

[Shri B. R. Bhagat]

Excises and Salt Act, 1944. [Placed
in Library, See No. LT-1639|63].

(ii) a copy each of the following
Notifications under section 38 of the
Central Excises and Salt Act, 1944

(a) The Central Excise (Seventeenth
Amendment) Rules, 1963 published
in Notification No. G.S.R. 1386
dated the 24th August, 1963.

(b) The Central Excise (Eighteenth
Amendment) Rules, 1963 published
in Notification No. G.S.R. 1388 dated
the 24th August, 1963. [Placed in
Library, see No. LT-1640|63].

SUPER PROFITS TAX RULES

The Deputy Minister in the Minis-
try of Finance (Shrimati Tarkeshwari
Sinha): Sir, I beg to lay on the
Table—

(i) List of concerns who, on
references to Government,
have been informed during
the year 1962-63 that the
concession under section 56A of
the Indian Income Tax Act,
1922 [Section 99(1) (iv) of
the Income Tax Act, 1961]
would be available in
respect of the dividends distributed
by them to their company
shareholders.

[Placed in Library. See No. LT-
1641|63].

(ii) The Super Profits Tax Rules,
1963 published in Notifica-
tion No. S.O. 2440 dated the
23rd August, 1963, under sub-
section (3) of section 26 of
the Super Profits Tax Act,
1963.

[Placed in Library. See No. LT-
1642|63].

RULES UNDER DISPLACED PERSONS (COMPENSATION AND REHABILITATION) Act, 1954

The Deputy Minister in the Minis-
try of Welfare, Housing and Rehabili-
tation (Shri P. S. Naskar): Sir, I
beg to lay on the Table a copy each

of the following Rules under sub-
section (3) of section 40 of the Dis-
placed Persons (Compensation and
Rehabilitation) Act, 1954:

(i) The Displaced Persons (Com-
pensation and Rehabilitation)
Sixth Amendment Rules,
1963 published in Notification
No. G.S.R. 1317 dated the
10th August, 1963.

(ii) The Displaced Persons (Com-
pensation and Rehabilitation)
Seventh Amendment Rules,
1963 published in Notification
No. G.S.R. 1399 dated the
24th August, 1963.

[Placed in Library, see No. LT-
1643|63].

12.23 hrs.

MOTION RE:

REPORT OF LIFE INSURANCE CORPORATION

Dr. L. M. Singhvi (Jodhpur): Sir,
I beg to move:

“That this House takes note of
the Annual Report of the Life In-
surance Corporation of India for
the year ended 31st December,
1961 along with the Audited Ac-
counts, laid on the Table of the
House on the 10th November,
1962.”

Mr. Speaker: Before the discussion
starts, let us fix some time-limit for
speeches. The time allotted for this
subject is two hours. Would he be
satisfied with twenty minutes?

Dr. L. M. Singhvi: I would like to
have thirty minutes.

Mr. Speaker: Since there are a large
number of hon. Members wanting to
participate in this debate, I will give
him twenty-five minutes.

Dr. L. M. Singhvi: I shall try to
compress it within twenty-five minutes.

Sir, it is my privilege to welcome
Shri T. T. Krishnamachari once again
to this portfolio of finance, under
which life insurance comes. It is my

privilege to welcome him to this Ministry during the first ever discussion of the matters coming under his Ministry and to wish him well, not only for his own distinguished career but for the country as a whole. In this connection, I should also like to preface my submissions with a tribute to Shri C. D. Deshmukh, who brought about nationalisation of the Life Insurance business with great dignity and with considerable efficiency, even though in my submission nationalisation of life insurance has not brought about all that was expected of it.

I do not propose to question the premises which led to the nationalisation of the Life Insurance business in this country in this particular discussion, but I should like to say that this is a business which is not in its infancy by any means; it was born a mammoth and if the size is any indication, it is a corner stone in our national economy. It is also a pleasant coincidence that the Life Insurance Corporation completed seven years of its existence, I believe I am right, on the 1st of September i.e., only this week, and that we are now proceeding to discuss the fifth statutory report of this Corporation.

