the precise position. For 20 months, till 2nd January when nationalisation will become effective, for 20 months a sum of Rs. 6.60 crores will have been paid to the insurance companies. For what? For management. They did not manage during this time; they had nothing to do with it; the Central Government took upon itself the management, and for not managing they will be getting Rs. 33 lakhs per month for so many months—still a few more months are left out. This amount will come to Rs. 6.60 crores. Now

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what is being done in this Bill? The amount which is being given by way of compensation for the take-over is Rs. 38.23 crores, and if you add to it Rs. 6.60 crore, the total comes to about Rs. 45 crores. What is the basis of this computation? The hon. Minister, in his introductory speech, referred to certain vague formula which we have not been able to follow.

So far as the take-over is concerned, it is of the shares. The share-holders are going to get the money. On what basis? Are they going to get the full value of their shares or are they being given the market value of their shares or the paid-up value of their shares? We do not know what is the total shareholding of the different companies, whether they have been given the full amount, and if they are not being given full amount, how will the shortfall be met. No indication has been given. In some quarters it is said that there are small shareholders, there are middle class people holding shares; they have invested a part of their savings. We do not want that those people should suffer. They should get back whatever they have invested on small shareholdings in different insurance companies. But, so far as this Bill is concerned, there is no restriction. All the share-holders will get back whatever they have contributed or they are supposed to have contributed. Kindly see Clause 12(2) of the Bill. It says :

"The Corporation shall distribute the amount paid to it under section 11, to the share-holders of each Indian insurance company and to each existing insurer, who is not an Indian insurance company, in accordance with their rights and interests..."

But what are the rights and interests of shareholders? So far as a company is concerned, the contributory shareholder is entitled to get back his amount of contribution or a proportionate amount in the company's assets if the assets are not sufficient after winding-up or dissolution. But what is meant by 'rights and interests of the shareholders' here? How much money will be paid back to them? Suppose there is a shortfall, who will suffer?

Then, kindly come to clause 13. It says :

"13(1) Where the amount referred to in section 11 is to be given—

- (a) to the members of an Indian insurance company, the amount due to each such member shall be paid in full, where it does not exceed twenty-five thousand rupees, each such member shall be paid twenty-five thousand rupees and the balance of the amount due to such member shall be paid to him in three equal annual instalments..."

We wanted to know according to the Government's information how many small share-holders are there or how many share-holders are there in this company whose shareholdings are less than Rs. 25,000 and how many shares have been held by the previous management namely, the big businessmen and the monopoly houses who have got back their entire money. These companies have been declaring dividends—probably most of these companies and most of these share-holders, these big business houses, got back their capital by way of dividend and other amenities they have enjoyed. After enjoying all these years all these monies, they are now being paid the entire amount they have invested. I would like the hon. Minister to explain as to what he means by 'in accordance with their rights and interests as provided in clause 12(2) of this Bill'.

We would also like to know the basis of computation. In some cases we find—it has also been mentioned in the minutes—that it has been assessed on the basis of the last three years' profits or dividends. We do not know how. The hon. Minister may kindly explain it. It is clouded in mystery and that is why we are asking for this. We want to know how far these big business houses or monopolists are trying to take benefit of the amount which is being paid to them.

Now, according to Art. 31C of the Constitution and Article 51 that has been amended by the 25th Amendment Act, these matters are no longer justiciable. Therefore, there is no question of Art 14 being infringed or Art 31 being infringed. The Government have now the power. The Parliament has the power to bring legislation providing such amount for which even the nature of computation need not be given. When these powers

were given to this Parliament to amend the Constitution of India, It was hailed in all quarters that by taking recourse to these provisions, the previously crippling provisions in the Constitution of India which somehow made the Parliament ineffective and less effective, they were one away with and it was now hailed and it was expected that those provisions in the Constitution should be taken recourse to and unnecessary and unreasonable amounts should not be paid as compensation. What is being taken from some of these big businessmen is being given back to them in the form of compensation. Therefore, they are not unhappy. They are getting licences for new businesses. In this Bill, clause 2 of the Bill says :

"It is hereby declared that this Act is for giving effect to the policy of the State towards securing the principles specified in clause (c) of Article 39 of the Constitution."

Now the Constitution (Twentyfifth) Amendment— you remember...

MR. DEPUTY-SPEAKER : I think everybody remembers.

SHRI SOMNATH CHATTERJEE : It is better we remind ourselves from time to time because we have got this power. But we have not utilised it. Although this power has been taken by us, it has not been taken recourse to in framing this legislation. It comes under Article 31C. It cannot be challenged under Art 19 or 14 or 31 of the Constitution. Therefore, why should these 38 crores of rupees be given to these Indian companies ? I shall come to the foreign companies later. We find at the Joint Committee's stage when the deliberations were going on and probably at the last stage suddenly the schedule was amended and we find the three biggest beneficiaries are the Ruby General Insurance Co. whose amount of compensation has been increased by Rs. 55 lakhs, National Insurance Co. of the JK organisation whose amount has been increased by Rs. 25 lakhs, Indian Trade— I believe this is a Thaper concern, whose amount has been increased by Rs. 27 lakhs. I would like to know on what basis the previous computations were made and how suddenly, it was found at the last stage when the Joint Committee was deliberating, that these sums were inadequate and how suddenly

these now figures have been calculated and arrived at.

What was the mistake committed in the earlier computation ? Why these increases are made suddenly and significantly only in case of some of the big business houses controlling these three insurance companies ? There have been other increases, but not increases, comparable to the increases allowed to these three big companies. I would like to know how this calculation was made ? What was the previous mistake ?

It is known that the foreign insurance companies have not been building up reserves here. They had only such assets as would be necessary for the purpose of meeting the risk that might come up. For all practical purposes they have taken out their entire profits out of the country and invested in different foreign countries. Why these insurance companies are given such huge amount under this Bill is something which I am unable to comprehend. What is the basis of computation in respect of these foreign companies ? This is what I would like to know. Their shares are not being taken up. We request the Minister kindly to disclose when he replies as to why these foreign companies have been given such huge amounts under this Bill.

The other provision to which we have objection relates to creation of more than one corporation under Clause 9...

MR. DEPUTY-SPEAKER : Company.

SHRI SOMNATH CHATTERJEE : One Corporation; 4 companies, I stand corrected ; thank you,

Clause 9 provides that there will be a General Insurance Corporation of India. Under Clause 18, they have power to carry on any part of the general insurance business if it thinks desirable to do so. The scheme as it has been indicated, and as said by the Finance Minister in his speech, is that it is intended to have one insurance corporation and four different companies. The plea put forward is the plea that they will act in healthy competition. But we do not understand it. The entire control will be vested with the Central Government and the entire supervision will



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be under the overall supervision of the Govt. of India because the Government of India can give directions and they will be obliged to carry on those directions. The Act entitled them to give such directions. Therefore, where is the point of 'healthy competition' being exercised among different Government bodies themselves? It is a question of approach. It is a question of seeing how far the huge resources of general insurance can be made available in the public interest, What will be the basis of competition? Will there be any under-cutting of premium rates, etc? What is the sort of competition that is thought of in general insurance business among different companies that are intended to be set up? This remains completely vague. If they had made a provision saying different types of insurance will be taken up by different companies I would have understood that.

When this subject was discussed last year, Mr. Chavan in his reply, said I quote him.

"General insurance will break new grounds, see some new horizons and try to serve more social objectives. General insurance business would not only confine itself to commerce and industry but they would expand their activities to other social purposes."

We are yet to see what expansion has been made here; we are yet to see what social objectives we have been able to achieve after the general insurance business was taken over in last June.

We are asking for diversification of general insurance. We are asking for unemployment insurance. We are asking for crop insurance. We are asking for other social security insurance for ordinary people. Nothing is being done. By the creation of four companies and another insurance corporation, you are not going to make for healthy competition. There are apprehensions that this is really made to make divisions in the ranks of labour, to make them feel as if they are employees of different capitalist-controlled organisations. Otherwise, there is no rational basis for the formation of these companies.

14.00 hrs.

Now, I come to clause 22 under which power is sought to be taken by the Central

Government to transfer any officer or employee from one company to another. This is a rather surprising provision which is being made. There is a great deal of apprehension amongst the employees and the staff that this will be used for the purpose of victimisation and not for any *bona fide* purposes. The Central Government will not be the employer of the employees and the staff. They will be either the employees of the Central Insurance Corporation of India or of these companies which are described as acquiring companies. Why should the Central Government take power in their hands to transfer any officer or employee from one company to another? This is an instance, I submit, which shows an attitude of keeping the employees and staff under the control of the Government and not of the employers under whom they will be serving. There is no rational basis for this, and, therefore, we are objecting to this clause.

We have tabled amendments to some of clauses, and one of the main amendments that we are suggesting is...

MR. DEPUTY-SPEAKER: Let him not refer to the amendments at this stage.

SHRI SOMNATH CHATTERJEE: We shall be suggesting that there should be radical change in the provisions made in clause 11..

MR. DEPUTY-SPEAKER: He can speak on it when that amendment comes up.

SHRI SOMNATH CHATTERJEE: ...of the Bill which deals with the payment of compensation.

I have almost finished, but there is one matter on which I would like to say a word...

MR. DEPUTY-SPEAKER: The time allotted to him is also finished.

SHRI SOMNATH CHATTERJEE: I must thank the hon. Minister for repeating the assurance which he has been giving in the past also, of absorbing the employees of the Calcutta Claims Bureau and other allied organisations.

Finally, I have just one word to say about

the scheme which may be framed for rationalisation or revision of pay scales, under clause 16. We submit that in the name of rationalisation, there should not be any scheme drawn up which will either mean that any employees or staff will become surplus or their service conditions will be changed to their disadvantage.

With these words, I am supporting the principle of nationalisation which has been adopted in this Bill, but we are strongly opposing the quantum of compensation that has been fixed in this Bill.

SHRI N.K.P. SALVE (Btul): As to the laudability of the objectives of this legislation, there could hardly be much debate or dispute. In fact, my regret is that this measure has come a little too late in the day. There hardly was any warrant for us to have waited for nearly sixteen years to nationalise general insurance after we had nationalised life insurance. It has been a very unfortunate phenomenon that the general insurance in the hands of the private sector was subjected to various types of malpractices, frauds and manipulations, which were by themselves very strong grounds why Government should have intervened and taken over this business. But I have heard a very vocal and vociferous criticism 'Why are Government getting into this very very small field of general insurance, when they such have a large and wide field?'

SHRI JAGADISH BHATTACHARYYA (Ghatal): There is no quorum in the House.

MR. DEPUTY-SPEAKER: You continue until I ask you to stop.

SHRI N.K.P. SALVE: I was referring to some criticisms being levelled against this legislation, about the necessity and justification of this...

MR. DEPUTY-SPEAKER: There is no quorum. Let the bell be rung—Now there is quorum. He may continue.

SHRI N.K.P. SALVE: I was submitting that the various undesirable practices in which general business was enveloped and embroiled were themselves a sufficient cause

for Government to take over the entire business. But there are very many other reasons why it has been taken over.

I have heard the criticism levelled against Government as to why Government have nationalised general insurance which is small field in which the private insurance companies could have catered to the requirements of the policyholders more efficiently and much better than what Government could do. Another criticism levelled was that already the LIC in the Oriental General Insurance unit which is government-owned was in general insurance; why should Government thereafter expand its field of activities and create a monopoly? The answer is very simple: general insurance constitutes the very hard core, the infrastructure of our economy, and if we want to strengthen, improve and stabilise our economy, it is impossible that we leave general insurance outside government control. In fact, we realised this long ago; we are implementing it today. It only means that we are vigorously following our avowed policy, namely, that we want growth and development of our economy together with principles of social justice which are inherent in divesting vested interests who had exploited general insurance to aggrandize their personal interests.

The most controversial provision in this legislation appears to be that on compensation... The Finance Minister has, unfortunately, gone away; I do hope the junior Minister, an extremely able person in this matter will kindly take note of what I have to say. With the deepest regret I must submit that I must join the critics who have criticised the clause on compensation. The Finance Minister has said that some people have said that it is either generous or meagre, according to the political philosophy they propagate. It may or may not be correct. But it is an oversimplification of the matter. If they are doing it as a matter of political philosophy, may I ask what philosophy has the Finance Minister followed? It is easy to say that they say it is generous or it is meagre, but kindly explain to us the rationale which I am unable to understand. The Minister was absolutely right when he said that reserves could not be paid to shareholders. One thing has to be understood. General insurance is not a capital-intensive industry; it is an industry in which one is paid for

[Shri N. K. P. Salve]

rendition of certain services and covering risks. It is the policyholders who have been squeezed right, left and centre, in season and out of season—mostly out of season. I am sure you, Sir, are a policyholder and you must be aware of how these general insurance people have been dealing with people. They have been undercutting one another and dealing under the table in various modes and manners.

At any rate, the demand for payment of reserves was an utter absurdity and therefore, if the rationale is negatively explained by the Finance Minister, as to why we did not want to pay either with reference to the net assets or with reference to reserves, one can understand, because non-payment of reserves is one thing. Let him explain. I am one of those who is a little conversant with the principles of law of eminent domain connected with the compensation to be paid by the Government on acquisition of properties. One can understand if a successor is going to pay for the reserve, his financial position is certainly going to be weaker than that of the predecessor. The successor can never pay for the reserve without crippling his own financial position.

Surely, we do not want the Government corporation to be weaker than those insurance companies which were so far doing the business. So far so good. But may I know what is the rationale, what is the justification, for paying compensation related to dividends? This is the most irrational, speculative, unjustified method of paying compensation. May I know what is the reason for increasing it from 33 to 38 crores. It can be increased to any figure? The most rational of dissent that I am seeing is the dissent of Mr. S.M. Banerjee and others who are firstly objecting to the payment of compensation at all. In a thing like this, I am not trying to superimpose my political philosophy. Looking into the matter objectively, as a technocrat would like to go into it, first ascertain how much the share holders have already been given all these years? It is really the policy-holders who have been squeezed all these days. If there is any relief to be given, give relief to the actual policyholders. Why are you giving it to the shareholders? The shareholders are monied people. What is the use of taking shelter under the fact that they are middle

income-group people or that they are poor people? Nothing can be more fallacious or misleading than this to say that poor people are holding shares in the general insurance companies. I do not think you hold a share in a general insurance company: I do not hold a share in the general insurance companies (*Interruption*) You have yet to know. Therefore, I submit that this compensation is very irrational. The Finance Minister does not want to superimpose his own political philosophy and he does not want to call it generous or he does not want to call it meagre, either. But if he then wants to call it rational, let him explain it to us. Why are you raising it from 33 to 38 crores? There is a doubt cast on us that we have done it under pressure. I want to make it clear that this is not the government which is going to work under any pressure. Irrational it may be there, but this Government is never going to work under any pressure. Do not remain under this illusion that there will be any pressure as such.

Therefore, I do expect that the Finance Minister would have a good look at this compensation business; even now it is not too late to amend it. What is wrong with the suggestion made, namely, just pay the shareholders what they invested; the nominal value of the share provided there is no outstanding debit balance in the balance-sheet in the profit and loss account, unless capital is already wiped out or frittered away by some other people. I know in some general insurance companies the profit and loss account shows a huge debit balance; that means the capital has been wiped out. As has been rightly pointed out by one of the hon. Members, as a result of this irrational compensation, one company gets seven per cent of the net assets and another company gets 88 per cent. Why this unconscious patronage to one and why this unconscious disfavour to another? I have no doubt in my mind that this is not done with a view to extending favours to anybody nor is it done with an intent of victimising anybody. But I think, purely, some bureaucrat got it into his head and bereft of any sense, bereft of any idea, bereft of the knowledge of principles of eminent domain, he might have prepared it and it has been accepted.

Therefore, I submit to the Finance Minister for his consideration—he is not here and his junior is here—that he should explain to us the rationale of the huge compensation. Do

not try to take us for granted, or do not take us for a ride in this. You must determine as to what is the rational basis. I personally feel that Rs. 38 crores is plenty of money to be paid for the nationalisation of general insurance companies.

So far as foreign insurance companies are concerned, where is the warrant for this type of payment? Have the Government understood what is the manipulation of foreign insurance companies? Have they known that year after year, an amount was credited in the profit and loss account and the balance-sheet of the foreign companies crediting foreign head office for apportionable expenses which incurred in the head office which never in reality were incurred for Indian office and all those are accepted as liability and are to be duly paid? All this has not been looked into. The foreign companies have been definitely shown much greater preference than the Indian companies. I do not for a moment want to impute that deliberately foreign companies were chosen for such favours, but inadvertently these favours have gone to the foreign companies.

MR. DEPUTY-SPEAKER : Is that under pressure?

SHRI N. K. P. SALVE : Therefore I hope that this provision of compensation is duly looked into.

Finally there is only one point I want to make. We are anxious that all the public sector enterprises must make a tremendous success in this country, for unless that is done the future is extremely bleak for our economy. If the future is bleak for our economy, it will be a tragic day for our parliamentary democracy. Day after day we are watching with very great disconcert the performance of our public sector undertaking. In that respect I want to point out that the Life Insurance Corporation has been a miserable flop.

I myself wanted to raise a loan against my land. For month after month nothing would move. One day news reached me that : if you are willing to pay a few thousand rupees, expeditiously the matter will be put through. It was an amazing experience for me : someone coming and telling me the local man has taken a vow as it were, unless his palms are greased nothing will move further.

I said : Never mind if I do not get a loan, I have never had a house of my own and I will not have one hereafter ; but I would not do anything of the sort.

Thereafter, I spoke of the matter to the Prime Minister, the then Finance Minister, who spoke to the Secretary concerned. Thereafter it took three month for me to get sanction and another three months before a letter came that the loan is now available. I said : you keep the loan with you ; I do not want house ; I do not want loan.

In general insurance you will be dealing with a large many people who may not be able to go to the Prime Minister or to the charming Deputy-Minister of Finance and it will be so difficult for these people. Supposing an accident takes place, God forbid, somewhere ; and a claim is asked for ; and is paid not to the daimant, not to his son or grandson but to the great grandson, I do not know what will be the plight.

MR. DEPUTY-SPEAKER : If Members want to talk they can go to the Lobby and talk. Why disturb the House? I was being disconcerted by the talk on my left hand side.

SHRI N. K. P. SALVE : Inefficiency and corruption in this particular Corporation are two things to which I am sure particular attention will have to be paid. Any complaint coming from any one, I am sure, will be properly attended to. I really do hope that the provision regarding compensation would be properly rationalised and I wish god speed and plenty of luck to the corporation and to the Finance Minister.

SHRI INDRAJIT GUPTA (Alipore) : Mr. Deputy-Speaker, this is the first instance, since we amended article 25 of a statute providing the terms and conditions of an act of nationalisation. I am sure not only the people outside Parliament but also Members of the ruling party, one of whom has just spoken-I am not surprised at what he said because he is familiar with the insurance business-will regard it as a big anti climax to the hopes that have been aroused, assurances that had been given and the enthusiasms which had been generated, rightly, in this country for those constitutional amendments which were all very strongly supported by all of us but have brought forth the proverbial mouse.

[Shri Indrajit Gupta]

What was the point of substituting the word 'compensation' by the word 'amount'? Was it simply this that in all cases we are not obliged to pay the market value as compensation? Was that the only significance and the only meaning of that amendment? The question whether to pay market value or not pay market value arose because of certain confrontation which we had with the Supreme Court but if you go through the records of the debate in this House at the time when the amending Bill was brought before the House and read what the hon. Ministers, not one but several of them including some legal luminaries, spoke, the spirit of the thing was that if this country is to go ahead, if we are to take radical measures which are really to bring the maximum benefit for the largest section of people in our country, then increasingly resources will have to be generated and will have to be mobilised. It is impossible in our country and in the state of our economy to mobilise such resources unless we resort to nationalisation at a cost which will be bearable by this country, not at a cost which is both intolerable and unbearable.

Now, if we find that in this general insurance take over, a sum of Rs. 38.23 crores is being prescribed as compensation, it only means, as far as I can see it, that the whole spirit behind the 25th Amendment and amendment of article 31, which were accepted in a particular way by the people of this country and which roused such great hopes in their minds, that spirit has been given or is being tried to be given, a quiet burial here today by the Government. That spirit is being destroyed already on the very first occasion when it is being put to test.

In 1956, when companies dealing with life insurance were nationalised and the Life Insurance Corporation was set up, a compensation of Rs. 5 crores was paid to 256 companies. Today after so many years, after so much talk of socialism and radical measures and radical reforms, after the huge mandate given to the Prime Minister on the basis of her assurances not only assurances but on the basis of the concrete steps of which I consider these constitutional amendments to be really historic, after all this, what do we find? 107 companies, Indian and foreign, dealing in general insurance business, are to be paid Rs. 38.23 crores as compared to Rs. 5 crores

paid to 256 companies in 1956. Already these companies, as my friend Mr. Chatterjee pointed out, since the 13th May, 1971 when the management was taken over, have been paid at the rate of Rs. 33 lakhs per month, simply for acquisition of management, which was not a constitutional obligation whatsoever on this government. There is nothing laid down in the Constitution that even a pie of compensation has to be paid for a take-over of management. Nevertheless, this Government provided for Rs. 33 lakhs per month to these companies simply for taking over the management. That has gone on for the last 15 months and may go on, as far as I can judge, till the end of this year, because we do not know what the appointed day is going to be. If we calculate the whole amount plus the amount suggested to be given to them in this Bill, it comes to something like Rs. 45 crores.