I should like to say that the Report is scarcely satisfying. As reports go, there has come into existence a technique of evasion and of short circuiting the processes and procedures of providing information to the country. This is also to be found in this particular report which, we would have wished to be less reticent about its business and about its programme.

What is more, this report happens to be for the period which ended on the 31st December 1961. Obviously, we are discussing somewhat stale matters. It appears that the Administration thinks that stale food is either more digestive or so disappetizing that we would not be too concerned about the various aspects concerning either its nutritional value or its palatability. The report is exceedingly reserved and reticent for a Corporation whose total

business in force on 31st December, 1961, was Rs. 2,737 crores, roughly twice of what it was in 1957. It is a pity that the Parliament has to discuss a stale and outdated report and that we do not have as early as possible a full statement of the programmes, policies and performance of a Corporation which is so very important. This is also true of the valuation reports which are also chronically delayed.

In 1961 the Life Insurance Corporation recorded an all-time high in new business valued at Rs. 68.82 crores as against Rs. 497.54 crores in the preceding year. During the year 1962-63—the figures are not in this report—the LIC had insured over 17,68,000 policyholders assuring Rs. 745 crores. The total number of policyholders is about or over 90 lakhs and brings an annual premium income of Rs. 150 crores. At this rate the LIC seems to be well on its way to achieve the stipulated target of Rs. 1,000 crores of new business and this is gratifying indeed.

A notable feature of this life insurance business in our country in 1961 appears to be that nearly 70 per cent of the policies underwritten by the LIC in 1961 were in relation to persons who are being insured for the first time. As the Chairman put it, out of every three persons insured with the Life Insurance Corporation, two were seeking life insurance protection for the first time.

But here a caveat would have to be entered. Quantitative performance which has been quite swift seems to have undermined the quality of business done by the Life Insurance Corporation. It seems that quality is lagging far behind. It seems that service by this Corporation to the policyholders generally have also not been very satisfactory. It is a laudable objective of the Corporation to endeavour to reach sections of the community which never have had the habit or the benefit of life insurance in the past, but

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quality should not be allowed to suffer in this process. I feel that the quantitative emphasis has been overplayed in the administration and the performance of this Corporation and the consideration of quality has not been given the attention it deserves.

In 1962-63 it is claimed on behalf of the Corporation that 38.5 per cent of the policies assuring 31.8 per cent of the business was issued to rural population. I think, if these figures were to be taken on their face value, it would be very gratifying indeed; but, I am afraid, the figures cannot be taken for what they claim to be. I should like to draw your attention to the fact that rural people have a different definition in the conception of the Life Insurance Corporation than what we commonly know. Earlier the Life Insurance Corporation thought that all those areas, all those cities, where the population was less than one lakh of persons was rural. This is a travesty of the conditions prevailing in our country. I am told, there had been a move to revise this criterion for determining whether a particular community is a rural community or an urban community. Therefore, I should like to know from the Minister as to whether these criteria have been changed and if they have been changed, what are the present criteria and whether the administration have reason to be really satisfied with the performance of the Life Insurance Corporation in the matter of extending life insurance habit and life insurance benefits to the rural sector of our country.

There are several hopeful signs in the encouraging growth of the life insurance business. But there is a distinctly disquieting feature to which I should like to draw the attention of this House and that is disclosed by the lapse ratio which rose to 7.0 per cent in 1961 as compared to 6.6 per cent in 1960. This highly alarming lapse ratio seems to be due to the large volume of bogus business transacted on behalf of the Corporation during the year-end

in order to satisfy artificial targets which are laid without a proper assessment of what is possible.

I should like to draw the attention of the House to what our Estimates Committee has to say in the matter. The Estimates Committee had examined the working of the Life Insurance Corporation in considerable detail during the Second Lok Sabha and its report was published in April, 1961. On pages 19 and 20 of that report, revealing figures are given by the Estimates Committee which should cause concern to all of us who are interested in the proper growth of this Corporation. Discussing the ratio of business towards the end of the year, the Committee says:

"The Committee are of opinion that the situation demands much more effective steps to be taken than hitherto. One way of doing so would be to fix the targets for the field staff on a quarterly basis instead of the present annual targets....."

I should like to know very much as to what has been done in respect of the suggestion. Another suggestion made by the Estimates Committee was thus:

"They further suggest that lapses from the business written in the last quarter of the year should be worked out separately for each month and published in the annual reports of the Corporation. It would also be desirable for the LIC to give in the annual reports figures of new business written during each month of the year zone-wise as indicated in para 49 above."

The figures given by the Estimates Committee in respect of the ratio of business towards the end of the year, as I said, are revealing and alarming. In 1957, during the months of November and December, the Life Insurance

Corporation issued policies to the tune of Rs. 101.95 crores. During these two months, the business transacted by the Life Insurance Corporation was 36 per cent of the total business done during the year. In 1958, during these two notorious months for ratio of business, the Life Insurance Corporation transacted as much as 50 per cent of its total business. Then, in 1959, during these two months, it transacted as much as 52 per cent of its total business.

The Estimates Committee has also compared the figures of the ratio of business or of business transacted in the United States and by the Life Insurance Corporation in this country and they have shown that in the month of November, the LIC transacts about 8 per cent of its total business, whereas in the month of November the U.S. companies transact about 8.8 per cent of their total business. But in the month of December, while the LIC transacts about 44.4 per cent of its total business during a single month, the U.S. companies taken together transact only 11.3 per cent of their total business. Now, these figures are indeed alarming and this is a tendency which must either by an executive direction or instruction should be curbed, controlled and checked. It seems that all this bogus business during the year-end is transacted as a window dressing and as a pressure on agents which, of course, as you know, very well is proverbial, or it is perhaps due to the pressure of increasing prices and levies on the saving capacity of the people. I should like to know whether Ministry of Finance have, with all the resources available to it, set on this matter deeply and whether they are able to give a proper answer to this central question.

I should like to comment on a recent statement reported to have been made by the Chairman of the Life Insurance Corporation who said that in the matter of lapse ratios perhaps fiscal reasons are exaggerated. I would very much wish that his statement

were true, but I personally think that there is only very limited partial truth in the statement that he has made and that the fiscal reasons are very important in determining the pressure on the saving capacity of our people. The set-back that the Life Insurance Corporation have as a result of fiscal impact will be more and more revealing, and may be decisive, even crippling.

The recent valuations have indicated that mortality experience has been much better than what was assumed at the time the Life Insurance Corporation proceeded to compute the rates of premia. We are, therefore, entitled to expect and indeed to demand that the question of revising premium rates should be considered in all earnestness. How long does the administration propose to dodge, ditch or delay this matter? I should illustrate how evasive the administration can be in such matters. On the 28th August, 1963, the Chairman made a statement in Calcutta that any decision to revise premium rates could not be taken in a hurry, that the Corporation insures lives of policy-holders for generations and a decision could only be taken in the light of adequate statistical experience. The statement is certainly unexceptionable. I hope the LIC does not take generations to arrive at this decision. What is standing in the way of coming to a decision in this matter? No excuse as lame or legless should be permitted by the Government to come in the way of opening the question in all earnestness and the Finance Minister who is well-known for his efficiency, who is well-known for achieving targets, should be able to give us a deadline today and now as to by when they would have considered this question.