These general insurance companies have a paid-up capital, including the bonus shares floated by them from time to time, of Rs. 12 to 13 crores. I hope the Deputy Minister will confirm these figures. Their total assets are now Rs. 240 crores including of course, the statutory reserves which they are compelled to keep out of the premium. The annual premium is something like Rs. 125 crores. All this on a paid-up capital of Rs. 12 to 13 crores. Now this enormous amount of money is again being proposed to be doled out to these people and the burden will have to be borne as usual by the common people of this country.

What was the object of bringing forward those amendments? Was it simply to bluff the people, an act of hypocrisy? Therefore, I would like to ask the same question which the speakers who preceded me, including Shri Salve, asked, even at this penultimate stage of passing this Bill is the Government going to take this House into confidence or not as to what is the whole basis, the *raison d'être* of the calculation of this figure. An extraordinary thing has taken place. I have talked to several members of the Select Committee, to whom this Bill was referred, because I wanted to know how these figures were calculated. I found that the members of the Select Committee, you will excuse me for saying so, they were as much in the dark as I am. Then I asked the Chairman of the Select Committee the basis on which these figures have been worked out, how Rs. 5

crores were arrived at which was increased. I regret to say that he could not give any basis and he directed me to the hon. Minister. I am not able to follow this kind of functioning of the government.

Shri Salve, having made some very obvious criticisms on this point, which even he could not resist, of course then suddenly it occurred to him that he is a member of the ruling party he fired off a big demagogic reminder here to us on this side of the House that this government acts under pressure. He says that the government has not acted under pressure and yet he is not prepared to explain what is the basis of these figures. Then where do we go to from here? Everybody knows that pressure was brought to bear on government. Everybody knows that Shri J. R. D. Tata and other people have approached the government. Of course, the Chairman of the Select Committee came before us in a formal way asking for further time, extension of time for another three weeks, for submitting the report. During three weeks it was suddenly heard in all quartets that the compensation figure for the Indian companies is going to be increased because they have complained of discrimination between them and the foreign companies. The ground of discrimination, according to them, was that in the case of foreign companies the compensation was calculated on the basis of their profits, which I suppose they have repatriated, whereas in the case of Indian companies the compensation was calculated on the basis of their declared dividends. Therefore, the Indian companies said "if we had known previously that you were going to calculate our compensation on the basis of the declared dividend, we would have declared much higher dividends during the last few years". So, we have been cheated, we have been hoodwinked by the government taking the basis of dividend for calculation of compensation. If that is the argument that impelled the government to take this step, for fear of this being struck down on the ground of discrimination by the courts, then will the Minister kindly explain to this House how by increasing the Indian companies' share by Rs. 5 crores and odd this point of discrimination has been removed? They must satisfy us on this point even on the basis of their own argument.

We consider this to be the most unconscionable measure. There was no justification

whatsoever for coming forward to propose giving Rs. 45 crores as compensation to these companies. Everybody knows even Shri Salve has admitted it that big business houses hold big blocks of shares in these insurance companies. This is a particular industry in which the common pattern of shareholding does not prevail. The common pattern of shareholding in public limited companies is a very large number of small shareholders holding a small amount of shares. The general insurance companies is a peculiar business in which the pattern of shareholding is characterised by the fact that the great bulk of shares are held in big blocks by big business houses. The number of smaller shareholders—I do not say, there are none; there are some is relatively much fewer in this particular industry. Therefore, the beneficiaries from this huge amount of compensation are going to be merely these big business houses.

Sir, as I said earlier, there has been no time unfortunately by the way the Minister of Parliamentary Affairs has arranged the business; there has been no time for us to draft detailed amendments. Otherwise, this whole scheme of compensation given in the Schedule, in our opinion, should be deleted and should be scrapped. If you want to give compensation, a token amount should be given or can be given with the sole object of Safeguarding the *bona fide* interest of smaller shareholders. That could have been discussed. A ceiling could have been fixed that shareholders whose shareholding is upto a certain value, are to be compensated upto a certain percentage and, as the value of the shareholding goes up, the rate of compensation should come down steeply and, above a certain level, there should be no compensation whatsoever. Fat dividends have been earned by big shareholders over the years which are far in excess of the paid-up capital or whatever they have invested in these Companies in buying shares.

I would like to know from the Government which is heading towards socialism and, day in and day out, are talking of socialism, to please explain to us that is their scheme of nationalisation for the future. Take this opportunity.

This is your first test that you are having to pass here in the eyes of the people. Kindly tell us that. Because in future, all those Bills

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will be coming, one by one, where the managements have been taken over. The nationalisation Bills will come in future. Please tell us what is the theory and philosophy of nationalisation. How do you propose to do it as far as the compensation structure goes? If you are going to go on burdening the people of this country and the economy of this country with these huge amounts, then please explain to us why the Constitution was amended. Was it simply to catch votes? Were you serious about it? Do you think the economy of this country can bear such enormous compensation?

So, we are totally opposed to the scheme suggested here and I have to say that the Government is, once again back to where it started from. On this issue, they will have to prove to the people all over again, whether they are in the remotest way serious or not about carrying out any radical reforms in this country which they cannot do without resources, which resources were supposed to be mobilised through the very technique of nationalisation and now, in fact, we find that probably we are going to pay out more than we are going to acquire.

I am also to say, with regard to the multiple set-up which is visualised, one Corporation and four Companies, in the name of efficiency, in the name of competition, I am warning the Government that this will ultimately help only those people who are out to malign the public sector and discredit the public sector. In the case of general insurance, the beneficiaries from this structure that you are proposing will be the big business houses, who are the main people who go in for general insurance, who insure their business, who insure goods, everything. They are the main insurers. They are the people who will benefit. You have surrendered to the constant propaganda drive of the private sector. It is always saying that the public sector is in losses, the public sector is inefficient, because it believes in a monolithic set-up. These huge monolithic public sector corporations, according to them, are the main cause of the public sector being a failure, in the sense that they make losses or are not very efficient.

Therefore, succumbing to that pressure, the Government has this time taken a new step; they are nationalising an industry but instead

of keeping it within one centralised corporation, in the name of the private sector's slogans of competition, the holy right of competition and efficiency, they have suggested one corporation and four companies. The other speakers have raised their doubts. I do not want to dilate on this point. Are you going to have different rates of premium, I want to know? What is this element of competition? So far as I know, the rates of premium are going to be uniform; there are not going to be different rates of premium. Then what is the competition going to take place in and how? That means, you are instigating people, you are instigating those in charge of these new companies, the field agents who will be working under the companies, to resort to all sorts of illegal practices. There is no other way. One is to allow fictitious claims; if fictitious claims are allowed freely, more people will come and insure with that company. If you allow different types of rebates, illegal rebates, then you can attract more people. Is that why you are having these four separate companies? This will lead to much more violation by this public sector concern itself of the restrictive provisions of the Insurance Act and the code of conduct. Even now, allegations have been made that Jupiter and New India have been indulging in all these illegal rebates. This is the most extraordinary thing that we have ever heard from the votaries of the public sector that, in the name of competition and in the name of efficiency, four or five different companies are to operate in the same field, overlapping with each other; they cannot under-sell or under-cut each other because the premium rates are to be uniform, but they have to show results so that they can please Mr. Chavan. The executives of these separate companies, whoever will show higher profit, will get kudos. But how can he show higher profit? He cannot quote lower premium rates. The only way he can do is by illegal practices, illegal rebates, allowing fictitious claims to be entertained, violating the restrictive laws and so on.

**MR. DEPUTY-SPEAKER :** He may please conclude.

**SHRI INDRAJIT GUPTA :** Please allow me one or two minutes more, Sir.

There are going to be five sets of executives at high salaries for the Corporation and

the four companies. Instead of one set of executives, there will be five sets of executives. A huge expenditure will have to be incurred on advertisement, advertising against each other competition against each other; there will be overlapping of operations. Therefore, we feel that the whole system that they are suggesting is going to bring this to grief and the only people who will profit out of it are going to be those who are enemies of the public sector. What was required was sound management, decentralisation of powers to regional offices and so on, and associating the employees with the management; this would have made the working of this one corporation sound. Instead of that, they are trying to split it into so many.

I am very glad that the Minister has once again reiterated on the floor his firm assurance that the employees of the Calcutta Claims Bureau will be absorbed, though I am still not able to understand why a suitable provision could not be incorporated in the Bill itself. It is not only Calcutta Claims Bureau, there also are similar organisations like the Fire Salvage Association in Bombay and some others. I hope, this assurance given will extend to the employees of those organisations also which are managed and whose expenses are borne by the insurance companies themselves for their own benefit.

Finally, I come to standardisation of wages, salaries, service conditions, gratuity, pension, etc. Here in this Bill, as it is, what is said is that, from time to time, if the Government with its controlling powers so desire, they can bring about certain changes. But what I would like to ask is this. When he replies, he may please tell us. You probably cannot have separate rates of premia for different companies. But are you going to allow different rates of salaries, wages and service conditions for the employees in one corporation and in the four companies. Having done that, you must then either put in the Bill or tell us here in the House how you propose to bring about uniform standardisation so as to achieve a contented efficient labour force. Naturally, that standardisation will have to be done at the highest existing level. It is not as if the standardisation will be done at the lower level than those are prevailing at the present time. But, if competition is to be the criterion of the success of these companies, then, I am afraid that

even in the matter of emoluments, service conditions, wages, salaries, etc. the managements of these different companies in the public sector will try, if I may say so, to undercut each other and instead of having a contented labour force, you will have the very opposite.

Therefore, I would say that we are totally opposed to the manner in which this is being done. We were the firmest supporters, we are still the firmest supporters, of the whole idea of nationalisation and take-over of these general insurance companies. But the way it is being done shows that they have surrendered completely to the philosophy of the private sector as if they are on the defensive, 'Yes, yes, we are not efficient as we should be. So, we shall allow the public sector concerns to compete with each other amongst ourselves'.

Lastly, as I was saying, what is going to happen is that the enemies of the public sector are the only people who are going to benefit by this and you are going to encourage illegal practices, you are going to encourage illegal rebates, you are going to encourage fictitious claims being admitted. Otherwise, there is no element of competition possible since the premium rates are uniform.

**SHRI C. M. STEPHEN (Muvattupuzha) :**

I am very strong supporter of nationalisation of sectors like insurance and banking, and I must confess to a feeling of disappointment on the total picture that has emerged from out of the Bill which has been passed by the Select Committee.

I may frankly submit that I am more or less in agreement with certain notes of dissent that have been appended to the Bill. There are three important sectors as far as the scheme is concerned. One is the compensation (2) Structure and (3) Industrial relations picture.

With regard to compensation, the question is one of very fundamental importance. As was pointed out by my hon. friends on the opposite, after the amendment of the Constitution with regard to the compensation question, this, I think, is the first attempt we are going to reduce into actual from our concept in regard to compensation whenever we nationalise any concern. There are two matters of fundamental importance with res-



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pect to this. One is what exactly is the criterion for fixing the compensation. No. 2—When nationalising concerns like this general insurance, what exactly is the quantum of compensation that we are considering as adequate. The Parliament is exercising a very important function when we spell out what exactly is the amount of compensation to be given. This function, the courts were formerly permitted to discharge. We have now taken over that function. When we take over that function, we have got to do it with a certain measure of rationality and not arbitrarily. This House, when it spells out a particular amount as compensation, must know and must be told as to what exactly is the criterion for fixing it. As could be evident from the report of the Select Committee, no effort was made at any stage, it seems, to give an explanation as to how particular amounts were arrived at. To me, this seems a gross act of omission on the part of this Parliament. The Parliament, to pass a Bill, spelling out a particular amount as the amount of compensation, without knowing as to how that amount was arrived at, will certainly be failing in the matter of discharging a very basic responsibility that the Parliament has taken over.

The Government should have told us as to how they arrived at these figures. They have not cared to tell us the particulars about that. I want to place on record my feelings of reservations and objection and even, a feeling of agony, in having to say that this must be the law of the land, without knowing what I am to vote.

Number two, Sir, the amount of compensation has to be spelt out. Nationalisation is going to be the basis of the structure of our society, so far as the future is concerned. It has got to expand further and further. That has to be done, consistent with the capacity of this country. Nationalisation on the basis of market value was not what was objected to. What exactly is the amount that we are practically giving? What exactly are the assets that we have in view? Is it the paid-up value that we have in view, or is it the fixed assets that we have got in view? Or, is it the investment which they have made in certain shares that we have got in view? Or, is it the

profitability of the concern that we have in view? What exactly are the specific matters which we have got in view?

**SHRI YESHWANTRAO CHAVAN :** All the factors.

**SHRI C. M. STEPHEN :** Possibly all matters,—all right. But why this has not been spelt out? Anyway, I will leave it at that.

Coming to the question 'amount' they say, they must be compensated this way or that way. The hon. Finance Minister told us earlier that there was a criticism that there was discrimination as between the Indian company and the foreign company. To avoid that criticism the Indian company was given a little more and the discrimination element has been taken away. The discrimination element could have been taken away in another manner also, bringing down the compensation of foreign companies. That is not what is done. That is, what they have done is, they have added on to the Indian companies more of compensation. That is not the only way in which discrimination can be avoided. They have got certain fixed assets. They say 'book value' of the shares. Book value on what basis? Is it really their acquisition? Suppose a particular building was built 10 or 15 or 20 years ago. Naturally, the value is inflated today. But that is not their contribution. Based on that the compensation given should not go to the benefit of these people. Their paid-up capital and other amounts together come to about Rs. 22 crores, according to a report in the *Economic Times*, but a larger amount is now being awarded.

The point I am emphasising is, it will not be fair to keep this Parliament in the dark as to how specific amounts have been arrived at, a function which judiciary was discharging when we took over. This Parliament must be told as to how we are asked to say that this is the amount which is to be paid. I don't say that we must do expropriation; that is not what we are pleading for. What we are pleading for is that we must have courage and we must go ahead with certain crash programmes. Unless we have full nationalisa-

tion it will have no value at all, but if this is the policy underlying nationalisation, I would rather say, let us have no nationalisation at all.

Then again, certain shareholders together passed a resolution and you hand over all the money to them, solely and completely, so that other business may be started, may not be in the insurance field, but something else. There is no proper guideline about it, no direction about it. That amount they decide for you to hand it over. It is not as though compensation goes to the individual shareholder. Of course, I do not ignore the fact that the individual shareholder has got the option to say : I must have the money back. But why should he create a condition in which the money must always go to a particular coterie to do a particular type of business as per their choice without our guidance ? This is another aspect which I want to emphasise.

Much has been said about the four companies which we have visualised. But the hon. Finance Minister may kindly explain to us why this corporation cannot function as a single solid corporation. Competition is not an explanation for that. After all, general insurance business is not such a large-scale business. So, I do not really understand the rationale about it. There is nothing fundamental about that. Nevertheless, why these four-companies-scheme must be there is a matter which deserves to be further explained.

There is one more matter about industrial relations and the workers etc. Government have taken over the authority and power to transfer workers from one State to the other. These employees will remain employees of the corporation, according to the scheme. But the Government have taken over power to transfer them. Only the employer can have that power. This is a very extraordinary power that Government have taken over to transfer a person who is not an employee of the Government. They cannot have it both ways. Either, the worker must be an employee of the Government or he must not be their employee. If he is their employee, automatically they have got the right to transfer. If he is not their employee, then they cannot have the right to transfer and take over the right to transfer

that person. That is an extraordinary power, and I do not really understand that. If the Corporation can be the employer, then the Corporation can transfer the person. Four companies are being visualised, and they can transfer these employees from place to place because there are the employers. But for Government to say in one voice that these people are not their employees and to say in another voice that they will still assume the power to transfer these employees from place to place is a position which I just cannot understand at all. How far even constitutionally it will stand muster is a matter which will have to be gone into. This is a fundamental departure from the industrial law that we are used to.

These are observations and reservations which I have got to make about this General Insurance Nationalisation Bill. As I said in the beginning, I shall repeat that our approach to this matter will have to be an approach for the restructuring of society, for completely recasting the fabric of society ; and we should not be mindful and over-solicitous about the little loss that the man who has invested some money somewhere is going to suffer. If that over-solicitude is going to be the motivation which is governing us, then, of course, taking away and redistribution is a process which we cannot at all do.

When the Constitution Amendment Bill was moved here, people were talking about expropriation justice, just and fair compensation and so on, and I remember the Prime Minister asking a straight question, 'But what about the compensation for the people who are being exploited ? What about the exploitation of the people who work but who do not get wages ? Think about that compensation and not about the other compensation'.

The underlying spirit of this Bill is an over-solicitude to give compensation in such a manner as not to make the persons to be compensated nervous. That over-solicitude is dangerous. If that over-solicitude is going to be the motivation, then, let us talk less about restructuring the society, because we are attempting something which with that mental motivation will prove to be absolutely impossible.

Sir, I take this Bill as an indication and

[Shri C. M. Stephen]

as a pointer. Taking this as an indication and as a pointer, feel sad and I do want raise my voice of warning that if this is the attempt and if this is the policy, then we would rather say 'Garibi Hatao to the winds'. Nevertheless, I support this Bill.

SHRI G. VISHWANATHAN (Wandiwash) : That is the comedy.

SHRI JAGANNATHRAO JOSHI (Shajapur) : He has made his conscience clear.

SHRI YESHWANTRAO CHAVAN : This is party democracy.

SHRI P. A. SAMINATHAN (Gobichettipalayam) : Hon. Mr. Deputy Speaker, Sir, on behalf my party, the Dravida Munnetra Kazhagam, I extend my...

श्री शिव शंकर प्रसाद यादव : (खगारिया)  
प्लांट आफ आर्डर, उपाध्यक्ष महोदय...

MR. DEPUTY-SPEAKER : What is the point of order ?

श्री शिव शंकर प्रसाद यादव : उपाध्यक्ष महोदय, बिहार में जो आज भयंकर सूखे की स्थिति है उससे 500 आदमी मर चुके हैं...

MR. DEPUTY-SPEAKER : No, no. Order please. If you are a new member, in the midst of a debate, in the midst of another person's speech, you cannot raise any other matter. There are occasions for that.

श्री शिव शंकर प्रसाद यादव : हम आज तीन बजे से अनशन करने जा रहे हैं...

MR. DEPUTY-SPEAKER : Order please. It cannot be raised. Mr. Saminathan, if you do not want to speak, I would call another member (*Interruptions*)

\*SHRI P. A. SAMINATHAN (Gobichettipalayam) : Hon. Mr. Deputy-Speaker, Sir, on behalf of my party, the Dravida Munnetra Kazhagam, I would like to extend my general support to the General Insurance Business (Nationalisation) Bill. I say that I

generally welcome the Bill, which means I generally welcome the principle of this Bill. But I cannot extend my wholehearted support because the provisions of the Bill run counter to the professed objective of the Government to endeavour earnestly for the establishment of egalitarian society in the country. I repeat that the provisions of the Bill are not going to help in establishing socialistic pattern of society in the country. In particular, I condemn with all the force at my command the provision for the payment of Rs. 38.23 crores as compensation to 107 General Insurance Companies. You know, Sir, that mine is not the solitary voice of condemnation from the Dravida Munnetra Kazhagam. Even the Members belonging to the ruling party, who have so far participated in the discussion, have vehemently opposed this provision for the payment of compensation. My hon. friend from the ruling party, Shri Stephen, raised a very pertinent question—If it is the intention of the Government to pay such a huge sum of Rs. 38.23 crores as compensation, will it be proper for this House to give its approval for this Bill containing this provision? He expressed his unequivocal opposition to this provision in the strongest possible terms.

With a view to curbing the undue growth of monopolistic and capitalistic tendencies in our industrial development, with a view to arresting the growth of concentration of wealth in a few hands, the nationalisation of core industries which contribute greatly to the economic development of the country, which enable the economy to move on an even keel, is resorted to. This is the basic and primary step in our objective of establishing socialistic pattern of society in our country. If you ask the question whether this objective is possible of achievement through this measure, you will find that the answer is in the negative.

I would like to refer to the most disturbing phenomenon in this Bill. In 1956, when the life insurance business was nationalised, 256 companies doing life insurance business were given Rs 5 crores as compensation. Now, 16 years after the life insurance was nationalised, the Government have come forward with the proposal to pay Rs. 38.23 crores as compensation to 107 General

\*The original speech was delivered in Tamil.

Insurance Companies. Just as the prices of essential commodities have shot up, the amount of compensation has also set up.

15.00 hrs.

Sir, so far an amount of Rs. 6.6 crores has also been paid to these Companies, after their management has been taken over by the Government. I would request the hon. Minister of Finance to clarify whether this amount will form part of the total compensation amount which has been decided by the Government or this is in addition to that. If this is in addition to the compensation to be paid to them, then the total amount of compensation will be nearly Rs. 45 crores for 107 General Insurance Companies.

Out of these 107 companies 43 are foreign companies. During all these years these foreign companies have repatriated crores and crores of rupees as dividend. The amount so far repatriated would be several times more than the capital invested in these companies. From the provisions of this Bill, I find that they have been given the most favoured treatment by the Government. I am tempted to feel that rank discrimination has been shown against Indian companies in the matter of compensation. I doubt whether it is at all necessary for the Government to pay compensation for these foreign companies which have exploited our policy-holders so long. I would request the hon. Minister to answer this point in his reply to the discussion.

Sir, the privy purses of the ex-Maharajas have been abolished. The major banks in the private sector have been nationalised. What for the Government had taken these steps? To end the exploitation of monopolists, to diffuse the concentration of wealth in a few hands for the benefit of larger sections of our society, to make the public sector the effective means of delivering the goods to the people of our country, these steps had been taken by the Government. By giving such a huge compensation, are the Government not acting against their avowed objectives? The taxpayers' money will go to further fatten the pot-bellied monopolists of this country, who have so far had the unfettered freedom to play havoc with public money. The basic aim of nationalisation is defeated by this provision of compensation for nationalising the general insurance business.