Replying to Starred Question No. 1062 on 23rd March, 1961, it was stated that the LIC will examine the question of reduction in the matter of premia in due course. I would underline the expression 'in due course'. A chronic disease in the administration is to use

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such evasive expressions which should be expunged from the dictionary altogether because they are weapons of delay and postponement. The Estimates Committee called upon the LIC to consider this matter in April, 1961. Again, on 25th August, 1961, the assurance was given by the Deputy Finance Minister that this question would soon be considered. I do not understand why all these 'due course' delays, which I suppose somebody might claim are justifiable delays, are allowed to take place in a matter which is of so great an importance to the country and to the common policy-holders and to the extension of business of life insurance in this country. Why do Government not come forward by saying that the Life Insurance Corporation is not a profiteering concern, but it is a concern which must base its premia rate on no other consideration than actuarial? If that is so, I am sure the hon. Minister will take the necessary steps to expedite the fixation of the rates or the lowering of premia rates of the Life Insurance Corporation.

There is another matter which is of very great importance to the common policyholders, and that is the matter of delayed payments of claims which bring the Life Insurance Corporation into great disrepute. I know of cases in which delays have been unconscionable and they have been deliberate. And what I say today is supported and substantiated by the high authority of a judgment of their Lordships of the Madras High Court who characterised, in a particular case before them, the delay that was caused by the Life Insurance Corporation as gross and inordinate delay on the part of the Corporation. This is a well known case, and I am sure the hon. Minister will have occasion to say something about it, and perhaps, to offer an apology to the nation on behalf of the Life Insurance Corporation, that such exceedingly unconscionable pleas could be taken by the Life Insurance Corporation.

12.41 hrs.

(MR. DEPUTY-SPEAKER in the Chair).

In this particular case, the Life Insurance Corporation delayed the settlement of the claim of a policyholder, and by the time it became barred by the law of limitation, it proceeded to the court and said that this claim was barred by limitation. Indeed, it went on to claim that the policyholder had suppressed certain material facts, and this was all disbelieved by their Lordships of the High Court. The law of limitation should not have been invoked in a case like this by the Life Insurance Corporation; and particularly in the context of the declared objective of taking life insurance to the rural areas of this country, is it to be expected from this corporation that they would defraud widows and children of the rural illiterate folk in this manner which is revealed by this case? I do not want to exaggerate. I do not want to go to town with this particular judgment of the High Court. But there is no doubt that this judgment of the High Court reveals a state of affairs which should cause alarm. I am sure the hon. Minister will take effective steps to see that if amends can be made in this particular case they should be made, but what is much more important to us is that these things should not be allowed to be repeated.

In this particular matter, I should also like to mention that the chairman of the LIC goes about parading long columns of impressive statistics to the country about the achievements of this monolithic and monopolistic organisation. I think that it should be confessed at the outset by the administration that quantitative achievements by this corporation do not bespeak very creditably for this corporation because this is the only corporation to which people will go. I would like to say that the statistical measure of new business secured by the LIC is never to be in-

voked and should never be invoked by the administration as a measure of success, but it is the quality and it is the service that it extends to the common man that should come as the only central and essential criterion in judging its performance, because, as I said, they have no competitors.

The distinguished predecessor of the present Finance Minister spoke on the 9th June, 1962 about this aspect of the matter, and I think it was a very open and candid admission of certain deficiencies which have crept in and certain deficiencies which require to be cured in the functioning of the corporation. Speaking of the LIC, he said:

"I do not claim that it has come up to my expectations. It is a monopolistic organisation, and, therefore, if its work has increased there is no surprise. Whether the service is good or not, people insure because there is no other go. The prosperity of the LIC does not lie in merely the number of policies or the amount of premium, but it lies in creating confidence in the mind of the people in the country."

The Deputy Minister in the Ministry of Finance (Shri B. R. Bhagat): Who said this?

Dr. L. M. Singhvi: This was by the distinguished predecessor of the present Finance Minister, namely Shri Morarji Desai.

I should like in this connection, therefore, once again to put before this House and the administration a suggestion which has been mooted before, namely that four or five independent corporations functioning throughout the country should be permitted to be created so that we have a measure of efficiency, a basis for judging their performance, and also we have greater efficiency in the overall functioning of life insurance business in the country,

so that the common policyholder is not left to the tender mercies of a blind and bureaucratic organisation anywhere.