Why did the Government ask this House to approve the 25th Amendment of the Constitution? Was that for enabling the Government to take over undertakings without paying compensation at market value or for paying fancy amounts of compensation for nationalising certain undertakings? When I see this provision for paying compensation, I feel that the Government need not have enacted the 25th Constitution Amendment. I also begin to entertain this feeling: the Government have arrogated themselves all this power to threaten these monopolists and to keep the Democle's sword hanging on their heads; the Government would nationalise what they want at the time they choose; the Government would declare the payment of compensation depending on their whims and fancies; the Government might not give any compensation at all; the Government would not bother whether the tax-payers' money would give more wealth to those who had been exploiting the people for their personal aggrandisement, and the Government would get everything approved by this House with the brute majority that they have. I am strongly of the view that the 25th Constitution Amendment would strengthen the hands of the ruling party rather than the weaker sections of our society.

My party, the D. M. K. has passed Resolutions in our Conferences that all the industries having investment of 5 lakhs and more should be nationalised. The sugar mills, the cement industry, the textile mills and such other industrial organisations, which have so far been the milch-cow of our monopolists, should be nationalised. But, if this Bill is going to be the precedent, then, I am afraid that that day will never come when the important means of production will be in the hands of public sector. The owners of textile Mills have exploited them thoroughly and they have invested all the money in fixed assets like land, building etc. They have utilised for their personal purposes all the money allocated even for Depreciation Fund and they want only failed to use that fund for modernising the plants. Such malpractices and mismanagement alone had led to the creation of sick textile mills. The Government are spending crores of rupees on the sick textile mills taken over by them for purpose of making them into productive units and for providing jobs to lakhs and lakhs of

[Shri P. A. Saminathan]

displaced textile labour. So many other textile mills which are now making profit in millions of rupees are also likely to be the victims of mismanagement, because the owners, taking cue from the huge compensation being paid by the Government to nationalised General Insurance companies, will fleece them to the maximum extent possible and in consequence they might also become sick mills to be nursed back to life by the Government at enormous cost to the public exchequer. As I am afraid that this provision in this Bill for giving huge compensation to the nationalised General Insurance Companies will pave the way for that unfortunate consequence, I request the hon. Finance Minister to delete the clause providing for compensation from the Bill. Then only the Government will be in a position to nationalise the cement, sugar and textile industries at a later stage in future.

The Constitution is for the good of the people. The Government on this plea have amended the Constitution as and when they like. They have overwhelming majority in this House and the Constitution can in future be amended any number of times. The people reposed their confidence in the Prime Minister Mrs. Indira Gandhi because she assured them that progressive measures for their welfare, like bank nationalisation, abolition of privy purses, etc. would be taken by the Government. After coming to power with absolute majority, what have the Government done? Only the other day, we were told that the Government have decided to pay Rs. 10.70 crores as transitional allowance, which is another name for compensation, to the erstwhile Maharajas. The owners of coking coal mines will be given compensation for taking over their mines. The tax-evader will get compensation if his property is acquired by the Government.

I do not know, Sir, whether all this money could not be utilised for removing unemployment, for providing shelters to millions of people sulking and sweating in scorching sun, for preventing starvation deaths even after 25 years of independence. The educated unemployment has reached alarming proportions. Could we not utilise this money for creating more employment opportunities? Sir, the slogan of *garibi hatao* is being given

a decent burial with the approval of this House. Sir, on behalf of my party, the D. M. K., I strongly oppose the payment of compensation to the General Insurance companies—an amount of Rs. 38.23 crores—which is totally unwarranted and unreasonable. I am of the view that the nationalisation policy of the Central Government is a sleight of hands, a rank deception practised on the common people of our country.

I support generally the nationalisation of General Insurance companies. But I strongly oppose the provision for payment of 38.23 crores as compensation to them. I have no hesitation in saying that the brute majority the Government have in this House will enable the monopolists and capitalists to enrich themselves further. As I feel that the Government will be belying the hopes and aspirations of the people of our country, I request the hon. Minister of Finance to delete this clause for payment of compensation to General Insurance companies, which is unnecessary, unwarranted and unreasonable.

With these words, I conclude.

श्री रामसिंह झाई (इन्दौर) : उपाध्यक्ष महोदय, मैं इस बिल का हार्दिक समर्थन करता हूँ...

श्री ज्ञानेश्वर प्रसाद यादव (कटिहार) : उपाध्यक्ष महोदय, आप पहले इनकी बात सुन लें...\*\*

MR. DEPUTY-SPEAKER : Nothing of this will go on record.

SHRI JYOTIRMOY BOSU (Diamond Harbour) : .....\*\*

MR. DEPUTY-SPEAKER : Nothing will go on record. Mr. Bosu, you are a senior Member of this House. It is important that sometimes Members bring up national issues even without notice but there is a time for it. We are conducting a debate.

A Member is on his legs. Do you want me to run this House violating all the rules of the House?

SHRI JYOTIRMOY BOSU : No.

MR. DEPUTY-SPEAKER : That is what he is trying to do. This cannot come within this debate. This can come on some other occasion, at the proper time... (*Interruptions*) I am not shutting him out. I am only trying to regulate the business of the House. I cannot do this... (*Interruptions*.) No more discussion about it... (*Interruptions*) I have listened to him; I have ruled him out.

SHRI JYOTIRMOY BOSU : You have chosen to cast aspersions on me.

MR. DEPUTY-SPEAKER : I have not chosen... (*Interruptions*)

श्री रामसिंह भाई : उपाध्यक्ष महोदय, बैंकों के राष्ट्रीयकरण के बाद यह बिल वास्तव में एक क्रांतिकारी बिल कहा जा सकता है। हमें यह देखना होगा कि सरकार के द्वारा जनरल बीमा अपने हाथ में लेने से जनता को कितने फायदे हो सकते हैं। मैं इस सम्बन्ध में तीन बातें निवेदन करना चाहता हूँ—इसमें तीन बातों के ऊपर मतभेद है और सभी सदस्य और विरोधी पार्टियों के सदस्य भी इस मामले में मुझसे सहमत हैं कि सरकार ने यह एक अच्छा कदम उठाया है, जो बहुत पहले उठाना चाहिये था। लेकिन पहला मुआवजे के मामले को लेकर, दूसरा चार कम्पनियों के बनाने के मामले को लेकर और तीसरा वर्कर्स के ट्रांसफर के मामले को लेकर इस सम्बन्ध में कुछ मतभेद हैं। मैं यह निवेदन करना चाहता हूँ कि जहाँ तक मुआवजे का मामला है, अभी तक हमारी यह समझ में नहीं आया कि मुआवजा किस आधार पर दिया जा रहा है—सबसे पहले तो इस बात को समझ लेना चाहिए... (*व्यवधान*) ...

SHRI JYOTIRMOY BOSU : On a point of order.

MR. DEPUTY-SPEAKER : On his speech? What is the point of order?

SHRI JYOTIRMOY BOSU : On the business before the House. Unless the House

is brought to order, we are finding it difficult to know what the hon. learned Member is saying. The difficulty is that the hon. Member on my left is saying something.

MR. DEPUTY-SPEAKER : Can I request you to co-operate and bring this House to order?

SHRI JYOTIRMOY BOSU : After I resume my seat, Sir. We had written... \*\*

MR. DEPUTY-SPEAKER : This will not go on record.

SHRI K. S. CHAVDA (Patan) : On a point of order. We have a right to hear what the hon. Member says. You bring the House to order.

MR. DEPUTY-SPEAKER : This is no point of order.

SHRI VASANT SATHE (Akola) : It is a point of disorder.

SHRI K. S. CHAVDA : Let him give the ruling. I am a Member of this hon. House.

MR. DEPUTY-SPEAKER : We know that.

SHRI K. S. CHAVDA : My point of order is this.

SHRI VASANT SATHE : It is a point of disorder.

SHRI K. S. CHAVDA : Who are you to say like this? It is for the Chair to decide; it is not for you to decide... (*Interruptions*) I am standing but he says there is no point of order and that it is a point of disorder.

SHRI VASANT SATHE : You cannot misuse the point of order. There must be a limit.

MR. DEPUTY-SPEAKER : There is no point of order. Mr. Verma.

SHRI K. S. CHAVDA : I am a Member of this hon. House.

MR. DEPUTY-SPEAKER : Everyone knows that.

SHRI K. S. CHAVDA : I am entitled to hear him. Isn't it?... ..

MR. DEPUTY-SPEAKER : Yes (*Interruptions*).

SHRI K. S. CHAVDA : It is for you to decide whether the obstruction should be removed.

MR. DEPUTY-SPEAKER : I am ruling him out.

SHRI SHIV SHANKER PRASAD YADAV *roses*.

SHRI K. S. CHAVDA : The Member is standing. What can we do ?

MR. DEPUTY-SPEAKER : You better resume your seat. (*Interruptions*) The only thing I can do is, with the cooperation of members here, I shall have to name this member for obstructing the proceeding of the House, if he does not resume his seat.

SHRI SHYAMNANDAN MISHRA : He is himself going out.

MR. DEPUTY-SPEAKER : I am giving this warning. I shall have to name him.

AN HON. MEMBER : He is going to fast.

*Shri Shankar Prasad Yadav then left the House.*

श्री रामसिंह भाई : हमें देखना है कि मुआवजा किस आधार पर दिया जा रहा है ? 107 कम्पनियों के जिन्हें 40 करोड़ रुपये मुआवजे के दिये जा रहे हैं, असेट्स क्या हैं और लायबिलिटी क्या है ? और क्या यह मुआवजा देने के बाद कांपरिशन को कुछ और देने का भी दायित्व है। हमारे सामने ऐसे कोई फीगर नहीं है। न तो हमारे सामने असेट्स हैं और न लायबिलिटीज हैं। इतनी रकम अमुक कम्पनी को देनी है, यह रख दिया है लेकिन हम जानना चाहते हैं कि हर एक कम्पनी की लायबिलिटी क्या है, उसके असेट्स

क्या हैं और जो हम मुआवजा दे रहे हैं वह किस आधार पर दे रहे हैं, आखें बन्द करके तो नहीं दे रहे हैं ? यह हमारे सामने एक बड़ा भारी सवाल है।

जहां तक इन कम्पनियों का सवाल है, मैं मानता हूँ कि इन्होंने जेब में से एक पैसा डाले बिना इतना शेरर कैपिटल अनाप-शनाप बढ़ाया है। द्वितीय पंचवर्षीय योजना के शुरू में इनका शेरर कैपिटल लगभग 6 करोड़ था। आज मैं ऐसा मानता हूँ कि इनका शेरर कैपिटल लगभग 70 करोड़ के करीब बन गया है। मैं जानना चाहता हूँ कितने नये शेयर्स डिब्लेयर किए गए, उनकी क्या कीमत थी ? अगर इन बीमा कम्पनियों की बेलेंस शीट उठाकर देखी जाये तो इन्होंने अनाप-शनाप कमाई की है। जो पालिसी होल्डर्स हैं उन्होंने टोटल पालिसी की जो रकम जमा कराई है उसका लगभग 25 परसेंट ही उनको मिला है और बाकी 75 परसेंट इन कम्पनियों की जेबों में गया है। मैं निवेदन करना चाहता हूँ कि इन्होंने जो अपना शेरर कैपिटल बढ़ाया वह जेब से रकम देकर नहीं बढ़ाया, बड़े-बड़े डिबिटेंट का जो बटवारा किया है रिजर्व बनाकर, उसमें से शेरर का सेन्ट पर सेन्ट इन्होंने डिबिटेंट लिया है। यह तो कम्पनी ऐक्ट में सुधार होने के बाद इसमें कुछ रुकावट आई वरना ये सेन्ट पर सेन्ट लेते रहे और रिजर्व में से वेनस शेयर्स भी दिए हैं। तो मेरा निवेदन है कि गवर्नमेंट को इस मामले में विचार करना चाहिए नहीं तो राष्ट्रीयकरण बहुत महंगा पड़ जायेगा। आपने सारे अधिकार अपने हाथ में लिए हैं और जो कहा जा रहा है, मैंने एक माननीय सदस्य को नोट आफ डिसेंट पढ़ा, उसमें उन्होंने बताया है कि बेचारे गरीब और मध्यमवर्गीय लोग जो हैं वे मारे जायेंगे लेकिन मैं निवेदन करना चाहता हूँ कि गरीब, मध्यमवर्गीय लोग तो इस व्यवसाय के शेरर होल्डर हैं ही नहीं। जनरल इन्श्योरेंस कम्पनीज के अन्दर कोई शेरर होल्डर्स गरीब नहीं रहने पाए हैं, इसमें कोई भी शेरर होल्डर ऐसा नहीं है जो पसीना बहाकर खाता है। मव पूजीपति, एक के बाद एक और दूसरे के बाद तीसरा, मव

भाई भतीजावाद इसमें पल रहा है। तो मैं निवेदन करूंगा कि हमें फील्ड में जाना होता है, लोगों से बातचीत करनी होती है। हम उनसे क्या कहेंगे कि फलानी कम्पनी को इतनी रकम दी गई है उसका आधार क्या है? हम लोक सभा में बैठे हुए हैं, रूल्सिंग पार्टी के सदस्य हैं लेकिन हमें यह पता नहीं है कि फलानी बीमा कम्पनी को इतनी रकम दी गई है उसके असेट्स क्या हैं और शेयर कैपिटल क्या है। हमें डर इस बात का है कि आपके हाथ में अधिकार है लेकिन जितना पैसा जाने वाला है वह गरीबों के हाथ में जाने वाला नहीं है बल्कि पूंजीपतियों के हाथ में जाने वाला है जिससे गरीबों का शोषण होने वाला है। यह जरूर है कि जब राष्ट्रीयकरण होगा तो लोगों को इसकी अच्छी मुविधायें मिलेंगी लेकिन राष्ट्रीयकरण में एक बात ख्याल रखने की है कि इन कम्पनियों में जो अधिकारी और कर्मचारी हैं वे आदतन बिगड़े हुए हैं। मैंने स्वयं देखा है कि उनके सौदे किस तरह से चलते हैं। कोई ऐक्सीडेंट होता है तो उस ऐक्सीडेंट का एस्टीमेट बनाने वाले जो होते हैं वे, अगर नुकसान हुआ 10 हजार का तो एस्टीमेट बनायेंगे 25 हजार का और उससे कह देंगे कि यह 25 हजार तुम ले लो जिसमें से दो हजार हमें दे दो। इसलिए इस उद्योग का राष्ट्रीयकरण करने के पहले हमें सोचना होगा कि यह कुरीतियां जो चल रही हैं उनको किस प्रकार से रोका जाये। इसके साथ-साथ जो सर्वेयर होते हैं उनका खास तौर से खयाल रखना होगा। जो एस्टीमेट बनाने वाले होते हैं उनका सर्वेयर के साथ लिंक होता है और जनरल मैनेजर तक उसमें जुड़े होते हैं।

इसलिए मेरा निवेदन है कि एक तो मुआवजे के बारे में विचार करना होगा। दूसरे जो मिस्-मैनेजमेंट होता है उसको भी रोकना है। तीसरे चार कम्पनियां बनाने की बात है और उनमें होड़ की बात है, मैं मानता हूं बिजनेस में होड़ होनी चाहिए लेकिन होड़ होनी चाहिये एफिसियेंसी में। आप एक कार्पोरेशन बनायें, चार कम्पनियां बनायें और चारों में आपस में होड़ लगने लगे तो मैं ऐसा मानता हूं बहुत कठिनाई पैदा होगी।

आप कार्पोरेशन बनाइये और कार्पोरेशन की रीजनल शाखायें रखकर एफिसिएन्सी की सारी बातें रीजनल लाइये लेकिन कम्पनियों में होड़ होना ठीक नहीं रहेगा।

मैं इस बिल पर और ज्यादा बोलना नहीं चाहता हूँ क्योंकि कोई मतभेद की बात नहीं है केवल मुआवजे की बात है उसको आप देखें। इसी प्रकार कार्पोरेशन के अन्तर्गत रीजनल ब्रांचेज बनाई जायें, कम्पनियां न बनाई जायें। कर्मचारियों के बारे में एक निवेदन अवश्य करना है कि ट्रांसफर का पूरा अधिकार आप अपने हाथ में रखिये लेकिन थर्ड और फोर्थ ब्लास कर्मचारियों का ट्रांसफर नहीं होना चाहिए। इन बेचारे कर्मचारियों को किराये के भवनों में रहना पड़ता है क्योंकि उनके अपने घर होते ही नहीं हैं। इसलिए थर्ड और फोर्थ ब्लास के साधारण कर्मचारियों को ट्रांसफर नहीं होना चाहिए। उनके साथ ही मैं बलाज से जिसमें मुआवजे की बात है सहमत नहीं हूँ। बाकी इस बिल का मैं पूरा समर्थन करता हूँ।

**SHRI VIRENDRA AGARWAL**  
(Moradabad): Mr Deputy-Speaker, we as a party accept nationalisation as a national creed. But it must serve the national objective. The Finance Minister, while defining the objectives of nationalisation, has assured us that it will serve both the purposes of growth and social justice. But as an economist I feel that nationalisation has not yet served the purpose either to hold the price line or to create additional employment potential. There is a suspicion in the minds of the common man in the country whether the present economic policies will really succeed in eradicating the poverty or to reduce disparity. At times it looks as if it is entirely a political decision which would never serve the economic needs of the people. No government, whatever majority it may have, can ever thrive merely on slogans, unless it spells out its policies in terms of raising the economic lot of the poor.

The public sector, as we all know, has come to stay. But, at the moment, in common parlance it is identified with corruption and inefficiency. The mismanagement of the public sector has added to the inflationary pressure



[Shri Virendra Agarwal]

by throwing more and more down the bottomless pit. Who does not know that the nationalisation of 14 commercial banks has had an adverse effect on prices? We also know at the State Bank it takes more than 45 minutes to get a cheque cashed. The nationalised banks have also failed to meet the requirements of priority sectors.

We believe, at the moment, we have reached a point when there must be a fuller evaluation of all the nationalised industries and find out exactly to what extent they have served the economic objectives which the Government has set before itself. We all know that the personnel policy of the public sector is also in shambles. There are 38 public sector organisations which do not have top executives. Sometimes, we are in search of committed man irrespective of whether they are competent enough to deliver the doos. Over-centralisation and overt politicalisation have marred the future of the public sector. If we see what the Soviet economists have begun to analyse about Indian economy, they hold the view that today further nationalisation would hardly deliver the goods. Therefore, we as planners and economists have also to go into the question of nationalisation. Nationalisation as such is not a bad word. It must be pursued if it serves the national interest. But at present we must consolidate the gains because the nationalised sector has not been able to deliver the goods.

We all know that the economy is sliding back and we have reached a point of virtual economic stagnation, both in agriculture and industry. We have been analysing, year after year, what would be the best system for us to develop in the country. Lately, we have been talking a great deal about the joint sector. Ultimately, if we are really going to create large employment potential, we have to create some sort of medium technology.

The next question that we have been debating here is about the Constitution (Twenty-fifth) Amendment. There is no doubt that the market value concept is almost gone. It is no use talking about market value concept. If we are really rationale about it, then we must analyse whether the basis of compensation worked out by the Government is clear and rational. The Finance Minister practi-

cally refused to oblige us in the Joint Committee when we made a request to him to tell us the formula, the basis, on which the compensation is being determined. But we still do not know exactly where we stand. At the moment, there is an impression, not only among the Opposition groups but in the entire House, and there is a unanimous view, that the compensation in the case of various companies is entirely arbitrary and has completely ignored the intrinsic worth of a company and of a share-holding represented by capital and other reserves. This arbitrary decision of the Government has, naturally, shaken the confidence of the investor and the stock market. There is a demoralising effect on the investment climate and we really do not know whether we will ever succeed in reviving the capital market which, according to me, is absolutely essential if we really want our economy to grow at a faster rate. Therefore, I would suggest that the Finance Minister must tell us what are really the specific guide-lines on the basis of which the compensation will actually be paid to the shareholders.

There is a great deal of talk here about discrimination, not only discrimination between foreign and Indian companies, but discrimination between Indian and Indian companies. At present, there is a consensus that if discrimination remains in determining the compensation to various companies, naturally, not on the question of market value but on the question of discrimination the whole Bill will be struck down by the Supreme Court. Therefore, we should certainly go into it and find out exactly whether we can have a rational uniform basis for determining the compensation to both foreign and Indian companies or not.

My view is that no foreign company should be paid more than assets minus liabilities which has been calculated at Rs. 7.5 crores. That is a rational basis. If the foreign companies are treated rather favourably as against Indian companies, I think, we cannot expect Indian companies to grow and revive investment climate to grow.

Therefore, in any case, the foreign companies need not be paid anything more than Rs. 7.5 crores which is on the basis of assets minus liabilities, while the Indian companies, according to me, are to be paid on the basis of capital plus free reserves and

whatever the gains we have from the foreign companies, I feel, should be redistributed among the Indian companies. That would be a fair, rational basis for determining the compensation to both foreign and Indian companies.

This sort of *ad hocism* which is pursued by Government—because the 25th Constitutional Amendment has made it possible for the Government not to mention the formula or the basis—will not carry us very far. We must have a very clear, straight formula, a uniform formula, for determining the compensation for both foreign and Indian companies.

I am also serious in suggesting that, in respect of the structure of the nationalised general insurance companies, each State in the country should have an autonomous corporation. Instead of having one holding company and four regional autonomous corporations that have been suggested by this Bill, I would suggest that there should be 18 autonomous corporations, one for each State, so that this concept of decentralisation, competition and reasonable profitability, which more or less are essential virtues for any business organisation, can be worked out for general insurance companies.