This is a suggestion which had been made several times before. When it was made by Shri Asoka Mehta at the time this corporation was created, the administration had promised to look into the matter, and the administration had assured that it would keep an open mind on this matter. But I find from the answers that they Deputy Finance Minister gave in the Rajya Sabha in the course of discussion on this subject, they do not give us any reason to expect anything tangible in the matter.

I should like to quote in this matter what our Estimates Committee has had to say. It starts by quoting the then Finance Minister, when the corporation was sought to be created and the insurance business was sought to be nationalised. It quotes the then Finance Minister as saying:

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

Thereafter, while speaking on the Chagla Commission's report on the 20th February, 1958, the Prime Minister said in this House:

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

[Dr. L. M. Singhvi]

In their report on parliamentary supervision over State undertakings, even the Krishna Menon Committee had this to say:

"The LIC would in our view function more gainfully and effectively if it were not of one unit put consisted of several which would develop their own character and create healthy competition in performance and results. Such a step would also help to effect economies giving opportunities for more talent to become utilised in positions of higher responsibility...."

In the Eightieth Report submitted to the Second Lok Sabha on the forms and organisation of public undertakings, the committee said this:

"The committee agree with the view that the pattern should be to utilise the existing organisations to take up new activities in the line instead of creation of new bodies for the purpose. But this does not mean that where a line of activity has the character of being or becoming huge and monopolistic and is not of a strategic significance, more than one unit should not be set up for the purpose."

Our present Finance Minister is known for his clear thinking, and I would like a clear statement of policy and a clear delineation of what he proposes to do in this matter, how he proposes to consider this matter and whether we may expect from this administration a consideration of this issue.

The time at my disposal is rather short.....

Mr. Deputy-Speaker: The hon. Member has already taken twenty-five minutes. He should try to conclude now.

Dr. L. M. Singhvi: I have really many things to say. Since this is a very important discussion, and I am

the mover of the motion, I hope you will permit me to take five minutes more.

I would also like in this connection to bring to the notice of this House certain structural deficiencies in the administration of the LIC. One of them is overlapping of functions between the divisional, zonal and central offices. I would like to know whether the administration is inclined to consider the possibility of reducing at least one of the three tiers of organisation which are at present in vogue.

In this respect, I would like to quote Shri T. T. Krishnamachari himself who was at that time the Finance Minister, the distinguished Finance Minister as he then also was. I hope this is going to go home. He said:

"There are certain superfluous tiers in the administration of the LIC which require to be eliminated. There should be direct contact between branch officers who are the real producers of business and the central office which is responsible for the formulation of policy, and other intermediary offices should be only of a supervisory character".

Considering this highly weighty observation of the Finance Minister, the Estimates Committee went on to say:

"It is quite clear that at least one of the two tiers in a Zone is superfluous and could be eliminated".

I would also like to mention briefly that the zonal advisory committees have been scuttled. Some of them meet very rarely or never at all. They should be made more effective and I hope a specific instruction would be issued by Government to the LIC to see that the zonal advisory committees are made more effective. So also inspections should be made more frequent. I would also like to suggest that there should be a

reduction in the top posts in the LIC, the administrative costs of which are very high. I know that the Finance Minister is generally of the view perhaps that it is better to have high level posts larger in number and eliminate a great deal of clerical staff.

The Minister of Finance (Shri T. T. Krishnamachari): No, not; not in the LIC.

Dr. L. M. Singhvi: I am glad that the makes an exception in this case. I referred to it because this was a statement he had made while replying to the discussion on the Demands for Grants of the Ministry of Economic and Defence Co-ordination. I would be inclined to agree that that was not perhaps a general statement he had intended to make.

Economy in the administration is also an imperative need and I hope that the Minister would be able to satisfy us, either by an assurance or by letting us know about a programme he proposes to the LIC for effecting sizeable economies which I know, and I am sure he knows, are feasible.

A very brief mention about governmental control. Directions issued by the Government should be contained in the annual report. That is a requirement which the Estimates Committee has repeated time and again which ought to be complied with by all public undertakings.

I would also like the Finance Minister to tell us what is the extent and quantum of our export of insurance business, how well we are doing on that count, and whether the nationalisation of life insurance has substantially hampered the export programme in this field.

I would also like that in the Investment Committee of the L.I.C., different regions are permitted to be represented more fully and that its procedural functioning is made more efficient. I hope the Minister will be able to tell us something about the programme of diversification of investments in which,

I think, not sufficiently satisfactory progress has been registered.

Before I conclude, I would like to say that the autonomy of this or that corporation should not be permitted to be a cloak for arbitrariness, and it should be made constantly accountable to this House in every possible way in full measure. Let me say this: the LIC has set before it a great goal. It announces it by saying

“योगक्षेमं ब्रह्महृद्म”

It is, of course, almost a divine claim to be made by this corporation which, I hope, is not too intoxicated with its size. But I would like that like Caesar's wife, this corporation should be above all suspicion and that the investments made by this corporation are not permitted to lead to any speculation.

In the end, I would like to quote what the Chagla Commission had to say in this matter. It said:

“Assuming that the transaction was entered into not to relieve Mundhra of his financial difficulties but to stabilise the market and remove the drag on it as is suggested by Mr. Patel, even so the investment has been made for an extraneous purpose and not solely in the interest of the policyholders. It is obligatory upon the Corporation to consider every investment on its own merits and to decide whether it is sound and prudent investment. It is only when Government has issued a directive in writing under section 21 that it would be incumbent upon the Corporation to carry out that directive, even though in its opinion the investment may not be a sound one from the point of view of the yield which it might give or the security of the capital”.

I hope the Minister would reassure us about the prudent character of all investments to be made by the LIC and that the LIC would regard the funds that it has as a trust of the policyholders.

Mr. Deputy-Speaker: Motion moved:

"That this House takes note of the Annual Report of the Life Insurance Corporation of India for the year ended 31st December 1961 along with the Audited Accounts laid on the Table of the House on the 10th November 1962".

We have got 1½ hours left. The Minister wants half an hour.

Dr. L. M. Singhvi: I suggest that the Minister's time may not be added to this time.

Mr. Deputy-Speaker: No, no. It has to be counted in this. Eight or 9 Members want to speak. I would request them to take 6—7 minutes each.

Shri T. T. Krishnamachari: The Minister's time may be cut to 20 minutes.

Shri Prabhat Kar (Hooghly): I am thankful to Dr. Singhvi for raising a discussion on the annual report of the LIC for the year ended 31st December 1961. As the time is very short, I will straightway go over to the vital points I have to urge.

It has been proved that after nationalisation the business of the LIC and its other aspects have improved to a great extent; whether in respect of the number of insured, or in regard to the premium income, there has been a development which is very significant. The premium income has grown from Rs. 69.18 crores to Rs. 112.30 crores in 1961. This clearly shows what impetus can be given by nationalisation of a financial institution like this. On that score also the LIC can expect congratulations on its functioning.

So far as the general prospect is concerned, while dealing with a type of corporation which has got enough potentialities for further enlarging its scope of activities, I would like to make certain suggestions. I agree with Dr. Singhvi when he stressed the need

to reduce the premium rate. The mortality rate in the country has gone down. Naturally, there should now be an actuarial assessment of the whole thing. Also in view of the fact that it is a nationalised institution, it should not be run with the same profit motive as they do in a private concern; I do not mean to say that there should not be any profit, but the same profit motive should not be there. There should be relief given to the common people which will also serve as an impetus to people to insure. I do not know why this matter has not been considered so far, although it has been brought to Government's notice times without number.

The second point is about its better working. I think it is necessary to have decentralisation of the administration. Perhaps in the beginning, it was necessary to have concentrated centralised functioning and at that time it was not possible to visualise exactly how zonal authorities would function, but now after 7 years of working of nationalisation, it is high time there was more decentralisation in every aspect of the matter.

13 hrs.