15.27 hrs.

[SHRI K. N. TIWARY in the Chair]

One of the most important objectives of general insurance companies today is that we should, somehow or other, extend the activities of general insurance to the farming community. This is a very important aspect of nationalisation. Not only cattle but crops and farm machinery also need to be insured so that the sense of uncertainty which now prevails in the rural areas, with the rural people, could be removed. The entire country should really feel that both urban and rural properties can be insured, and in that way we could help in raising the agricultural productivity.

Finally, I would say that the nationalisation of general insurance is almost like a very powerful hammer to kill a very small fly. Nationalisation is not the panacea for all economic ailments, though it must be employed if it is found necessary in national interest. In any case, it is very true that for the sake of ideological considerations if

you go on nationalising, I do not think that we will be able to go very far in achieving what we expect in terms of eradication of poverty or reducing disparities.

श्री शंकर बयाल सिंह (चतरा) : मान्यवर, आजाद हिन्दुस्तान में हमने बहुत सारे सपने देखे। कुछ को पूरा किया, कुछ अभी अधूरे रह गये हैं। और आज हम जो विचार करते हैं, जो विधेयक हमारे सामने है, जो उद्देश्य हमारे सामने हैं, सबों के मूल में बस एक ही बात है कि भारत की जनता प्यासी और पथराई आँखों से हमारी ओर देख रही है। जनता को खाने के लिये अन्न नमीब हो, पहनने के लिए कपड़ा मिल सके, रहने के लिए घर मिल जाये, बच्चों को पढ़ने का समान अवसर मिले, और यह जो सारी चीजें कर रहे हैं इसी उद्देश्य से कर रहे हैं। लेकिन दुःख है कि उद्देश्य अच्छा रहते हुए भी हम इस सपने को अभी तक साकार नहीं कर सके हैं। नतीजा यह है कि दिल्ली और बड़े-बड़े नगरों की सड़कों पर रोशनी है, गलियों में रोशनी है, पार्कों में रोशनी है, बागों और बगीचों में रोशनी है, लेकिन गरीबों की आँखों में रोशनी नहीं है। खेतों में पानी नहीं है, नदियों में पानी नहीं है, नहरों में पानी नहीं है, कुओं में पानी नहीं है, लेकिन उन गरीबों और मजदूरों की आँखों में पानी है। किसी तरह यदि उनकी आँखों से हम पानी को पूँछ देते तो हम अपने उद्देश्य में सफल हो जाते।

हमने पिछले दिनों कई क्रान्तिकारी कदम उठाये, इस सदन में हम ने कई ऐतिहासिक निर्णय लिये और उमी क्रम में हमने जनरल इन्श्योरेंस के राष्ट्रीयकरण का भी एक बहुत बड़ा ऐतिहासिक निर्णय लिया। लेकिन हमें यह देखना है कि हमने जो यह स्वीम रखी है उससे उन गरीबों को क्या लाभ पहुँचता है जिनको सामने रखकर हम सारे निर्णय लेते हैं। मुझे बहुत दुःख और चिन्ता के साथ कहना पड़ता है कि जिनके लिये हम यह कर रहे हैं, शायद उन्हें वह लाभ नहीं मिल पाता है जो कि मिलना चाहिये। हम चाहते हैं कि गरीबों का स्तर कुछ ऊँचा उठे, हम चाहते हैं कि समाजवाद केवल कागज पर ही न रहे, बल्कि अमलियत हो, हम चाहते हैं कि समाजवाद

[श्री शंकरदयाल सिंह]

कागज या प्लास्टिक के फूल की तरह से झाड़ंग रूम की चीज न रहे, बल्कि वह गांवों में बिखर जाये। लेकिन हमारी यह चाह पूरी होनी बहुत कठिन है।

हमने जमींदारी उन्मूलन किया, हमने बैंकों का राष्ट्रीयकरण किया, प्रोवी पसेंज का उन्मूलन किया और अभी हाल में कोर्किंग कोल का राष्ट्रीयकरण किया और हमने उनको मुआवजा दे दिया। लेकिन हमें देखना होगा कि हम आज जो साधारण बीमे के कारबार में मुआवजा देने जा रहे हैं और जिन दूसरी चीजों का राष्ट्रीयकरण हमने किया है उनके मुआवजे में क्या अन्तर है। जमींदारी प्रथा का जब उन्मूलन किया गया था तब जमींदारों को बाँडों के रूप में मुआवजा दिया गया था और उस सम्बन्ध में यह अवधि रखी गई थी कि उन बाँडों को बीस से चालीस साल के बाँड दिये और दूसरी ओर हम क्यों उन्हें एकमुश्त राशि देने का निर्णय करने जा रहे हैं। मैं बड़े ही विनीत शब्दों में सरकार का ध्यान, अपने वित्त मंत्री का ध्यान इस ओर खींचना चाहता हूँ। मैं जानता हूँ कि उनके दिल में गरीबों के लिए जगह है, मैं जानता हूँ कि वह भारत को उस मंजिल तक पहुँचाने का सपना देखते हैं जिसका सपना बहुत दिन पहले गांधी जी ने देखा था। मैं चाहूँगा कि वे ध्यान दें और मौजूदा स्थिति में हम चार-छः बातों को मूल रूप से समझ लें। अगर हम ऐसा कर लें तो शायद हम को अपने उद्देश्य में सफलता मिल जाये।

मैं चाहूँगा कि जब आप ने निर्णय लिया है कि उन्हें मुआवजा दिया जाय तो आप उसका कुछ आधार बनायें। उस का आधार यह होना चाहिए कि आप देखिये कि उन्होंने जनरल इश्योरेंस में जितनी धनराशि लगाई थी उससे उन्होंने कितना लाभ लिया। जिन लोगों ने अपनी पूँजी से अधिक लाभ ले लिया है, मैं विनीत शब्दों में अनुरोध करना चाहूँगा कि उन्हें कुछ भी मुआवजा न दिया जाये। जो उन की पूँजी थी अगर उससे अधिक लाभ उन्होंने ले लिया है तो

फिर उन्हें इस तरह से दान में पैसा देने का अर्थ मैं नहीं समझ सकता।

दूसरी बात मैं आप से यह कहना चाहूँगा कि हम जो राष्ट्रीयकरण की नीति अपनाते हैं उसमें धब्बा क्यों लग जाता है। कारण यह है कि जनता की उतनी सेवा नहीं हो पाती है हम से जो हम चाहते हैं। मेरी समझ में मूल कारण यह है कि जो अधिकारी उन कुंसियों पर बैठे रहते हैं जो बड़े-बड़े पूँजीपतियों द्वारा बहाल किए गये थे। वह अपने सगे सम्बन्धियों को उन ऊँची कुंसियों पर बिठाते थे और उन से अपने व्यक्तिगत स्वार्थ के सारे काम लिया करते थे। अगर राष्ट्रीयकरण के बाद आप ने फिर उनको ही बिठला दिया तो उन कुंसियों की आत्मा को आप कलकित कर देंगे। इसलिये मैं आप से अनुरोध करना चाहूँगा कि जिस तरह से आप इन कम्पनियों को मुआवजा दे रहे हैं उसी तरह से इन अधिकारियों को भी एक मुश्त मुआवजा दें लेकिन उन कुंसियों पर उनको बैठे न रहने दिया जाये। तभी हम अपने उद्देश्य में सफल हो सकते हैं।

आप देखिये कि एल आई सी की हालत आज क्या है? हमने पूँजी बढ़ाई है, उसका कारोबार बढ़ाया है, लाभ बढ़ाया है, लेकिन स्थिति यह है कि अगर कोई चिट्ठी भेजी जाती है तो उसका जवाब साधारण जनता को नहीं मिल पाता है। दूसरी चीजों में भी, जैसे बैंकों के राष्ट्रीयकरण से, लाभ हुआ है, देश की आर्थिक स्थिति ऊँची हुई है। गरीबों ने, मजदूरों ने, किसानों ने यह समझा है अब वह बैंकों से ऋण ले सकते हैं। वह किसी खास वर्ग की चीज नहीं है, राष्ट्रीयकरण के बाद वह हमारी चीज हो गई है। लेकिन इस बात को आप अस्वीकार नहीं कर सकते कि वहाँ भी निष्क्रियता है। इसलिये अगर आप चाहते हैं कि आप के उद्देश्य की पूर्ति हो तो आप को उनके पुराने अधिकारियों से बचना होगा और नये लोगों को लाना होगा। उन हाथों में यह सूत्र पकड़ाना होगा, यह लगाम

धमानी होगी जिनके हृदयों में राष्ट्रीयता हो और राष्ट्रीयकरण के प्रति आस्था हो।

इसके साथ ही मैं यह भी कहना चाहूंगा कि उद्योगों के छोटे-छोटे हिस्सेदारों को पूरा मुआवजा दे दिया जाये। लेकिन जिन लोगों के लिए आपने 10 लाख से अधिक मुआवजे की राशि निर्धारित की है उन पर एक बार फिर आप विचार करें। जहां तक मुझे स्मरण है 57 ऐसी कम्पनियां हैं जिन्हें आप 10 लाख से अधिक मुआवजा देने जा रहे हैं, और स्मरणशक्ति के आधार पर मैं यह भी कह रहा हूँ कि 7 कम्पनियां ऐसी हैं जिन्हें आप एक करोड़ से अधिक मुआवजा देने जा रहे हैं। सबसे कम राशि आप 896 रु० देने जा रहे हैं और सब से अधिक राशि 8,20,37,678 रुपये देने जा रहे हैं। किन को आप एक करोड़ या लाख रुपये सौंप रहे हैं एक बार माननीय वित्त मंत्री इस बात पर विचार करें। आप उन्हीं को लाखों, करोड़ों रुपये सौंप रहे हैं जिनके हाथों में, जिनके बक्सों में, जिनकी तिजोरियों में, जिनकी पाम बुकों में, बैंक बैलेंसों में या जिनके घरों में लाखों और करोड़ों रुपये पहले से ही भरे हुए हैं। आप किसी ऐसे व्यक्ति को यह रुपया देने नहीं जा रहे हैं जिसके पास खाने के लिये अन्न का दाना नहीं है। आप उसको देने जा रहे हैं जिसको खाते-खाते अजीर्ण हो रहा है। इसलिये आप एक बार पुनः इसपर विचार करें और मैं अनुरोध करना चाहूंगा कि विचार करते हुए इसमें सशोधन करें।

**श्री श्यामनन्वन मिश्र :** आप उनको और देना चाहते हैं ?

**श्री शंकर बयाल सिंह :** देना नहीं चाहते हैं हम ज्यादा देने से रोकना चाहते हैं।

दूसरी बात यह है जमींदारी उन्मूलन के बाद जैसे बांड दिये गये थे वैसे ही आप बांड के रूप में मुआवजा दें, एकमुस्त न दें। मुआवजा निर्धारित करते समय आप इस बात का ध्यान रखें कि मुख्य मंत्रियों ने पिछले दिनों यह तय

किया था अपने सम्मेलन में कि जो सीलिंग वह लगाने जा रहे हैं उसमें जो जमीन वह लेने जा रहे हैं उसके लिये कम्पेन्सेशन के रूप में केवल 10 प्रतिशत ही नकद देना चाहिये। मैं चाहूंगा कि इसी तरह से आप इस मामले में भी दें जिस से वजाय इसके कि जनरल इश्योरेंस एक करोड़ या एक लाख की सहायता एकमुस्त दे वह गावों के आदमियों को, किसानों को, छोटे व्यापारी लोगों को मिले। कम से कम इस बारे में समानता होनी चाहिये और हड़ता के साथ समानता लाने की जरूरत है।

मैं एक बात और चाहूंगा। एक तो आप जनरल इश्योरेंस कारपोरेशन बनाने जा रहे हैं। उसके अलावा आप चार अलग-अलग कारपोरेशन सेट अप करने जा रहे हैं। मैं आप से अनुरोध करना चाहूंगा कि आप इसको एक ही रकब, चार में न बिखरायें नहीं तो इसके काम में ढिलाई आयेगी, सुस्ती आयेगी, उद्देश्य को पूरा करने में दिक्कत आयेगी। इस लिये एक ही कारपोरेशन द्वारा सब कुछ कंट्रोल हो, चार अलग-अलग कारपोरेशन न सेट अप किये जायें।

इन शब्दों के साथ मैं यह विश्वास प्रकट करता हूँ और चाहता हूँ कि जिन मूलभूत उद्देश्यों को ले कर गांधी जी अपने मपनों को लेकर चले, जवाहरलाल जी ने जिन उदारवादी दृष्टिकोण को सामने रखवा, वर्तमान प्रधान मंत्री ने जिन समाजवादी नीतियों को सामने रखते हुए जनरल इश्योरेंस का राष्ट्रीयकरण किया है, उन उद्देश्यों को सामने रखते हुए जो धनराशि मुआवजे के तौर पर देनी है वह किसी भी स्थिति में उतनी न हो जितनी कि डम विधेयक में है। डममें काफी कटौती की जरूरत है। आज बाजार में, मंडियों पर जहां-तहां डम वान की चर्चा हो रही है कि इस मुआवजे की धनराशि को देने में हमारे ऊपर दबाव पड़े है, कई ऐसे लोग घुस आए हैं जिन्होंने गलत बंग से डममें मंशोधन भी कर दिया है, मूल रूप में आप जो देने जा रहे थे उसमें अधिक अब आप देने जा रहे हैं। डम पर भी ध्यान जाना चाहिये।

[श्री शंकर दयाल सिंह]

आपने जो कुछ किया है वह समाजवाद के रास्ते को और बढ़ाने के लिए किया है, हमने जो निर्णय लिया है गरीबी को हटाने का, उसको हमको पूरा करना है और गरीबों के सपनों को सामने रखते हुए मैं चाहूंगा कि इसमें उचित संगोधन किया जाए। इन शब्दों के साथ मैं इस बिल का समर्थन करना हूँ।

SHRI H. M. PATEL (Dhandhuka) : I find that this Bill is not a very satisfactory Bill and it is the more unsatisfactory in that part of the Bill where the question of compensation for the companies taken over is dealt with only the amount is mentioned, and no indication is given of the basis on which that amount is arrived at. The Finance Minister understandably refuses to give any indication of this. But I hope he has realised that even from his side of the House, dissatisfaction has been expressed at his reluctance to explain the basis that he has adopted, and that too is quite understandable.

SHRI R. D. BHANDARE (Bombay Central) : Dissatisfaction has been expressed on this side so that the amount could be reduced.

SHRI H. M. PATEL : Whatever be the reason for expressing their dissatisfaction that the broad basis has not been indicated, the fact remains that the basis ought to have been indicated, and then and then and then alone in this House we can consider whether the amount fixed is a reasonable one, and a fair one. When the Twenty-Fifth Amendment to the Constitution was discussed in this House, it was clearly indicated that the object was not expropriation, that private property still remained and that although it would not be justiciable, it would be the duty of this House to see that the amount given was fair and reasonable.

How on earth can we just judge whether the amount given is fair and reasonable, unless we are told the basis thereof? But it is not possible to discuss this question further except this point of view that this Bill propose to give amounts to foreign companies on a basis, which is far more favourable to the foreign companies than the basis that has

been adopted or that appears to have been adopted for the Indian insurance companies. Why this discrimination in favour of the foreign companies? There was a time when one objected to discrimination being exercised by the foreigners against Indians. But here our own Government chooses to discriminate in favour of foreigners and against their own citizens. Why? Not only that, but this process of discrimination is carried further and is to be found as between Indian insurance companies themselves. The additional sum that was given [subsequently or that has been proposed to be given does not in any way remove that discrimination. On the contrary, it deepens the mystery, for no clear basis appears to have been adopted for giving these additional amounts to the tune of Rs. 5 crores odd to the various Indian insurance companies.

I know that what I am saying falls on virtually deaf ears because there is no intention whatsoever to remove this discrimination. I do nevertheless venture to hope that the Finance Minister will indicate, will endeavour to explain, why there is this discrimination, or if he denies that there is any discrimination, why that is so.

Having said this, I would make a few observations in regard to the concept of the General Insurance Corporation and the four companies which they propose to set up. The Finance Minister has said in his speech that the object was to instil a competitive element. What particular type of competition does he envisage? If he had indicated that, it might have been possible to consider further how this would be an advantage. What is the kind of competition does he envisage or anticipate that these four companies would indulge in? Would they be allowed to quote different tariff rates? Presumably, the Corporation at the top has been set up in order to ensure a certain measure of uniformity in regard to tariffs and so on. If so, the object of competition is very difficult to see. It is just not clear how there can be any competition, unless it is going to be competition in the efficiency of service? And how do you judge this efficiency of service?

I can foresee only one direction in which perhaps there might be an advantage in having four companies. You may be able to try out experiments through these companies in new areas of insurance. You may try out

in one area a crop insurance scheme, in another a cattle insurance scheme and in a third some other kind of insurance, areas which have not been covered hitherto and which it is desirable should be covered. At the same time, you may feel that the risk may be too great to take it up over the entire country. But I am afraid this is only my guess of a possible idea that Government may have, but it seems to me that on the whole, the setting up of four companies designed definitely to compete, may well lead to difficulties in actual practice.

I do feel that this idea of setting up four companies deserves to be given further consideration. There is already the General Insurance Corporation itself. That Corporation could quite easily carry out any experiments in limited areas that they may desire. You can ensure by various management expedients competitiveness in efficiency without having separate companies. Merely to have increased heavy overheads is not necessarily going to be any advantage.

You have before you the experience of the Life Insurance Corporation. Undoubtedly the type of insurance is different. Nevertheless, the LIC has functioned satisfactorily and efficiently without having to divide it into separate companies although there has been pressure upon the Government to break up the Life Insurance Corporation into several corporations, it has been resisted. And to my mind, the resistance has been wise. Why then should we start in this case, *ab initio*, with one corporation and four companies? I know that there may be certain other difficulties. It was suggested by Shri Inderjit Gupta that this was designed against labour. Certainly labour creates difficulties. But it seems to me that there too it is time that you faced up to labour friendly and squarely, and without doing so in roundabout manner. If by having four companies, you imagine that your ability to face up to labour will be greater, I think that is a mistake assumption. I think it would be far better to look into this question solely from the point of view of efficient management and I think from that standpoint possibly one corporation and four companies may well be a mistake.

**SHRI VASANT SATHE (Akola) :** Mr. Chairman, Sir, the first point that I would like to take is the point regarding this one

holding corporation company and four companies. In my humble opinion, all that the Finance Minister stated, while explaining this point in answering the objection, was that we have taken into consideration all the various points raised by various Opposition Members and we have come to this conclusion that it will be better because it will give healthy competition. If healthy competition is the only point, let us examine what are the people in general insurance going to compete about.

Here, the premium rates are fixed. This is not a production industry or a concern where four people are producing four goods of the same type and selling them at different costs so that there is an element of competition involved, as to who does it more efficiently and who produced things more efficiently. What are you going to produce here? You have fixed the premium rates and the people who are going to insure are going to insure their house, factories or other building at a particular rate, and if there is a damage you pay a particular compensation to those persons. Tell me what is the competition in this. The only competition that we knew up till now in these various companies in respect of this we are going to have four — was competition in underhand dealings of giving rebate. Everyone would say, "If you insure with my company I will give you 10 per cent" and some others will say, "I will give you five per cent." And another man may say the maximum will be given. So, in both ways there was corruption. Here also, if you encourage competition in these four companies, I can understand if you can restrict them to their own areas and make them show their efficiency. But you are going to allow them to work in the entire country. That will mean there will be competition in corruption. This is precisely what it will result in.

Another dangerous thing in this is that you will create bad blood among the employees. Supposing there are different profits in different companies; in some companies, because of the regions, being rich or having some basic industries or bigger houses, better profits may be earned. If they earn better profits, the employees in that company will say, "Give me a better wage, better salary and a higher bonus and a share in your profits" and so on. Once this is done in one company, do you think you can stop this

[Shri Vasant Sathe]

in the case of any of the four companies merely on the ground that you have made a lesser profit ?

Overheads will increase in every possible manner that you can think of ; parochial considerations will come in. Suppose a company having its head office in Bombay tries to go and work in Calcutta and employs men in Calcutta to compete. You can imagine the type of bad blood that will be created. Therefore, I would beg of the Finance Minister to consider this matter. I have seen not a single Member who spoke for it in this House except the Finance Minister. He has to stand by whatever he said : He is committed, fortunately or unfortunately. I am sure, left to himself, if he was not a Minister but a Member, probably he would agree with us because the unanimous opinion here is : do not have this competition in corruption ; please do not encourage this.

SHRI YESHWANTRAO CHAVAN : I shall argue with you later on.

SHRI VASANT SATHE : We are willing to argue. I was wanting to see at least one person. Even Mr. Patel—leave alone the communists, you can say that they have extreme views on the labour side—has said that four companies should not be there and one corporation would be more efficient. We on this side are also of the humble view that there should be one corporation.

Coming to the question of compensation may I submit that on one point I beg to differ from some of our Friends who unwittingly have asked the Finance Minister to give reasons and the formula and explain the principles. You do not know what trap you will fall in. Some people, some vested interests precisely want the principles to be spelt out so that they can later on go to the Supreme Court and say : look, this has not been done in accordance with principles and therefore legislation is bad and strike it down. Therefore, although I have reservations as far as the quantum and the whole principle of the fixation of the amount is concerned, I am one with the Finance Minister on this : do not spell out the principles or the formula, if you want to save yourself within the framework of the Constitution...*(Interruptions.)*

Otherwise, whatever goodness there may be, even that will be frustrated and defeated in the Supreme Court. What will you gain ?

After all, what is the idea of compensation ? Whom do we compensate ? It is a fundamental question. In a socialist system whom do we compensate ? I want to do social justice even to the capitalist. Capital formation is there. I know how strongly and vehemently critical is the Finance Minister of the unearned income, people who have accumulated wealth, people who invested in this company or industries like this. What do you do ? You get premium from the people and utilise it somewhere else and earn profits on that investment and earn here also in the form of dividends. This is a fundamental question and we will have to review and ask ourselves what compensation are we going to pay and to whom.

I would like to know from the hon. Finance Minister what is the percentage of middle-class shareholders in various companies, people who have invested less than Rs. 5,000. Because, the idea prevalent in my mind at least is that it is only the big houses who have the maximum investment. But if the majority of shareholders in these companies are having shareholdings less than Rs. 5,000, if the compensation to be given by you is going directly to those shareholders, then I would submit that there is an element of social justice in that. But I would like to know what is the shareholding of the big people and what is the shareholding of the small or medium people.

16-00 hrs.

PROF. MADHU DANDAVATE (Rajapur): Sir, in this debate, criticism has been levelled against the Bill from various angles. For a person like me, it is very necessary that I must identify my area of criticism. Otherwise, it would get mixed up with that criticism which is very critical of the very fact of nationalisation of general insurance and other credit institutions. I am one of those who believe that even to a socialist, nationalisation might not be a panacea for all economic evils of the society. Affluent societies can take a different attitude to nationalisation, but developing countries like India have to take an altogether different attitude. For developing countries like India, who have to

rely more on the concept of self-reliance, nationalisation of financial and credit institutions which guide the direction of development of this country, is a must. Therefore, I welcome the step of nationalising general insurance as a correct step. Very often in vague generalisations, our attitude and direction is correct. But when it comes to spelling out details, we falter and fumble. I think that is what has happened here.

I do concede that quite a good number of suggestions made in the Select Committee have already been accepted, but quite a good number remain yet to be accepted. I hope the Finance Minister will adopt a flexible posture and will not take it for granted that every amendment moved in this House is to be rejected. If some amendments are accepted, they will add more strength to the Bill and to that extent the Bill become a powerful instrument in accomplishing the social objective and economic policies for which it is designed.

I believe in decentralisation. But decentralisation and what is being proposed here, I do not think are co-terminous. Decentralisation is always intended to add to efficiency and to see that the concentration of economic wealth and power is avoided. My mind is quite open to this experiment of four companies. If we really find that as a result of four units efficiency can be stepped up and we can bring about the end of greater and greater concentration of economic wealth, in that case, my mind is quite open. But I have my own doubts. Since the tariff rate and premium rate are going to be identical, I feel that the very pious objective with which the Finance Minister tries to approach this experiment of four units is not going to be fulfilled. If the tariff and premium rates are going to remain the same, splitting corporation into four units will mean, of course, competition, but will it be healthy competition in which the efficiency of the business will go up or will it be a competition in which really the malpractices will be enhanced manifold? There I fully agree with Mr. Sathe that if this experiment is taken up with the rest of the considerations remaining the same, efficiency which is supposed to be associated with the experiment of decentralisation, is not going to be achieved. I feel that the existing malpractices will multiply manifold. You are aware of the fact that there is a system of fictitious agents. One does not know where

they are and who they are. Big house representatives say, these are the agents and payment should be made to them.

So many fictitious agents are there and through them a lot of malpractices in business are going on. I do not think these malpractices will be put an end to. On the other hand, I feel these malpractices will grow. Therefore, some sort of centralised direction has to be given and the loopholes and malpractices removed.

While dealing with this problem the representatives of employees used a wrong term in their memorandum. They wanted to have a 'monolithic corporation'; in fact, that term has got a bad odour. We can have "a single autonomous corporation". Then probably some of the difficulties can be eliminated.

There is another important aspect. If we are going to have four units as proposed in this Bill, apart from the malpractices the overhead expenses will be very large, the establishment charges will be very heavy as a result of which profitability will go down. It is not only a private entrepreneur but even the public sector industry has to think of profitability. If the overhead charges go up to a very great extent, that will decrease the profitability. That aspect has to be taken into account.

Then there is another aspect which is very important from the point of view of employees. If there are four units functioning, with the best of efforts it will not be possible to ensure uniformity of emoluments, standardisation of wages, security of jobs etc. Since the profitability of different units would be different, with the best of intentions to maintain the uniformity of wage structure, economic benefits and social security, you will find that there is a definite disincentive to raising the efficiency of this business due to ununiformity of wages. So, we should view this from that angle also.

Coming to compensation, though the word "compensation" nowhere is there and it is only an amount to be paid for whatever we acquired, even though we have discarded that word in the Constitution, everybody is using that term. Here I feel that some principle has to be evolved. I do not agree



[Prof. Madhu Dandavate]

with Shri Sathe that if we try to evolve a principle then we will get stuck. I feel some principles have to be evolved so that the social aspect will be attended to. It is not only the vested interests that are interested in seeing that concrete principles are evolved; the middle class shareholders would also like to see that some concrete principles are evolved for working out the amount to be paid.

I am sorry to say that some of the concrete proposals placed before the Select Committee were not accepted in the final report. In fact, two principles were enunciated. One principle was that five times the average of the net profits of the years 1967, 1968 and 1969 be given as the amount for the business acquired. But a more concrete formulation was suggested, which meets with social justice aspect. My hon. friend said that we have accepted private property and expropriation is not to be indulged in. I am not one of those who adopt a doctrinaire view on property. So long as property does not outlive its social obligations, it functions within the framework of social welfare, such property need not be touched. It is only when property outlives its social utility and becomes a challenge that certain restrictions have to be put on it.

**SHRI K. P. UNNIKRISHNAN**  
(Badagara): Should property be limited?

**PROF. MADHU DANDAVATE**: I am making a distinction between two types of property. In this sense, I feel, it is not merely the question whether private property being expropriated or not. Some form of expropriation is there. But when we are going to pay a certain amount, is it not possible for us to accept a principle? Whatever is the "paid-up capital", we should accept that as the basis for payment of what you call as compensation or the amount to be paid as a legitimate amount. I think, if that is accepted, the social justice aspect will be served. If we take concrete statistics into account, it is a fact that, as far as many shareholders are concerned, they have actually derived such fat dividends that so far as the face value is concerned, it is completely surpassed and, this being a situation even on the basis of statistics, I think, it will be possible for us to ensure that as a legitimate basis, the paid-up capital is accepted as the

amount to be paid for business acquired. That will be a fair basis for the payment of compensation.

When the Twenty-fifth Constitution Amendment was accepted—many of us had supported the Twenty-fifth Amendment just as we supported the Twenty-fourth Amendment—we always said that these are the enabling Bills. Ultimately, the test of the Bills will be how these Bills are harnessed and utilised.

Sir, I have little time at my disposal. I would like to take only a minute more to stress one more aspect which is very important from the point of view of employees also. Security of job, standardisation of wages and the problem of bonus are all related problems. As far as bonus is concerned, the general policy cannot be included here because it is the Bonus Act in the amended form that will have to give the direction. As far as uniformity of wages and emoluments are concerned, and also the assurance of job security, I think, the conditions that are absolutely essential will not be fulfilled by the present form of Bill. Therefore, I feel that certain provisions which are there will have to be radically altered.

Sir, some of us have given amendments. While concluding, I must say, that adequate time was not available for us to submit amendments to the Bill. We have already submitted some amendments. I hope, if a few minutes' delay is there, probably a rigid attitude will not be taken and those amendments will be admitted. On the basis of those amendments, we have concretised the proposals as to how lacunae can be filled. I would very much like the Finance Minister to go carefully through the amendments. Generally, our experience unfortunately in this House has been that amendments are just put to vote—they are circulated earlier—and only the Amendment No. so and so is put to vote and, generally, it is taken for granted that the amendments moved by the Opposition are to be rejected. I hope, that will not be done here. Very often, it happens so. As far as I am concerned, my attitude in this House has always been issue-oriented. If we find any progressive measure or some issue coming from the Treasury Benches as having an element of radicality, we have supported that measure. I am not a blind

Oppositionist. I am only opposed to politics of vested interest, not opposed to everything that comes from the Treasury Benches. Therefore, here, I would say in the end that the Finance Minister should carefully scan all the amendments that have been submitted. Some of the amendments are bound to strengthen the Bill which he has already moved for consideration. If those amendments are accepted, many lacunae in the Bill will be completely eliminated and some of the difficulties as a result of lacunae in the Bill will be completely removed and the efficiency of this field of industry will be stepped up.

I support many of the provisions of the Bill, of course, with the hope that some of the amendments moved by the Opposition will be accepted to strengthen the Bill.

SHRI D. D. DESAI (Kaira) : Mr. Chairman, Sir, I rise to support the Bill. I understand the Bill has been undertaken for the benefit of the Indian people. Analysing the various measures under the Bill, one can easily say that the controversy which has been created is not necessary. There has been some mention about the quantum of compensation. Some Members have been rather sceptical about the way in which the compensation has been worked out. But anyone who is aware as to how the capital, reserves and dividends are paid or made, he would easily be able to judge the reasons for providing the compensation which has been stated therein.

There is the capital which was subscribed probably several years back. The Finance Minister said that the rupee today is 0.42 p. worth and, to that extent, nearly  $2\frac{1}{2}$  times the amount is, in any case, due for the investment made some 20 to 30 years back. The reserves are made after payment of the taxes. Taxes are paid according to the laws enacted by parliament. In other words, neither the capital nor the reserves are illegal amounts earned by the shareholders. The Government of India is a party to their providing these items.

Then there is the question of dividend. We all know that there have been certain dividend restrictions. There has also been a certain tendency to build up reserves restricting dividends. To this extent, if dividend alone is the justifying measure, it

cannot be accepted as the basis for compensation.

Then there is the question of capital and reserves and the computation of share value in relation to the wealth tax assessment that the Income tax Department of the Ministry makes. The same people are asked what is the break-up value of a particular share. There are criteria laid down in the laws. If those laws were applied, the compensation which would have been payable would have been far more. Therefore, what we are paying under the present circumstances is a reasonable price and not something which is unrelated to the realities. In fact, if we had felt that the amounts which we were paying were rather on the high side, then we would not have thought of taking over the shares at the present rates. Then there have been stock-holdings by small people. But, I believe, the principal holders are LIC and public institutions. Therefore, the greater amount of benefit is likely to go to the Government's own organisations.

There is also another item in the Bill relating to the scope of business or structural matter. I would request the Finance Minister to let the States do their part of the insurance job. This is a service-oriented industry wherein a certain amount of directness, a certain amount of work relating to payments of claims and so on, is involved; in some cases the assessments are to be done on the spot and calculations regarding the rates are to be worked out immediately. The States already undertaking certain additional functions not stated under section 35—since revised to 36. In this category, I have not seen items covering cooperative societies, State Boards, panchayats and those sorts of local organisations. Whatever the areas, where the States are functioning already, they may be permitted because it forms a substantial part of the revenue of the States and the States are principally responsible for providing at times the capital.

Then there has been some mention regarding the four divisions in the set-up. There have been some complaints that, if four bodies or companies are established, there will be loss, there will be certain under-hand practices and increase in costs. I do not believe in this because this is basically a service industry and we all know that where we have today

[Shri D. D. Desai]

monopoly, whether State or private, the monopoly itself is creating certain difficulties for the public. We have to judge everything from public point of view just as we talk about the public point of view in regard to nationalisation.

Our Communist friends have world reputation for paying excellent compensations when deals by Communist countries are done. They want that their credit worthiness and reputation should be kept high. When it comes to India, I do not know why those people feel sore about maintaining certain ethical standards. After all, India is a part of the world and if we expropriate things, then we are not likely to attract much admiration and faith from other countries of the world.

Therefore, we have to behave in a manner which would be in line or in consonance with the general standards or ethical standards all the world over and to that extent, even if we temporarily feel that some amounts or certain figures are not determined on a taxation basis and act wrongly, we feel that such things are not likely to create our image or credit worthiness in the international field.

Lastly, there has been a question of employees. I believe that there should be a reward and penalty. If anybody works better, he should be rewarded. On the other hand, if anybody does not work, then, naturally, he must be penalised to that extent. Even out payments just for the sake of giving benefit of uniformity is likely to result in inefficiencies. Therefore, the Ministry should be congratulated for having provided for four separate competing divisions, that is, four separate companies.

In these companies the service conditions could be dependent on the revenues and the revenues would be dependent on the service these people offer and give to the customers. In any part of the world, the customer is just not a king but the emperor and if the Indian people are to be treated by the Government differently, say, like beggars, then these organisations are not likely to attract much admiration, but if we have competitive bodies, competing organisations, then we might stand a better chance of fulfilling what we have promised to the people.

**SHRI P. M. MEHTA (Bhavnagar) :** Sir, I welcome this measure. This measure is a step forward in the right direction and such like measures will ultimately fulfil the socio-economic objectives of this country.

But, Sir, it is very strange that the Government have not given any consideration to the useful suggestions made by some members of the Select Committee. In this House also, today, almost all members except Shri Chavan and the last speaker, Shri D. D. Desai, all opposed the idea, of formation of four companies. I need not repeat the points or elaborate the points because my friend, Prof Madhu Dandavate, has elaborately dealt with the point.

The formation of four companies will ultimately result in top-heavy administration and all the corrupt and malpractices which are prevailing to-day in the general insurance business will continue to flourish. Therefore, I would appeal to Shri Chavan that we should reconsider this point and I think he will come out with the appropriate amendments to form one corporation.

My second point is about compensation. If we go through the report of the Joint Committee, it appears that the Government, at the last minute amendment to the schedule of the Bill, have surrendered to the pressure of the big houses and they have not given any formula or any principle or any basis for calculation of this compensation...

**PROF. MADHU DANDAVATE :** They should surrender to this big House.

**SHRI P. M. MEHTA :** They are in the habit of surrendering to the big business houses, you know. I had mentioned only the other day that they are talking of curbing the monopoly but they have given licences to Birlas in the last year fourteen licences for new projects and 13 licences to the Tatas for the expansion of their companies. So, this is nothing new which we see from the report.

The other thing is : They have favoured the foreign dominated companies. Regarding the amounts to be paid to the Indian and foreign insurance companies for the transfer of shares of each Indian insurance company and in the case of foreign insurance

companies for the transfer and vesting in the Central Government of each such undertaking, no clarification was given to the members of the Joint Committee by the Government of the basis of or the principles underlying the determination of the amounts. There is discrimination also between the foreign companies and the Indian companies and while they have said more amounts to the foreign companies, the reasons are no known to us. The reasons are best known to the Government only. I hope Mr. Chavan will clarify it.

This Bill provides power to transfer the employees of one company to another company and it vests the power in the Central Government. This is highly objectionable. After all, you are nationalising the insurance companies and you are forming a corporation. How is it that you are asking the power to transfer the employees of one company to the other company or from one corner of the country to another corner of the country? This measure will be grossly misused by the Government. My fear is, it will create victimisation and ultimately this transfer power of the Government will create hardships to the employees. So, I hope Government will consider this point also and delete the proviso from the Bill.

Regarding the question of corruption, you are well aware of the fact that there is a lot of corruption today in this particular line of business. Fictitious agencies of the big houses collect rebates not allowable under the Act. These things are going on. If this idea of having four companies continues, this sort of corruption is not going to end. It will only increase.

These are the three or four points that I wanted to mention. I hope that Government will give due consideration to these points submitted by all the Members. Thank you.

THE MINISTER OF FINANCE (SHRI YESHWANTRAO CHAVAN) : Sir, I must say, the discussion was certainly very interesting and useful...

\* PROF. MADHU DANDAVATE : And also acceptable.

SHRI YESHWANTRAO CHAVAN : Whatever is reasonable is always acceptable.

What is acceptable has already been accepted. The hon. Member, Shri Dandavate started with a compliment to the Government that they have been very flexible in the Select Committee. In the Select Committee stage when we considered these matters, I agreed to accept as many amendments, I thought I could accept as being reasonable. Well, I do not want to anticipate the discussion on the amendments now. When we come to the discussion of the amendments on merits we can consider whether there is any acceptable amendment. But, any amendment which is going to change the character of the Act itself now at this stage is unthinkable.

The debate generally concentrated on three or four important points. One is about compensation. I dealt with this question in my introductory speech, and I gave the types of arguments that were advanced at the time of discussion of the question of compensation in the Select Committee level. It is not compensation, but it is 'amount' that we are paying according to the Constitution. But, if the idea is that nothing should be given, certainly Government cannot accept that position.

Some people merely merely think in terms of crores and they say 'How big an amount is being paid'. There are nearly 107 insurance companies including foreign insurance companies which are involved in this, and this compensation is to be paid to the shareholders. Some Members did try to compare, particularly Shri Indrajit Gupta compared, the compensation paid in the case of the life insurance companies with that in the case of the general insurance companies. But they forgot the fundamental difference between life insurance business and the general insurance business. The profit or benefit in the case of life insurance goes to the policyholders. In the case of general insurance, really speaking, the ownership vests in the shareholders. So, naturally, the compensation has to be paid to the shareholders. Therefore, the amount which we are thinking in the case of general insurance is bigger because the ownership is scattered.

16.32 hrs.

[MR. DEPUTY-SPEAKER *in the Chair*]

Shri Vasant Sathe wanted me to tell him the exact number of people involved in the insurance companies. I have not got figures

[Shri Yeshwantrao Chavan]

for all the insurance companies, but I have got some sample figures which I would like to give to the hon. Member; Shri Indrajit Gupta had also raised the same point. Therefore, I have tried to get some information, and I shall give the information about six or seven typical insurance companies.

In the case of British India General, the number of shareholders who have shares less than Rs. 5000 is 2480, and they form 98.3 per cent of the total number of shareholders. In the case of Concord of India, the number of shareholders is 302, and they form a percentage to the total, which is 90.7 per cent. In the case of Hindustan General the number of shareholders is 220, while their percentage to the total is 86.3 per cent. In the case of New Great, the number of shareholders is 1468, and their percentage to the total is 96 per cent. In the case of New India, which is one of the largest companies, and which is an important and well run company, the number of shareholders having less than Rs. 5000 shares is 19468, and their percentage to the total is 96 per cent. In the case of Ruby, the number of shareholders having less than Rs. 5000 shares is 903, while their percentage to the total is 81 per cent. So, from these figures, hon. Members may realise what the position is. Whether these people who have shares of Rs. 5000 or less are rich or over-rich is something on which I cannot say anything, but their interest in the company certainly is less than Rs. 5000. It may be that most of them are likely to be middle class people. So, if we are paying some reasonable amount to them I am not using the word 'compensation', but 'reasonable amount' there is nothing wrong about it.

SHRI S. M. BANERJEE : Are they not holding shares elsewhere, or are they holding shares only in the general insurance companies ?

SHRI YESHWANTRAO CHAVAN : I do not know; so, I cannot say that. It will be very difficult to make that kind of statement. Possibly, they may be holding shares somewhere else also. It is quite possible that there may be some people who are holding some shares only in the insurance companies.

SHRI SOMNATH CHATTERJEE : Will those who hold shares up to Rs. 5000 be paid in full ?

SHRI YESHWANTRAO CHAVAN : No, not in full it will be in proportion to the amount that is paid to the entire company. My point is that some hon. Members, had said that we should not make any payment at all. My answer to that argument is that we just cannot take that position. That was one line of argument which was made about it.

As regards the formula, some hon. Members repeated the same point and asked what the principle was and what the principle was not. I think Shri Vasant Sathe has replied to that question very ably, and I do not think that I need go into it. But certainly the questions of dividend, the questions of assets minus liabilities, questions of profitability, all these factors had to be taken into account, while fixing a certain amount. These were certainly taken into account while even changing the schedule at the Joint Committee level.

When the Joint Committee accepted this, they accepted it after full consideration of the problem. Some members did not agree so that, But the Joint Committee is a body of Parliament which has approved these amendments. Therefore, I cannot say that Parliament has not applied its mind. The Joint Committee is certainly a judicial committee in this matter and they have to take a judicious view of the thing. The Joint Committee have taken a judicious view and come to these conclusions. I do not think I need add anything to this point again.

PROF. MADHU DANDAVATE : He said that he would refer to the amendments after looking into them afterwards. I just want to point out that in the morning the Speaker had said—of course, there was a lot of trouble at that time going on in the House—that amendments would be accepted till 3 P.M. and a little delay does not matter. This is on record. All my amendments have come by 3.15. In view of this, Deputy Speaker's statement that my amendments cannot be accepted is very unfair.

SHRI YESHWANTRAO CHAVAN : I have no objection. The Chair can decide.

MR. DEPUTY-SPEAKER : I also did not intend to be rigid (*Interruption*). Order, please. You do not allow the Chair to say anything in peace. At this moment, there are quite a number of amendments.

PROF. MADHU DANDAVATE : There are 8.

MR. DEPUTY-SPEAKER : The handwriting is so difficult that we have not been able to decipher it. All the amendments that were given upto 3 P.M. have been cyclostyled and circulated. Your amendments have not been circulated so that at the time you move them, they will have to be read out to the House. My difficulty is that they are not just one or two; they are many and the handwriting is difficult to decipher. I do not know. We will see about that.

PROF. MADHU DANDAVATE : We told the Speaker that it is not possible...

MR. DEPUTY-SPEAKER : We shall see when the amendment stage comes. Perhaps if you had only written in more legible handwriting, it would not have been difficult.

PROF. MADHU DANDAVATE : My handwriting is better than so many others'.

MR. DEPUTY-SPEAKER : That is the difficulty with the handwriting of all professors.