The question of splitting up this Corporation is a broad one, but before a decision is taken on that finally, it is necessary that there must be more decentralisation, more power given to the zonal committees, so that they may serve the needs of the regions and function effectively.

Investment should also be on the basis of regional parity. It is necessary that the LIC should play a proper part in the development of the regional economies, and that the loans, advances and investment should be on a basis of regional parity so that the under-developed areas may get help from the LIC.

With better relations with the field officers and the introduction of new ideas in policies, there is scope for fur-

ther increasing the business of LIC. I want to point out that the practice of deduction of the premium from the monthly emolument of Government employees which was in force has been withdrawn since the coming into existence of the LIC. This has particularly affected a large number of railway employees. Even in the private sector, where there is group insurance, the company deducts the premium and pays it to the Corporation. So, I do not know why it cannot be done in the case of Government employees.

I am grateful to Dr. Singhvi for quoting from Justice Chagla's report. The investments of a nationalised institution like the LIC should be in the interests of the policyholders, in the interests of developing the country's economy, and not for keeping up the buoyancy of the stock exchange. We find that Rs. 503 crores are invested in Government securities, and Rs. 110.85 crores in the private sector, the latter for the purpose of keeping up the buoyancy of the stock exchange, which is not one of the purposes of the LIC. It was because of this we landed ourselves in a very difficult position in the Mundhra deal. So, it must be avoided in future, and there should be a reduction in investments in the private sector, which today stand at 22.1 per cent.

The lapse ratio is so high because the quota fixed for the field officers is not practicable. If their quota is not fulfilled, they may suffer in their emoluments the next year, and so they try their level best, and that is why in December, the business comes to 44 per cent. That brings in bad business, and that is why the lapse ratio is increasing. If we fix a quota which is practicable for the field officers and if we also give them some impetus, this type of lapse ratio will not be there, and there would not be any tendency on the part of the officers just to show that they have fulfilled their quota.

Lastly, the report of the LIC should be more exhaustive. Simply

giving the details of the percentage and performance and the balance sheet is not enough. Parliament should know the suggestions made by the different zonal committees, so that they may consider them and suggest to Government what should be acceptable.

Shri D. C. Sharma (Gurdaspur): We are discussing the Fifth Annual Report of the LIC. Since further reports have been published by the LIC, our discussion of the Fifth Report is bound to be somewhat unreal, because we should be discussing what is present and not what is past. All the same, one can judge the health of this Corporation by going through this report.

There are two types of criticism that are bound to be offered on this report. One will come from those who are against nationalisation, and I am very sorry to say that the speech of the hon. Mover showed that ..

Dr. L. M. Singhvi: You have misunderstood me completely.

Shri D. C. Sharma:...he was talking in terms of a monolithic organisation,...

Dr. L.M. Singhvi: That is what the Estimates Committee of this House has termed it to be.

Shri D. C. Sharma: ...bureaucracy and all those things with which we are familiar. This kind of criticism is bound to come from those who do not set any store by the principle of nationalisation,.....

Dr. L. M. Singhvi: That is not so.

Shri D. C. Sharma:.....in conformity with which this LIC has come into existence.

I feel we are on very safe ground on the nationalisation of life insurance,

[Shri D. C. Sharma]

and if this is going to be the picture of nationalisation of other industries, I have no hesitation in saying that it should be extended, because, when all is said and done, it has done a lot of good to the people at large and to our industries.

It has been said that there should be diversification of investment. I do not want to raise a controversy between the public sector and the private sector. I only want to say that we have to judge our investments only by one standard, namely that they should be sound. There might have been some lapses here and there in times gone by, but now no one looking at the pictograph in this report will feel that investment has not been diversified. I feel this LIC through its investments has been serving the national needs, whether they are in the public sector or the private sector, most ably, most efficiently, and I should also say, most impartially. Of course, there can be difference so far as emphasis on different types of investment is concerned. One can say more money should be given to co-operative housing, steel, mineral oil and so on. But there is no doubt that the investment has been done wisely and judiciously, and I hope they will keep up this pattern in future. The structural organisation of this Corporation has been called into question. One can take the structural organisation of the universe and may like it to be in a different way....