SHRI YESHWANTRAO CHAVAN : I said we can certainly consider the amendments on merits when we reach that stage. That does not mean that I am not going to accept amendments. I also said that any amendment which is going to change the character of the legislation at this stage is very difficult for me to accept.

PROF. MADHU DANDAVATE : Merit should not be ignored.

SHRI YESHWANTRAO CHAVAN : No. In principle, I agree with that. The next point is about the proposal to have four companies. I know that it is not a very fundamental problem for me also. This is not an issue on which we can say that we have got fundamental differences. It is a question of making a new approach to the problem, when you are trying to judge the performance and the field of competition, I am afraid people are still prisoners of the past. They only think in terms of premium cutting, corruption and other things. Even in a socialist economy, in a socialist society, there can be a competition in giving better service to the customer. I do not understand why there is a misgiving on this. There

is no question here of cutting premium etc ; but certainly it is a question of the Corporation giving better service to the people. Mere nationalisation does not mean improvement in the service to the customer. Even today I hear complaints about the nationalised banks because the standard of service to the customers is somewhat deficient. So when I say there would be competition, I certainly mean, let us try and look to the future. The competition will be in giving better service to the people. We are not going to confine our activities merely to the field in which the present general insurance is operating. We will have to go to somenew areas. As I had said while moving the Motion in connection with the previous Bill, in days to come we will have to go into new areas of social service. In the case of agriculture, possibly we will have to do something, not immediately perhaps. But certainly these are the areas to be tapped. You are creating a new instrument to approach the new problem of general insurance in a new manner. Therefore, it is much essential that we have the idea of competition as far as service to the customers is concerned. We merely look to the past, how one company tried to compete with the other by cutting premium, trying to corrupt and bribe people to be their customers—as if this is going to be continued. You are forgetting that you are nationalising the industry.

When you are nationalising an industry, you are making a qualitative change in it, and when you are making a qualitative change in it, certainly you expect certain new functions and standards from them. When I say there is an element of competition, it is not a competition in premia. This, really speaking, will be a competition in positive service to the customers and attracting customers on the basis of efficiency and service to them. Many hon. Members have asked me, Which is the field you are thinking in terms of competition? This is the most important field in which I am thinking in terms of competition.

But, at the same time, as I said, this is not something very fundamental. After the working of the corporation, if one again comes back to the feeling that it is not working in the way it should work, Parliament can always consider it. I am not standing on any question of prestige. But, at the present moment, I am certainly committed

[Shri Yeshwantrao Chavan]

to it, that it is necessary to make a goat this idea and see how we can make competition in giving qualitative service to the customers, in the general insurance field. That is the next point.

Some hon. Members made certain suggestions. One comment was about transferring people from one corporation or one company to the other.

SHRI SOMNATH CHATTERJEE : You have accepted the amendment.

SHRI YESHWANTRAO CHAVAN : I have accepted it. There is unnecessary misunderstanding. As a matter of fact, the idea was that it can only be done at the very initial stage, when the corporation is formed and when, at the higher level, certain talents are to be distributed in different companies, and if somebody refuses to come, the Government will also have that power. We do not want anybody to feel that the Government is superimposing itself on the corporation, and I accepted that criticism, and I have myself brought the amendment to the effect that in the place of the Central Government there will be the corporation. So, Mr. Dandavate, you can see that I am reasonable wherever a criticism is acceptable on merits.

SHRI S. M. BANERJEE : After 3 O' clock.

SHRI YESHWANTRAO CHAVAN : When I saw that such an amendment has not been moved, I moved one. *(Interruption)* If you had moved that amendment, I would accept it. I will not move again ; I am not bothered. But I did try to see if anybody has moved that amendment to that effect. When I saw that nobody has moved, I thought it better to move it.

SHRI P. M. MEHTA : My amendment was to delete clause 22 and re-number the subsequent clauses.

SHRI YESHWANTRAO CHAVAN : You are trying to delete the entire clause. I am not deleting the entire clause. I am substituting, in the place of Government, the corporation.

These are the two or three important points which I wanted to make. I do not think it needs a very elaborate answer as far as compensation is concerned...

SHRI VASANT SATHE : Now that we are going to have four companies to compete healthily, I hope there will be no competition in terms of their emoluments and wages, etc. Will they be clarified ?

SHRI YESHWANTRAO CHAVAN : There should not be any competition. I wish on the workers' side—you are a trade union leader—you had better assure me that there will not be any competition.

PROF. MADHU DANDAVATE : If you pay less wages, we will demand more. *(Interruption)*

MR. DEPUTY-SPEAKER : The question is :

"That the Bill to provide for the acquisition and transfer of shares of Indian insurance companies and undertakings of other existing insurers in order to serve better the needs of the economy by securing the development of general insurance business in the best interests of the community and to ensure that the operation of the economic system does not result in concentration of wealth to the common detriment, for the regulation and control of such business and for matters connected therewith or incidental thereto, as reported by the Joint Committee, be taken into consideration."

*The motion was adopted.*

MR. DEPUTY-SPEAKER : As I said, I do not want to be rigid. We will accept Mr. Dandavate's amendment although received late. You bring them up here please. If I can read and decipher them, well and good. If I cannot, I will just put them to the House.

Now, there are no amendments to clause 2 to 6. The question is :

"That clauses 2 to 6 stand part of the Bill."

*The motion was adopted.*

*Clauses 2 to 6 were added to the Bill.*

**Clause 7—(Transfer of Service of existing employees in certain cases)**

MR. DEPUTY-SPEAKER : There are amendments given notice of by Shri Somnath Chatterjee and Shri S.M. Banerjee. Are you moving them ? They have been circulated.

SHRI SOMNATH CHATTERJEE : I move :

Page 5, line 15—

*add* at the end—

"but such alteration shall not be less advantageous to such officer or employee" (1)

SHRI S. M. BANERJEE : I move :

Page 5—

*omit* lines 31 to 36. (8)

MR. DEPUTY-SPEAKER : Mr. Dandavate's amendment is not before me. That is the difficulty. Why don't you bring them up ? We are held up because one amendment is not here. Well, I think it is better we adjourn the House for some time until all the amendments are ready.

Why don't you bring them back ?

SHRI S. M. BANERJEE : I have moved my amendment No. 8. You are not allowing them to go to a court of law.

MR. DEPUTY-SPEAKER : Shall we adjourn the proceedings for sometime until Mr. Dandavate's amendment comes ? It creates difficulties for the Chair. Members have to give notice before 3 ; they should send them in time so that they could be circulated. They do not give them in time. These are the difficulties. I do not know what the number of Mr. Dandavate's amendment is. Shall I put...

\*SHRI S. M. BANERJEE : My amendment No. 8—I have moved. That sub-clause of clause 7 does not actually preclude him from going to a court of law. But I request the hon. Minister to kindly let us know why

there is this provision. The clause reads :

"Notwithstanding anything contained in the Industrial Disputes Act, 1947 or in any other law for the time being in force, the transfer of the services of any officer or other employee... shall not entitle any such officer or other employee to any compensation .. and no such claim shall be entertained by any court, tribunal or other authority."

My submission is that an employee is denied his right under article 311 or the right of natural justice under article 226, by which an employee is authorised even to go before the Supreme Court. By this clause we say that employees of the general insurance corporation could not possibly approach any court of law. I request the hon. Minister to reconsider this matter, and think *de novo* and take legal opinion whether this will be an infringement of the fundamental right, whether this is not in consonance with our declared policy on fundamental rights guaranteed under the Constitution. Therefore, I have moved this amendment.

SHRI SOMNATH CHATTERJEE : I have moved my amendment No. 1

As I said, my amendment is for the addition of a few words at the end of sub-clause 1. Clause 7 says that after the transfer of the existing employees in certain cases they will be governed by the same terms and conditions but that their terms and conditions can be altered. What we want to provide here is that such alterations shall not be less advantageous to such officers or employees. It may be said that there may be highly paid officers and it may not be necessary to continue then. But there is a provision to put an end to onerous contracts and under that the corporation can get rid of those employees or suitably alter their terms and conditions. The ordinary employees should be given the statutory assurance that their terms and conditions and remuneration would not be altered in a manner less advantageous to them. At least I should like to have an assurance from the hon. Minister on that. At least that part, so far as ordinary workmen and employees are concerned, should be accepted.

PROF. MADHU DANDAVATE : I beg to move :

"Clause No 7(3) should be deleted." (36)



**SHRI YESHWANTRAO CHAVAN :** The purpose of this clause is very obvious. As we have to re-structure the present insurance companies we have got at the present moment 107 insurance companies which we have to convert into one corporation and four companies-naturally it would be necessary to transfer people. Therefore, what we have done is, in such cases, people should not go to the court and delay the whole process of restructuring and integration. Therefore, we have said that they will not be able to go to a court or tribunal.

**SHRI S. M. BANERJEE :** But nobody can be stopped from going to court under article 226.

**SHRI YESHWANTRAO CHAVAN :** I cannot take away that right. That is a different matter.

About the other point, this question was raised at the the Select Committee level. I had given an assurance there and I certainly would like to repeat it here that at least in the case of Class III and Class IV employees, their interests, i. e. their existing salaries, will be protected. In view of what I have said, I cannot accept the amendments.

**MR. DEPUTY-SPEAKER :** I will put these amendments Nos. 1 and 8 and 36 of Prof. Madhu Dandavate to clause 7.

*Amendments No. 1, 8 and 36 were put and negatived.*

**MR. DEPUTY-SPEAKER :** The question is...

**SHRI S. M. BANERJEE :** You have mentioned the name only of Prof. Dandavate. You have not mentioned my name.

**MR. DEPUTY-SPEAKER :** Suddenly you wake up and say that you heard only Prof. Dandavate's name. If an alert member like Mr. Banerjee day-dreams, then I think there is something very wrong with us.

The question is :

"That clause 7 stand part of the Bill."

*The motion was adopted.*

*Clause 7 was added to the Bill.*

*Clauses 8 to 10 were added to the Bill.*

**Clause 11** — (*Amounts to be paid for transfer and vesting of shares or undertakings*)

**MR. DEPUTY-SPEAKER :** There are a number of amendments. Mr. Chatterjee, are you moving all the three of your amendments ?

**SHRI SOMNATH CHATTERJEE :** Yes, Sir.

**MR. DEPUTY-SPEAKER :** Mr. Naik is not there. I do not think there is any amendment by Prof. Dandavate to this clause.

**SHRI SOMNATH CHATTERJEE :** I beg to move :

Page 6,—

*for lines 40 to 45, substitute—*

"11, (1) for the transfer of the shares of each Indian insurance company to, and vesting in, the Central Government, under Section 4, there shall be paid by the Central Government to the Corporation such amount as will be required to pay to the members of such company whose total share holding does not exceed twenty five thousand rupees in value to the extent of their respective share holding not exceeding such value." (2)

Page 6 and 7,—

*for lines 46 to 49 and lines 1 and 2 respectively,— substitute—*

"(2) For the transfer to, and vesting in, the Central Government, under Section 5, of the undertaking of each existing insurer, who is not an Indian insurance company, there shall be paid by the Central Government to the Corporation, for payment to such existing insurers, subject to subsection (3) of this section, one thousand rupees for each such insurer." (3)

Page 7,—

*after line 2, insert—*

"(3) For the transfer to, and vesting in, the Central

Government, under Section 5, of the undertaking of Life Insurance Corporation in so far as it relates to the general insurance business carried on by it and of an existing insurer who is a Co-operative Society and of an existing insurer not falling within any of the foregoing provisions in this section, there shall be paid by the Central Government to the Corporation, for payment to the Life Insurance Corporation and to an existing insurer covered by this sub-Section, the amount specified against such insurer in the corresponding entry under column 3 of Part A of the Schedule" (4)

Clause II deals with the amounts to be paid for transfer and vesting of shares or undertakings. There are two sub-clauses, the first dealing with Indian insurance companies and the second dealing with the foreign insurance companies cooperative societies, etc. We did not have the detailed break-up of the shareholdings the percentage of small shareholders etc. Only now the minister gave us some sample figures. We have provided in clause II that only certain types of shareholders will be paid compensation and only for payment to them monies will be provided, and not huge amounts as have been mentioned in Part A of the Schedule. So far as foreign insurance companies are concerned, I do not remember hearing the hon. Minister giving any reply as to on what basis the amount in Schedule B has been fixed as their shares are not being taken up. The only reply which the hon. Minister gave was with regard to the shareholders' right being taken up. So far as foreign insurance companies are concerned, that explanation cannot apply; that answer does not deal with the question as to what has been taken over by the foreign insurance companies, what was the value of their undertakings, how much money they have realised in the past and how much money they have repatriated to their respective countries. As these figures are not available, we have provided a token payment of Rs. 1,000 in respect of foreign companies, and that is item No. 3 of the amendment:

\* I have suggested a consequential amendment in item No. 4 to preserve the right of LIC in relation to its general insurance business, co-operative societies and other types of societies that we have mentioned in Part

B of the Schedule. That is why we are pressing this amendment. We say that there is no rational basis which has been disclosed here nor has the hon. Minister in his reply come out with the real basis of compensation. So, we press these amendments.

SHRI S. M. BANERJEE : Sir, thinking that these amendments will serve the cause for which we are fighting, we have also decided to support the amendment. Even in the Select Committee I was unable to understand the basis on which the compensation was arrived at, whether you call it amount or compensation. Even the arguments advanced by the companies, which was spearheaded by an eminent lawyer like Shri Palkhiwala, mentioned that the market value would be Rs. 138 crores and they demanded Rs. 87 crores. Ultimately it was fixed at Rs. 33 crores. Then, suddenly for reasons better known to the government, one explanation is that it is to remove the disparity between the Indian and foreign insurance companies, another sum of Rs. 5 crores and odd was added and that is how the total compensation amount became Rs. 38 crores odd.

The hon. Minister just now said that 94 or 95 per cent of the shares in some companies were held by people who own shares worth Rs. 5,000 or less. We put this question at the Select Committee. We wanted to have a list of a few people, let it be 4,000 or 400 or even 40, who are solely dependent on their dividends. We were not given that information. Not even Shri Palkhiwala, who was so eloquently championing the cause of the poor people, or Shri J. R. D. Tata who shed so much tears for the poor people, could provide us a list of that.

Then I say that those people who have got shares to the tune of Rs. 4,000 or 5,000 in insurance companies are not middle class people, though they originally belonged to the middle class, I come from a middle class family and I was a government employee. Out of 38 lakh government employees there may be about 100 people who have got shares in the insurance companies. If I have got some money I will invest it in the national savings certificate or cash certificates. So, if a correct analysis is made of those persons who have got shares in insurance companies, it will be found that they have shares worth Rs. 5,000 in one company, Rs. 5,000 in some other

[Shri S. M. Banerjee]

company and so on, and they are not solely depending on that. We oppose this clause and we say that the compensation should not be increased.

SHRI YESHWANTRAO CHAVAN : The hon. Member, Shri Somnath Chatterjee, has moved three amendments, namely, amendment Nos. 2, 3 and 4. In the first amendment he says that shareholders with a paid-up capital of less than Rs. 25,000 shall get only the paid-up capital and those who have got above that shall get nothing. That is what he wants to say, in the case of foreign company.

SHRI SOMNATH CHATTERJEE : I suggested that for lack of material. You have not given us any material. That is the difficulty. You are keeping the House in the dark.

17.00 hrs.

SHRI YESHWANTRAO CHAVAN : Now, in case of undertakings, he says, only because there are no share-holdings there, we are taking over undertakings and, therefore, he has generously agreed to give them Rs. 1000 each. This will be not in consonance with our approach in this matter...

SHRI SOMNATH CHATTERJEE : Why not ?

SHRI YESHWANTRAO CHAVAN : Naturally. There is an understanding that if at all we take over, we pay them a fair amount and also prompt payment. Therefore, to accept this amendment would be completely going back on our own policy. Once we don't agree to accept amendment No. 3, amendment No. 4 automatically goes.

MR. DEPUTY-SPEAKER : Now, I put amendment Nos. 2, 3 and 4 to clause 11 moved by Shri Somnath Chatterjee to the vote of the House.

*Amendments Nos. 2 to 4 were put and negatived.*

MR. DEPUTY-SPEAKER : I then put clause 11 to the vote of the House. The question is :

"That clause 11 stand part of the Bill".

*The Lok Sabha divided :*

Division No. 7] AYES [17-06 hrs.

\*Ambesh, Shri  
Austin, Dr. Henry  
Babunath Singh, Shri  
Banamali Babu, Shri  
Barupal, Shri Panna Lal  
Bhandare, Shri R. D.  
Bhattacharyya, Shri Chapalendu  
Bhuvarahan, Shri G.  
Bist, Shri Narendra Singh  
Chakleshwar Singh, Shri  
Chaturvedi, Shri Rohan Lal  
Chaudhary, Shri Nitiraj Singh  
Chavan, Shri Yeswantrao  
Chawla, Shri Amar Nath  
Daga, Shri M. C.  
Dalbir Singh, Shri  
Dalip Singh, Shri  
Das, Shri Anadi Charan  
Dixit, Shri, G. C.  
Doda, Shri Hiralal  
Dwivedi, Shri Nageshwar  
Gandhi, Shrimati Indira  
Ganesh, Shri K. R.  
Gautam, Shri C. D.  
Godara, Shri Mani Ram  
Gohain, Shri C. C.  
Gotkhinde, Shri Annasaheb  
Hari Kishore Singh, Shri  
Jadeja, Shri D. P.  
Jamilurrahman, Shri Md.  
Jeyalakshmi, Shrimati V.  
Joshi, Shri Popatlal M.  
Kadannappalli, Shri Ramachandran  
Kader, Shri S. A.  
Kailas, Dr.  
Kakodar, Shri Purushottam  
Kakoti, Shri Robin  
Kale, Shri  
Kamala Prasad, Shri  
Kavde, Shri B. R.  
Khadihar, Shri R. K.  
Kulkarni, Shri Raja  
Kureel, Shri B. N.  
Lakkappa, Shri K.  
Laskar, Shri Nihar  
Mahishi, Dr. Sarojini  
Malaviya, Shri K. D.  
Mandal, Shri Jagdish Narain  
Mandal, Shri Yamuna Prasad  
Mehta, Dr. Mahipatray  
Mishra, Shri Bibhuti  
Mishra, Shri G. S.  
Mishra, Shri Jagannath

\*He voted by mistake from a wrong seat and later informed the Speaker accordingly.

Misra, Shri S. N.  
 Modi, Shri Shrikishan  
 Mohsin, Shri F. H.  
 Negi, Shri Pratap Singh  
 Oraon, Shri Tuna  
 Pandey, Shri Damodar  
 Pandey, Shri Krishna Chandra  
 Pandey, Shri Narsingh Narain  
 Pandey, Shri Tarkeshwar  
 Pratap Singh, Shri  
 Parthasarathy, Shri P.  
 Peje, Shri S. L.  
 Qureshi, Shri Mohd. Shafi  
 Rai, Shrimati Sahodrabai  
 Raj, Bahadur, Shri  
 Rajdeo Singh, Shri  
 Ram, Shri Tulmohan  
 Ram Dhan, Shri  
 Ram Surat Prasad, Shri  
 Rana, Shri M. B.  
 Rao, Shri Jagannath  
 Rao, Shri K. Narayana  
 Rao, Shri Nageswara  
 Rao, Shri P. Ankieedu Prasada  
 Raut, Shri Bhola  
 Reddy, Shri P. Ganga  
 Reddy, Shri P. Narasimha  
 Reddy, Shri P. V.  
 Richhariya, Dr. Govind Das  
 Rohatgi, Shrimati Sushila  
 Roy, Shri Bishwanath  
 Rudra Pratap Singh, Shri  
 Sadhh Ram, Shri  
 Salve, Shri N. K. P.  
 Samanta, Shri S. C.  
 Sathe, Shri Vasant  
 Satish Chandra, Shri  
 Sethi, Shri Arjun  
 Shankaranand, Shri B.  
 Sharma, Shri A. P.  
 Sharma, Dr. H. P.  
 Sharma, Shri Madhoram  
 Sharma, Shri Nawal Kishore  
 Shiva Candika, Shri  
 Shukla, Shri B. R.  
 Singh, Shri Vishwanath Pratap  
 Sohan Lal, Shri T.  
 Stephen, Shri C. M.  
 Subramaniam, Shri C.  
 Suryanarayana, Shri K.  
 Swaminathan, Shri R. V.  
 Tarodekar, Shri V. D.  
 • Tayyab Hussain, Shri  
 Tiwary, Shri K. N.  
 Unnikrishnan, Shri K. P.  
 Vekaria, Shri

Venkatswamy, Shri G.  
 Vidyalkankar, Shri Amarnath  
 Virbhadra Singh, Shri  
 Yadav, Shri R. P.

NOES

Bade, Shri R. V.  
 Banerjee, Shri S. M.  
 Bhagirath Bhanwar, Shri  
 Bhattacharyya, Shri Jagadish  
 Bhattacharyya, Shri S. P.  
 Bosu, Shri Jyotirmoy  
 Chandra Shekhar Singh, Shri  
 Chatterjee, Shri Somnath  
 Chowhan, Shri Bharat Singh  
 Dandavate, Prof. Madhu  
 Dutta, Shri Biren  
 Haldar, Shri Krishna Chandra  
 Mehta, Shri P. M.  
 Mody, Shri Piloos  
 Mohammad Ismail, Shri  
 Mukerjee, Shri H. N.  
 Mukherjee, Shri Samar  
 Patel, Shri H. M.  
 Ramkanwar, Shri  
 Roy, Dr. Saradish  
 Saha, Shri Gadadhar  
 Sambhali, Shri Ishaque  
 Singh, Shri D. N.  
 Sokhi, Shri Swaran Singh

MR. DEPUTY-SPEAKER : The result\*  
 of the Division is :

*Ayes* 113 ;

*Noes* 24.

*The motion was adopted.*

MR. DEPUTY-SPEAKER Clause 11  
 stands part of the Bill.

*Clause 11 was added to the Bill.*

**Clause 12—(Disbursement of amounts by  
 Corporation)**

SHRI SOMNATH CHATTERJEE : I beg  
 to move :

Page 7, lines 7 to 10,—

for "(2) The Corporation shall distri-  
 bute the amount paid to it under  
 section 11, to the shareholders of

\*The following members also recorded their votes for AYES :—

Sarvashri Kartik Oraon, Paripoornanand Painuli, Shyam Sunder Mohapatra and Lalji Bhai.

[Shri Somnath Chatterjee]

each Indian insurance company and to each existing insurer, who is not an Indian insurance company, in accordance with their rights and interests"

*substitute—*

"(2) The Corporation shall distribute the amount paid to it under section 11, to the shareholders of each Indian insurance company whose shareholding does not exceed in aggregate twenty-five thousand rupees in value to the extent of their respective shareholding and to each existing insurer, the amount mentioned in sub-section (2) of section 11" (5)

Page 7, —

*after line 14, insert—*

"Explanation.—The value of shares mentioned in section 11 and in this section shall mean the value actually paid for the allotment of shares." (6)

MR. DEPUTY-SPEAKER : I shall now put amendments Nos. 5 and 6 to Clause 12 by Shri Somnath Chatterjee to the vote of the House.

*"Amendments Nos. 5 and 6 were put and negatived.*

MR. DEPUTY-SPEAKER : The question, is :

"That Clause 12 stand part of the Bill."

*The motion was adopted.*

*Clause 12 was added to the Bill.*

**Clause 13—(Mode of payment)**

SHRI SOMNATH CHATTERJEE : I beg to move :

Page 7, lines 21 to 25. —

*omit*", and where it exceeds twenty-five thousand rupees, each such member

shall be paid twenty-five thousand rupees and the balance of the amount due to such member shall be paid to him in three equal annual instalments, the first of which shall fall due on the appointed day" (7)

Page 8,—

*omit* lines 6 to 9. (10)

So far as payment of amount is concerned, Clause 13, as it stands, provides that, where the amount exceeds twenty-five thousand rupees, each such member shall be paid twenty-five thousand rupees and the balance of the amount due shall be paid to him in three equal annual instalments. I want this part to be deleted.

Then a provision has been made for payment of interest at the rate of four per cent per annum. The hon. Minister has made certain observations about the rate of interest. I submit that sufficient amount is already being provided to them and there is no justification for payment of further amount by way of interest to the big business houses.

Therefore, I request that my amendments may be accepted.

SHRI YESHWANTRAO CHAVAN : I am not accepting them.

MR. DEPUTY SPEAKER : I shall now put amendments Nos. 7 and 10 moved by Shri Somnath Chatterjee to clause 13 to the vote of the House.

*Amendments Nos. 7 and 10 were put and negatived.*

MR. DEPUTY-SPEAKER : I shall put clauses 13, 14, and 15 together to the vote of the House.

The question is :

"That Clauses 13, 14 and 15 stand part of the Bill."

*The motion was adopted.*

*Clauses 13 to 15 were added to the Bill.*

**Clause 16—(Schemes for mergers of companies etc.)**

SHRI SOMNATH CHATTERJEE : I beg to move :

Page 8,—

for lines 40 to 42, *substitute*—

“(a) the manager in the Corporation of any Indian insurance company” (11).

Page 8, line 43,—

for “acquiring company” *substitute*—  
“Corporation” (12)

Page 8,—

*omit* lines 47 to 49. (13)

Page 9,—

*omit* lines 1 to 5. (14)

Page 9, line 6,—

for “acquiring company” *substitute*—  
“Corporation” (15)

Page 9, line 14,—

*add* at the end—

“but not in a manner which will be less advantageous compared to the existing pay scales and other terms and conditions” (18)

Page 9, line 15,—

for “acquiring company” *substitute*  
“Corporation” (19)

Page 9, line 19,—

for “acquiring company” *substitute*  
“Corporation” (20)

Page 9,—

*omit* lines 26 to 44. (21)

Page 10, line 1,—

for “acquiring company” *substitute*  
“Corporation” (22)

SHRI S. M. BANERJEE : I beg to move:

Page 9,—

*omit* lines 26 to 30. (16)

Page 9 and 10,—

*omit* lines 45 to 47 and 1 to 4 respectively. (17)

PROF. MADHU DANDAVATE : I beg to move :

*Substitute* Clause No. 16(1)g by the following :

“(g) the introduction of uniform pay scales at a level higher than the highest existing and other service conditions of such officers and other employees, wherever necessary in consultation with the employees’ representatives.” (37)

For Clause 16(2), *substitute* the following :

“In framing schemes under subsection (1), the object of the Central Government shall be to ensure that there is only a single autonomous corporation in existence with uniform standardised wages for its employees.” (38)

Clause No. 16 (4) should be *deleted*. (39)

Clause No. 16 (5) should be *deleted*. (40)

SHRI S. M. BANERJEE : I would like to confine myself to Clause 16, *i.e.*, scheme for reorganisation of general insurance business. During the course of the debate, my hon. friends, Shri Indrajit Gupta, Shri Somnath Chatterjee and the others who spoke, with the exception of one or two, supported the idea of having one corporation. We have been pleading not because of the employees, not because the employees’ organisations have suggested they should be brought under group, one autonomous corporation and not four companies, but because of the observations made during the debate during discussions in the Joint Select Committee also. Having given a serious thought, we came to the conclusion that if we have four companies, it will be a retrograde step. I follow the observations made by this Government, by the Treasury Benches or by hon. Members several times in this House about public sector units. I find that they want that there should be more centralisation and less bureaucratisation. Four companies—what does it mean? One Corporation with four companies would mean that there will be five companies, one being the corporation itself, and the bureaucracy will have a field day and their number will grow more and more. If your idea is to reduce the overhead charges on the top-heavy administration, either on the basis of the ARC report or any other report—Mr. Hanumanthaiya is here—then, there should not be four companies. This idea has been mooted primarily by the private sector who were

[Shri S. M. Banerjee]

owning these insurance companies and secondly, by the bureaucrats who wish to have a good day all the time and by forming this corporation this way, I still feel that the time is not far when the bad results of this will be realised by the Government. But that will be too late. Am I to understand that because in the Life Insurance Corporation there is only one Corporation with Zonal Offices, Divisional Offices and District Offices which are not functioning efficiently, I should take it that this is a wrong conception and this should be divided also into four companies? If the Life Insurance Corporation is functioning correctly and if we do not want to add to the overhead charges and top-heavy administration and bureaucratisation, this suggestion should be accepted and there should be only one autonomous corporation.

**SHRI SOMNATH CHATTERJEE :** So far as these four companies being brought into existence; the explanation given by the hon. Minister is that there should be competition. What will happen? There will be top-heavy administration in five different undertakings doing similar type of work. So far as the competition is concerned, will there be competition in making profits, more and more profits? How can they stop the internecine—I do not know—competition? How will you increase the efficiency as such by having four companies? What is the magical formula that will be applied by having four or five companies in different cities doing similar business? I could have understood if these different types of companies were allotted different types of insurance work. I have raised that question. The hon. Minister has not replied to that. Therefore, all these companies will be doing similar or identical type of business. There will be five sets of officers from the top to the bottom, from the Chairman of the companies or concerns, Board of Directors, the Board of management and everything for all these companies and all the top-heavy administration we shall be having. This will certainly not result in greater efficiency in service to the customers.

**PROF. MADHU DANDAVATE :** In addition to the amendment proposing a single autonomous corporation, I have two additional amendments to clause 16. One is: 16(1)(g) to be substituted by :

“(g) the introduction of uniform pay scales at a level higher than the highest existing and other service conditions of such officers and other employees, wherever necessary in consultation with the employees’ representatives.”

This is only to ensure uniformity and also consultation with the representatives of the employees.

Then, there is also another amendment in clause 16(4). It is proposed in the original clause for three months’ remuneration as compensation when he is not satisfied with the rationalisation or revision of pay scales and other terms and conditions of service. I suggest that this clause be deleted.

The third clause is 16(5). Of course, 7(3) was deliberated and it was defeated. This is only a consequential clause.

**SHRI YESHWANTRAO CHAVAN :** I oppose all the amendments.

**SHRI S. M. BANERJEE :** I request that my amendment No. 16 may be put to the vote of the House separately. We do not want four companies.

**MR. DEPUTY-SPEAKER :** Apart from that all the other amendments can be put together.

**PROF. MADHU DANDAVATE :** I want to know from the Finance Minister whether he is opposed to evolve some machinery to see that uniformity of wages and emoluments are ensured.

**SHRI YESHWANTRAO CHAVAN :** It is not necessary to have any legislation for that. There are certain matters which can be dealt with without legislation.

**MR. DEPUTY-SPEAKER :** I will now put Mr. Banerjee’s amendment No. 16 to the vote of the House. Then I will put all the other amendments together.

Now, the questions is :

‘Page 9,—

“omit lines 26 to 30.” (16)

*The Lok Sabha divided :*

Division No. 8.] AYES

[17.21 hrs.

Bade, Shri R. V.  
 Banerjee, Shri S. M.  
 Bhagirath Bhanwar, Shri  
 Bhattacharyya, Shri Jagadish  
 Bhattacharyya, Shri S. P.  
 Bosu, Shri Jyotirmoy  
 Chandra Shekhar Singh, Shri  
 Chatterjee, Shri Somnath  
 Dandavate, Prof. Madhu  
 Dutta, Shri Biren  
 Halder, Shri Krishna Chandra  
 Kachwai, Shri Hukam Chand  
 Lalji Bhai, Shri  
 Manjhi Shri, Bhola  
 Mehta, Shri P. M.  
 Mukerjee, Shri H. N.  
 Mukherjee, Shri Samar  
 Roy, Dr. Saradish  
 Shah, Shri Gadadhar  
 Sambhali, Shri Ishaque  
 Shakya, Shri Maha Deepak Singh

## NOES

Ambesh, Shri  
 Austin, Dr. Henry  
 Babunath Singh, Shri  
 Banamali Babu, Shri  
 Barua, Shri Bedabrata  
 Barupal, Shri Panna Lal  
 Basappa, Shri K.  
 Basumatari, Shri D.  
 Bhandare, Shri R. D.  
 Bhuvarahan, Shri G.  
 Bist, Shri Narendra Singh  
 Buta Singh, Shri  
 Chakteshwar Singh, Shri  
 Chandra Gowda, Shri D. B.  
 Chaturvedi, Shri Rohan Lal  
 Chaudhay, Shri Nitiraj Singh  
 Chavan, Shri Yeshwantrao  
 Chawla, Shri Amar Nath  
 Daga, Shri M. C.  
 Dalip Singh, Shri  
 Das, Shri Anadi Charan  
 Desai, Shri D. D.  
 Dixit, Shri G. C.  
 Doda, Shri Hiralal  
 Dwivedi, Shri Nageshwar  
 Ganesh, Shri K. R.  
 Gangadeb, Shri P.  
 Gautam, Shri C. D.  
 Godara, Shri Mani Ram  
 Gokhale, Shri H. R.  
 Gotkhinde, Shri Annasaheb

Gowda, Shri Pampan  
 Hanumanthaiya, Shri K.  
 Hari Kishore Singh, Shri  
 Hari Singh, Shri  
 Jadeja, Shri D. P.  
 Jamilurrahman, Shri Md.  
 Jeyalakshmi, Shrimati V.  
 Joshi, Shri Popatlal M.  
 Kadannappalli, Shri Ramchandran  
 Kedar Shri S. A.  
 Kailash, Dr.  
 Kakodkar, Shri Purushottam  
 Kakoti, Shri Robin  
 Kalingarayar, Shri Mohanraj  
 Kamala Prasad, Shri  
 Kamble, Shri T. D.  
 Kedar Nath Singh, Shri  
 Kotrashetti, Shri A. K.  
 Kumaramangalam, Shri S. Mohan  
 Kureel, Shri B. N.  
 Lakkappa, Shri K.  
 Laskar, Shri Nihar  
 Mahishi, Dr. Sarojini  
 Malviya, Shri K. D.  
 Mallanna, Shri K.  
 Mandal, Shri Jagdish Narain  
 Mandal, Shri Yamuna Prasad  
 Maurya, Shri B. P.  
 Mehta, Dr. Mahipatray  
 Mishra, Shri Bibhuti  
 Mishra, Shri G. S.  
 Mishra, Shri Jagannath  
 Mishra Shri S. N.  
 Modi, Shri Shrikishan  
 Mody, Shri Pilo  
 Mohapatra, Shri Shyam Sunder  
 Mohsin, Shri F. H.  
 Naik, Shri B. V.  
 Negi, Shri Pratap Singh  
 Oraon, Shri Tuna  
 Painuli, Shri Paripoornanand  
 Pandey, Shri Damodar  
 Pandey, Shri Krishna Chandra  
 Pandey, Shri Narsingh Narain  
 Pandey, Shri Tarkeshwar  
 Paokai Haokip, Shri  
 Partap Singh, Shri  
 Parthasarathy, Shri P.  
 Patel, Shri H. M.  
 Patel, Shri Prabhudas  
 Patil, Shri S. B.  
 Peje, Shri S. L.  
 Qureshi, Shri Mohd Shafi  
 Raj, Shrimati Sahodrabai  
 Raj Bahadur, Shri  
 Rajdeo Singh, Shri  
 Ram Dhan, Shri  
 Ram Surat Prasad, Shri



Ramkanwar, Shri  
 Rana, Shri M. B.  
 Rao, Shri Jagannath  
 Rao, Shri K. Narayana  
 Rao, Shri Nageswara  
 Rao, Shri P. Ankineedu Prasada  
 Rathia, Shri Umed Singh  
 Raut, Shri Bhola  
 Reddy, Shri P. Ganga  
 Reddy, Shri P. Narasimha  
 Reddy, Shri P. V.  
 Rohatgi, Shrimati Sushila  
 Roy, Shri Bishwanath  
 Rudra Pratap Singh, Shri  
 Sadhu Ram, Shri  
 Saini, Shri Mulki Raj  
 Salve, Shri N. K. P.  
 Samanta, Shri S. C.  
 Sethe, Shri Vasant  
 Satish Chandra, Shri  
 Sethi, Shri Arjun  
 Shambhu Nath, Shri  
 Shankaranand, Shri B.  
 Sharma, Shri A. P.  
 Sharma, Shri Madhoram  
 Sharma, Shri Nawal Kishore  
 Shenoy, Shri P. R.  
 Shetty, Shri K. K.  
 Shiva Candika, Shri  
 Shukla, Shri B. R.  
 Singh, Shri Vishwanath Pratap  
 Stephen, Shri C. M.  
 Sudarsanam, Shri M.  
 Suryanarayana, Shri K.  
 Swaminathan, Shri R. V.  
 Swami Shri Sidrameshwar  
 Tayyab Hussain, Shri  
 Tiwari, Shri R. G.  
 Tiwary Shri K. N.  
 Unnikrishnan, Shri K. P.  
 Vekaria, Shri  
 Venkatswamy, Shri G.  
 Vidyalankar, Shri Amarnath  
 Vikal, Shri Ram Chandra  
 Virbhadra Singh, Shri  
 Viswanathan, Shri G.  
 Yadav, Shri R. P.

MR. DEPUTY-SPEAKER : The result\* of the division is :

*Ayes* : 21 ; *Noes* : 136

*The motion was negatived.*

MR. DEPUTY-SPEAKER : I shall now put the rest of the amendments to clause 16 to vote.

*Amendments Nos. 11 to 15, 17 to 22 and 37 to 40 were put and negatived.*

MR. DEPUTY-SPEAKER : The question is :

"That clause 16 stand part of the Bill".

*The motion was adopted.*

*Clause 16 was added to the Bill.*

*Clause 17 was added to the Bill.*

**Clause 18—(Functions of Corporation)**

SHRI SOMNATH CHATTERJEE : I beg to move :

Page 10,—

*for clause 18, substitute—*

"18. The functions of the Corporation shall be the carrying on of the general insurance business in a manner as will secure that such business is developed to the best advantage of the community." (23)

MR. DEPUTY-SPEAKER : I shall now put this amendment to the vote of the House.

*Amendment No. 23 was put and negatived.*

MR. DEPUTY-SPEAKER : There is no amendment to clause 19. So, I shall put clauses 18 and 19 together to vote.

The question is :

"That clauses 18 and 19 stand part of the Bill".

*The motion was adopted.*

*Clauses 18 and 19 were added to the Bill.*

\*Shri Ram Bhagat Paswan also recorded his vote for NOES.

**Clause 20—**(*Balance of profit: how to be utilised*)

SHRI SOMNATH CHATTERJEE : I beg to move :

Page 11,—

- (i) *omit* lines 6 to 11.
- (ii) line 12, *for* "(2)" *substitute* "20".  
(24)

MR. DEPUTY-SPEAKER : I shall now put this amendment to the vote of the House.

*Amendment No. 24 was put and negatived.*

MR. DEPUTY-SPEAKER : There is no amendment to clause 21. I shall therefore, put both clause 20 and clause 21 together to vote.

The question is :

"That clauses 20 and 21 stand part of the Bill."

*The motion was adopted.*

*Clauses 20 and 21 were added to the Bill.*

**Clause 22—**(*Acquiring companies to have the exclusive privilege of carrying on general insurance business*)

*Amendment made :*

Page 11, line 38—

*for* "Central Government" *substitute—*  
"Corporation". (35)

(Shri Yeshwantrao Chavan)

MR. DEPUTY-SPEAKER : The question is :

"That clause 22, as amended, stand part of the Bill."

*The motion was adopted.*

*Clause 22, as amended, was added to the Bill.*

MR. DEPUTY-SPEAKER : Now, we come to clause 23. Is Shri Somnath Chatterjee moving his amendment ?

SHRI SOMNATH CHATTERJEE : I am not moving any of my amendments up to clause 31.

MR. DEPUTY-SPEAKER : That makes things easy.

The question is :

"That clauses 23 to 31 stand part of the Bill."

*The motion was adopted.*

*Clauses 23 to 31 were added to the Bill.*

*Clauses 32 to 40 were added to the Bill.*

*The Schedule*

SHRI SOMNATH CHATTERJEE : I beg to move :

Page 18—

*omit* lines 1 to 49. (34)

MR. DEPUTY-SPEAKER : He is moving only this amendment ? He is not moving the other two amendments, namely amendments Nos. 32 and 33 ?

SHRI SOMNATH CHATTERJEE : No, Sir. I have moved only amendment No. 34.

MR. DEPUTY-SPEAKER : I shall now put amendment No. 34 to the vote of the House.

*Amendment No. 34 was put and negatived.*

MR. DEPUTY-SPEAKER : There are no other amendments to the rest of the Bill.

The question is :

"That the Schedule, clause 1, the Enacting Formula and the Title stand part of the Bill."

*The motion was adopted.*

*The Schedule, clause 1, the Enacting Formula and the Title were added to the Bill.*

SHRI YESHWANTRAO CHAVAN : I move :

"That the Bill, as amended, be passed."

SHRI H. N. MUKERJEE (Calcutta-North East) : On a point of order. Rule 93(2) says that when a Bill has undergone amendments, the motion that the Bill, as amended, be passed shall not be moved on the same day on which the consideration of the Bill is concluded, unless the Speaker allows the motion to be made. It means, therefore, that the Speaker, in his special dispensation, gives a decree to that effect and on this occasion, all that we have been vouchsafed is that Government wishes to have this Bill rushed through this House.

We have been told also that the Government has got a very benevolent intention of getting this Bill passed as quickly as possible through the Rajya Sabha. But I feel that this kind of reference to the Rajya Sabha in order to bamboozle the Lok Sabha is entirely antagonistic to the tradition of the British House of Commons which we wish to follow. In Britain, in any reference to the other House,—they sometimes call it the 'other place' because it is not recognised even as the other House as compared to the Lower House—would be treated as absolutely improper. But here we are told we have got to get this Bill through the Rajya Sabha and therefore we should rush ahead with it. This kind of thing goes on repeatedly. When a measure of this description is before the House the Third Reading discussion is an important aspect of the deliberations. Therefore, from the point of view of principle and also from the point of view of procedure, I submit it cannot be done. We are already at 5.28 or so. Therefore, it should wait till tomorrow. If necessary, Government can go to the Rajya Sabha and tell them to sit another day. There is no harm in that. This House also can sit for another day, if it becomes necessary. If the Speaker is absent, you should take the Chair and conduct the proceedings. There is nothing on earth to prevent that from being done. If this kind of measure is rushed through this House in this way, a measure which was brought forth reprobation as a symptom of Government's hesitation, indecision and mischievousness, I for one refuse to be a party to it. This is what I want to place before you in my point of order, that it cannot be done today.

SHRI JYOTIRMOY BOSU (Diamond Harbour) : From the very beginning, we have experienced similar treatment. It was there during the last session also. We want to

know : did you have a motion before you tabled by any member from the Treasury Benches, the ruling party, seeking suspension of rule 90(2) ? If so, did you give consent to it ? It should not be said that as an afterthought that hitherto it is being done. This should not be done in a haphazard way. We want a clear and categorical answer : did you have any motion before this was moved ? If so, what was your ruling ? Have you suspended rule 90(2) ? If you have, I am afraid I have to point out, with due respect to the Chair, that you are incompetent to do it.

MR. DEPUTY-SPEAKER Order, please.

SHRI PILOO MODY (Godhra) : I support both the hon. Members.

MR. DEPUTY-SPEAKER : I have no motion...

SHRI R. D. BHANDARE : What was the last word he used ?

MR. DEPUTY-SPEAKER Order please.

I have no such motion before me. I do not require any such motion before me. It has been the practice in this House many times, umpteen times, that Bills, to which amendments have been accepted, have been passed on the same day.

Now, I see no special gain in holding it over till tomorrow.

SHRI H. N. MUKERJEE : Are you depriving us of the right that we have to express ourselves on this occasion ? It is about 5.30 now and we have to take up a half hour discussion. It is a matter of principle. I do not usually raise points of order in this House because I know the limitations of this House ; at the same time, there are certain matters of principle. I do not wish to be bamboozled in this House—the way in which Government tries to do it. I cannot understand the manner in which we have to function these days. If they want the presidential system of government, let them go ahead with it. I do not care.

MR. DEPUTY-SPEAKER : The point is, practice. This is what we have been practising. Unless there — (*Interrupting*)

SHRI JYOTIRMOY BOSU : On a point of order.

MR. DEPUTY-SPEAKER : You read the rule book only now. But there have been many, many Bills in which this practice was followed. I have said that unless there is some very special reason, I see no gain in it. In any case, we are in the third reading of the Bill.

SHRI PILOO MODY : I want to say a few words.

MR. DEPUTY-SPEAKER : On this ruling ? (*Interruption*) As far as this point is concerned, I have given the ruling.

SHRI H. N. MUKERJEE : In the third Lok Sabha, this rule has come up on many occasions. I do not understand why it should not be followed now. In the third Lok Sabha, I remember this especially. I brought up this rule because I recollect it very clearly. What happened in the third Lok Sabha on many occasions was this. I do not, of course, exactly remember the particular Bill and so on. (*Interruption*)

MR. DEPUTY-SPEAKER : In any case, we are reaching— (*Interruption*)

AN HON. MEMBER : One word—

MR. DEPUTY-SPEAKER : On this point ? I have given my ruling.

SHRI R. V. BADE (Kharagone) : Sir—

MR. DEPUTY-SPEAKER : On this, I have given my ruling. If it is something else, you can speak.

SHRI R. V. BADE : In practice, nobody has raised any objection. Now, the hon. Member, Shri Mukerjee, has raised an objection. Let the Speaker take note of it. (*Interruption*)

AN HON. MEMBER : He is not here.

MR. DEPUTY-SPEAKER : So what ? (*Interruption*)

SHRI PILOO MODY : That is the same point that I wanted to make. If nobody takes objection, it is all right. But if we have

a rule in the book, it has to be observed even if one Member challenges it.

MR. DEPUTY-SPEAKER : Shall I put it to the House ?

SHRI H. N. MUKERJEE : I want your ruling. I wanted to know if the Speaker had by prior act allowed the motion to be moved. I remember umpteen occasions when you have referred to the Speaker having done or not having done something. You have said, "I shall await the decision of the Speaker." The Speaker is not here.

MR. DEPUTY-SPEAKER : I am the Speaker now.

SHRI H. N. MUKERJEE : You have on umpteen occasions referred back the whole matter. This is a matter of principle which is why I press it.

MR. DEPUTY-SPEAKER : For two reasons: I have said that we have been following this principle in almost all the Bills, and because I see... (*Interruption*)... Order please. You might have raised it in another case. We have been following this principle. Because I see no special gain that it should be held back to tomorrow, I have allowed it. If one wants to speak, one has the right, but I have allowed the motion to be moved. This is over.

SHRI JYOTIRMOY BOSU : Half-an-hour discussion is there.

MR. DEPUTY-SPEAKER : That is another issue.

SHRI JYOTIRMOY BOSU : You break the rule on that one also.

MR. DEPUTY-SPEAKER : Please sit down. I know that we have crossed 5.30

SHRI JYOTIRMOY BOSU : I am not satisfied with the explanation.

MR. DEPUTY-SPEAKER : You have raised another issue. That is another issue, that we have crossed 5.30. (*Interruption*) Order, order. Why don't you leave the House to me ? He has raised another issue, that at 5.30 we are to take up another item

[Mr Deputy-Speaker]

That is very correct. (*Interruption*) Order, please. But very often, in regulating the business of the House, we all become a little flexible in these matters, and adjust five minutes or 10 minutes this side and that side. Therefore, I do not think it is very important. I will put the motion to the House.

SHRI JYOTIRMOY BOSU : I want to make a submission. You have tried to evade our question. I am sorry to say. I asked you categorically, and it is within my rights to ask you and get a clear and categorical reply. I asked you. "Did the Government bring a motion before you that rule 93 be suspended?" You have said "No."

MR. DEPUTY-SPEAKER : I did not say no.

SHRI JYOTIRMOY BOSU : Secondly, the proceedings of the House, the behaviour of the Chair and ourselves in this House should not be more known through failure to follow the rules than by following them.

MR. DEPUTY-SPEAKER : I do not accept that.

SHRI JYOTIRMOY BOSU : I have not finished, Sir. Rule 93 is on the statute. It is a rule. You cannot avoid it because somebody has not done it in the past. There was severe criticism on our side. When the Aligarh Muslim University Bill was passed in a hurry, we were severely criticised on our side by the people. (*Interruption*) We want a fair judgment from you.

MR. DEPUTY-SPEAKER : I am giving it. Please sit down. (*Interruption*) In the first place, it is not necessary, and when the Minister has stood up and has said, "I move that the Bill, as amended, be passed," the motion is before me. The second point is, whether I allow it or not. I have said, for the reasons that I have mentioned to you, I have allowed the motion to be moved. Therefore I will put it to the House. The question is :

"That the Bill, as amended, be passed."

SHRI JYOTIRMOY BOSU : Sir, at

the third reading stage, we want to speak.

MR. DEPUTY-SPEAKER : It is the right of Members to make submissions at the third reading. In that case I would like to have the consensus. What do we do? We have already crossed the deadline of 5.30. If they want to make submissions in the third reading I cannot shut them out.

SHRI RAJ BAHADUR : You have already put it to vote.

MR. DEPUTY-SPEAKER : I had just started ; then they stopped me.

SHRI RAJ BAHADUR : We shall sit till 7 O'clock or 8 O'clock.

MR. DEPUTY-SPEAKER : I am in the hands of the House. Once the Order Paper is made it should not ordinarily be varied during the day. But when special circumstances arise the Order Paper also may be varied in the sense that time may be adjusted. I am in the hands of the House. What should we do about this? The question is whether the House would extend the sitting today and finish up the Bill today upto the third reading and take up other items of business later on... (Some Hon. Members Yes)... or adjourn this discussion until tomorrow and take up some other discussion.

SOME HON. MEMBERS : No.

MR. DEPUTY-SPEAKER : I am just clarifying the position before the House. I am in the hands of the House as I said, I would like to be guided by the sense of the House. What is the desire of the House?

SHRI JYOTIRMOY BOSU : You cannot over-ride the rules of the House.

MR. DEPUTY-SPEAKER : It is not a question of over-riding the rules.

SHRI H. N. MUKERJEE : The third reading discussion is a right which particularly the Opposition cherishes. Therefore, to secure the consensus of the House, when the Minister expresses himself in a particular fashion and Members appear to respond—would be entirely unfair to the Opposition.

MR. DEPUTY-SPEAKER : I am saying that it appears to be consensus of the House that we shall proceed with this Bill and have the third reading and pass the Bill. The rest of the business will be taken later on.

SHRI PILOO MODY : On a point of order, May I know in what manner the consensus of the House is being taken ? Is it a matter of majority decision ?

MR. DEPUTY-SPEAKER : It is my decision. If you challenge it, you can challenge it. It is my impression that it is the consensus of the House. You can challenge it if you want. Would you like to challenge it, Mr. Mody ? I am asking you a straight question if you challenge my opinion about the consensus of the House. You can challenge it.

SHRI PILOO MODY : I am not in the habit of challenging the Chair.

MR. DEPUTY-SPEAKER : Thank you very much.

SHRI PILOO MODY : Nor is it up to the Chair to lay bets in this fashion.

I want to know what the word 'consensus' means from the Chair, because if it is a question of majority from the way I have seen the consensus of the House, you have heard seven parties against, and one party for... (*Interruptions.*) The consensus of the House is not a matter of majority decision ; therefore if you insist I will challenge it.

SHRI SOMNATH CHATTERJEE : Sir, Item 17 in today's Order Paper is half-an-hour discussion which was to be taken up at 5.30 p.m. or as soon as the preceding items of business are disposed of, whichever is earlier. Therefore by 5.30 at the latest it will have to be taken up. Under rule 55 the Speaker may allot half an hour on three sittings in a week for raising discussions on matters of sufficient public importance which had been the subject of recent question, etc. Therefore, allotment has already been made as indicated in the Order Paper. Under what procedure is this Order Paper being altered ?

MR. DEPUTY-SPEAKER : You are an eminent lawyer. Your half-hour discussion

is not taken away. Only the timing is being varied in view of the special circumstances obtaining in the House. If the members do not make their submission in the third reading, I will put the question to the House.

SHRI JYOTIRMOY BOSU : On a point of order, Sir. Are you aware of the fact that we are sitting one extra hour today and you want us to sit longer ? You have taken the sense of the House on this point ?

MR. DEPUTY-SPEAKER : I have taken the sense of the whole House.

SHRI JYOTIRMOY BOSU : We shall never be able to match them in the present House as far as taking the sense is concerned....

MR. DEPUTY-SPEAKER : That is not my fault.

SHRI JYOTIRMOY BOSU : You were one of us once upon a time.

MR. DEPUTY-SPEAKER : I am still a member of the House.

SHRI JYOTIRMOY BOSU : The Deputy-Speaker is chosen from amongst the opposition.

MR. DEPUTY-SPEAKER : He belongs to the whole House.

SHRI JYOTIRMOY BOSU : Don't cast aspersions on yourself.

SHRI H. N. MUKERJEE : I was trying to indicate that this unconscionable insistence on today being the last day for the completion of the discussion on this Bill is due to the preoccupation of Government with the Rajya Sabha, which you have already mentioned. It is completely unparliamentary, something that goes against the grain of parliamentary democracy. Is that to be foisted upon us ? What happens if at 5.30 whatever is there on the Order Paper is taken up and this Bill is passed tomorrow. If they want to assert their weight of numbers, I would not like to speak in that sort of circumstance. I have lots of things to say, but I would not like to say that if Government behaves in this fashion,

**MR. SHYAMNANDAN MISHRA :** "Adjustment", "variation in time" etc. are nice-sounding words, but when the adjustment has to be made to suit the convenience of the Opposition, it is never the pleasure of the Chair to grant it. When we are to sit for an extra hour, you ask us to do so, in spite of the strains we are undergoing from the morning. But you do not take up the item that is fixed at 5.30 according to the schedule. We are really not able to understand it. I would request you to stick to the schedule and not vary it.

**SHRI S. M. BANERJEE :** On a point of order, Sir. This Bill has undergone a good amendment, which has been moved by the Finance Minister himself and passed by this House.

**MR. DEPUTY-SPEAKER :** You are making the same point, no new point.

**SHRI S. M. BANERJEE :** That is because great men think alike. Another important issue is, we are having another discussion at 6 P. M. Nothing is going to be lost; after all, Rajya Sabha is not sitting now waiting for this Bill to be passed. They have already gone. Let us send the Bill to Rajya Sabha tomorrow.

**SHRI G. VISWANATHAN (Wandi-wash) :** We agree in the Business Advisory Committee to sit till 7 o'clock purposely to discuss the light railways under Rule 193 and also to have the half-an-hour discussion. If we do not take up the half-hour discussion at 5.30, the other discussion will be scuttled.

**MR. DEPUTY-SPEAKER :** Why? We will sit late.

**SHRI G. VISWANATHAN :** We have had no lunch hour. This is the maximum accommodation we can give. This is very unreasonable. You will have to take up the item on the agenda.

**श्री हुकम चन्ब कछवाय (सुरेता) :** उपाध्यक्ष महोदय, आइटम नं० 17 पर जो आधे घंटे की चर्चा है इसके सम्बन्ध में मेरा इतना ही कहना है कि आप यदि नियम 55 देखेंगे तो उसके अनुसार इसपर पहले चर्चा होनी चाहिए साढ़े 5

बजे क्योंकि जो कार्यसूची है वह जब तक समाप्त नहीं होती है तब तक उसके आगे का कार्य नहीं ले सकते हैं। इस सदन के लिए काफी काम है इसको देखते हुए ही हमने भोजन करना छोड़ा है, पूरा एक घंटा अधिक यहाँ पर बैठ रहे हैं और आज 11 से 7 बजे तक बैठने का निश्चय किया है। उस तरफ जो झुंड बैठता है उसमें से आधे लोगों को ये छोड़ देते हैं जो भोजन करने के लिए चले जाते हैं। इसलिए आपसे मेरा निवेदन है कि पहले इसपर चर्चा होगी तभी आगे बढ़ेंगे। हमारे अधिकारों पर कुठाराघात न हो।

**SHRI PILOO MODY :** The only way that the Government can have its way is to take up the business from the agenda at the time at which it is stated and then, if they want, they can meet thereafter. If they are very anxious to pass the Bill, let them inconvenience themselves. Let them wait till the other business is over. This is something which I have been suggesting over and over again in the past also. First of all, Government allow too little time for these things. They are anxious to see that the discussion is cut, the session is cut so that they can all go on their European trips, and yet when it comes to inconvenience of an hour or two, they are not prepared to put up with it. Why should the opposition be inconvenienced? We have certain rights which you should protect. Therefore, the half an hour discussion should be taken up at 5.30 p.m., the other discussion at 6 p.m. and, thereafter, they can meet till midnight or whatever time they want.....(Interruptions).

**MR. DEPUTY-SPEAKER :** I have listened to everybody. I am again saying that I am in the hands of the House. I have said before...(Interruptions) I will learn the rules from you when I am outside. Then you can please teach me what the rules are...(interruptions) To me the sense of the House is to finish the consideration of the Bill first and then take up the rest of the items later on. I will put it to the House.....(Interruptions).

**SHRI PILOO MODY :** In this House we will not allow ourselves to be pushed around in this way. I am sorry, I am not prepared to be pushed around by members, no matter

what their number may be. (Interruptions)

**SHRI K. S. CHAVDA :** Sir, it is for the Chair to protect the private members.

**SHRI RAJ BAHADUR :** Sir, may I assure you and our friends that it is not our desire to embarrass them and it is not our desire to make them sit here longer than necessary. Were it not for the very simple reason that Rajya Sabha and Lok Sabha are committed to sit up to a particular date, we would not have insisted on this. I have just now received a long letter signed by about all the members of the opposition and some members from this side also that the ICS officers Abolition of Privileges Bill should also be passed this session. Then we have got the Delhi University Bill, the Report of the Commissioner for Scheduled Castes and Scheduled Tribes and so on. All these items have to be finished by the 2nd September.

**SHRI PILOO MODY :** Why not extend the session ?

**SHRI RAJ BAHADUR :** It is not in my hands. BAC has decided that, and only the BAC can change its recommendations. Shri Piloo Mody has suggested that the business scheduled for 5.30 and 6.00 p.m. should be taken up first and then this Bill may be taken up afterwards. We are agreeable to that. We do not mind this Bill being taken up at 7 O'Clock and we are prepared to sit as long as necessary. We want to accommodate Shri Piloo Mody. We are accepting his suggestion, we are accepting that.

**SHRI SHYAMNANDAN MISHRA :** My submission is that the hon. Minister had himself asked us to sit for an extra day on the 2nd—that was circulated amongst us, the members of the Business Advisory Committee—when they wanted to take up the Twentieth Constitution Amendment Bill. Now, if the business of the House goes on accumulating like that and, even after sitting for extra, 2 hours, we are not able to finish the business, then the only reasonable course is to extend the session by a day. And he did want to sit on the 2nd. That is the only reasonable course.

May I submit to you that I had made a complaint in the beginning of the session that

every session is being shortened? This session has been shortened by a week. Is it the way to run parliamentary democracy in this country? Every session is being shortened. The last session was shortened by 10 days. The hon. Minister asks us to go by the advice of Mr. Piloo Mody. Although he happens to be a good friend of ours, we are not going to conform to his advice in this particular matter because we do not want to sit for more than 2 hours extra.

**SHRI JYOTIRMOY BOSU :** Mr. Raj Bahadur was not present in the last meeting of the Business Advisory Committee. I represented my party in the last meeting of the Business Advisory Committee. There, we had agreed and bound ourselves to sit upto 7 O'Clock and not beyond that. We had agreed to forgo lunch hour; we had agreed to sit on Saturdays. Now, how much do you wish to stretch us? Let us know here and now so that we can take recourse to the Factories Act for working extra hours.

**श्री एस० एम० बनर्जी :** डिप्टी स्पीकर साहब, मैं कहना चाहता हूँ, और चाहता हूँ कि माननीय राजबहादुर जी जवाब दें, कि पार्लियामेंटो डिमो-क्रैसी की हिफाजत करते करते हमने लंच पीरियड छोड़ा, अब क्या हम बीवियों को भी छोड़ दें ?

**संसदीय कार्य तथा नौबहन और परिवहन मंत्री (श्री राज बहादुर) :** मेरा खयाल है कि माननीय बनर्जी साहब की उम्र काफी खिच गयी है, अगर छोड़ें नहीं तो कम से कम अलग रहें।

**SHRI H. N. MUKERJEE :** I have been shouting in vain in order to press some of the norms of parliamentary democracy. I do not think you have ever heard or read that a substantial discussion in the House of Commons was sought to be throttled by reference to the lack of time because the House of Lords had to be approached. I am sure between the two Houses here, in this country, there is no such sense of antagonism which there was in England. But, any how, let not any reference to the Rajya Sabha be ever made an excuse for throttling or shortening discussion in the Lok Sabha. The Ministers are responsible to the Lok Sabha and to nowhere else. Therefore, if they want this thing to be passed, they can get the Rajya Sabha sitting extended by another day.



[Shri H. N. Mukerjee]

If they do not want to sit another day, I don't care. Quite apart from the substance of the matter, what we say on the third reading of the Bill is not so important because I know they will throw over-board whatever suggestions are made. From the point of view of parliamentary democracy, I wish, you, Sir, put your foot down to any reference being made, that is, to this matter having to be taken to the Rajya Sabha and, therefore, no time being given in this House in order to enable the legislation to go through.

श्री आर० बी० बड़े : मेरा भी यही कहना है कि एक घंटा लंच का छोड़ दिया और सात बजे तक बैठने का तय कर लिया। विजनेस ऐडवाइजरी कमेटी में माननीय मंत्री जी नहीं थे, वहाँ हमने तय किया कि 7 बजे के बाद नहीं बैठेंगे। अब आप कहते हैं कि सात बजे के बाद भी सदन चलेगा। तो इसके लिये अपोजीशन तैयार नहीं है।

MR. DEPUTY-SPEAKER : The point raised by Mr. H. N. Mukerjee is very valid. It is very unfortunate that reference should be made to the business of the Rajya Sabha. This House cannot be influenced by what goes on in Rajya Sabha just as we do not expect Rajya Sabha to be influenced by what goes on in this House. This is an accepted Parliamentary code. But there has been no basic change to the basic question. The only change is a very marginal change—a suggestion has been made by the Minister of Parliamentary Affairs that, if the members are keen about taking up the other two items, those items can be taken up now and then discussion on this Bill can be resumed... (*Interruptions*).

SHRI B. P. MAURYA (Hapur) : We have already wasted half an hour in this. (*Interruption*).

MR. DEPUTY-SPEAKER : You are not helping in any way. This is the situation. I would like to say again that I am in the hands of the House, whatever the House wants to do. Do you want to continue with the Third Reading now and finish with this Bill or do you want to take up the other two items now and then resume the discussion on this Bill later?

SOME HON. MEMBERS : No, no.

MR. DEPUTY-SPEAKER : No about what? (*Interruption*) There are only two questions. Would you like to resume the discussion on this Bill later, after those two items have been disposed of or would you like to take up the Third Reading of the Bill now?

SOME HON. MEMBERS : No, no.

MR. DEPUTY-SPEAKER : If you want neither, I will put the motion to the vote of the House.

SOME HON. MEMBERS : No, no.

MR. DEPUTY-SPEAKER : The question is :

"That the Bill, as amended, be passed."

*The motion was adopted.*

MR. DEPUTY-SPEAKER : Now we take up the half-an-hour discussion.

Mr. N. K. P. Salve.

17 59 hrs.

[SHRI K. N. TIWARY *in the Chair*]

HALF-AN-HOUR DISCUSSION RE:  
 CONSTRUCTION OF RAILWAY  
 OVERBRIDGE AT SAFDARJANG  
 AERODROME

श्री नरेन्द्र कुमार साल्वे (वेतूल) : उपाध्यक्ष महोदय, जिस चर्चा को मैंने सदन में उठाया है उसका विषय बहुत महत्वपूर्ण है। वह अपनी अहमियत रखता है। वह यात्री जो सकदरजंग हवाई अड्डे से दक्षिण दिल्ली की तरफ यात्रा करते हैं और फाटक बन्द होने पर उन्हें जिन परेशानियों और जिन दिक्कतों का सामना करना पड़ता है उससे उन लोगों की जिन्दगी दूभर हो चुकी है। मुमकिन है कि मैं यह सवाल बिल्कुल न उठाता, मगर श्री अमरनाथ चावला के एक प्रश्न के उत्तर में रेलवे मंत्री ने जो जवाब दिया है वह इतना गोल मोल है कि मेरी समझ में नहीं आता।