Dr. L. M. Singhvi: I hope Lord God is accountable to you.

Shri D. C. Sharma: God is accountable to me; I am a Vedantist and I am a co-partner with God in all these things.

I was submitting, Sir, that the structural organisation of any body should be kept up constantly under review and there should be changes made here and there. But seven years is too short a time to bring about any

wholesale change to which the hon. Member referred. You cannot uproot a tree which has been growing only for a shortwhile. You should first see whether the tree is growing in the normal way. If you think that the tree is not growing in the normal way and that it should be stopped or transplanted, you can do so. No structural change should be introduced before ten years are over, whatever the legal pundits and financial pundits may say. After ten years, I think a commission should go into the whole question and we should see what structural changes are needed.

Mr. Deputy-Speaker: You should conclude now.

Shri D. C. Sharma: One more point. I feel that this Corporation has been lacking in one thing and I would ask the people who run this Corporation to make good that deficiency. This Corporation is all right so far as salaried persons and town dwellers are concerned. But it should go to those who are wage earners who cannot offer insurance in terms of individuals but only in terms of groups. It should cover the different strata of our society in terms of income, and habitation. The message of insurance has not yet reached our villages and the wage earners. If insurance business is going to be national in the real sense of the word, no stratum of our society should be left untouched by it.

Mr. Deputy-Speaker: The hon. Member should conclude. I have to find time for others also.

Shri D. C. Sharma: Only one sentence more. They had one policy named janta policy. I think it was given up because the overhead expenses were great or it was not taken very enthusiastically by the people. If the LIC is to be a national undertaking in the real sense of the term it should introduce some kind of a janta policy—call it by any

name you like which can cater to the needs of everyone and unless that is done I would not say that the Corporation has done its work. Let it go to the villages. It should have a network of persons or offices for this purpose. The message of this national Corporation should be taken to the villages. If that is done, I think the Corporation will be really a national undertaking in the real sense of the word.

Shri Jashvant Mehta (Bhavnagar): First of all, I would like to compliment Mr. Singhvi for giving us an opportunity to offer some remarks on the LIC. It was a very important decision taken by the Government in 1956 to nationalise life insurance. It was a right step in the right direction. We have seen the progress in the last seven years and the nation has watched with faith and confidence the performance of the LIC. People know that there is the full backing of the Government and they are therefore coming forward more and more for life insurance.

Within the few minutes available to me, I would like to refer to some salient points. The Chairman of the LIC has been appointed from among the ICS officers. Such a national public undertaking must have a long term plan and the chairmen should not be changed within a short space of time. While appointing personnel to the central organisation or the zonal committees, the consideration should be that they should be experts and they should be interested in the public undertaking. We have seen that the zonal committees are not meeting and many members are not attending them. So, only those persons who are actively interested in the insurance work should be appointed. Why have we nationalised the life insurance business? There was a social objective. We have taken to planned economy and want to industrialise the country. The main problem was capital formation. LIC plays a very important part in savings and capital formation. But we have also taken up other competitive schemes,

See the progress of those schemes. The small savings scheme the saving is going down; it has not progressed well. We have also taken up the compulsory deposit scheme and other schemes such as the provident fund scheme. These are all competitive schemes. Why is Government not giving thought to this problem of introducing an element of insurance in the provident fund scheme so that Government could work out an integrated and uniform scheme? Insurance should be attached to them. Then only capital formation will be more effective. Ultimately we want to mobilise our resources and in doing so this type of an integrated scheme will be very important. So, I hope that Government will give thought to this idea.

My second point is this. My hon. friend has also referred to the investment policy. I completely agree with him that our ultimate aim is the socialist pattern; that is our objective. The question is how we are going to invest. The Estimates Committee has also given thought to it. It has also offered remarks on it. I hope Government also are giving thought to this matter, namely, how we are going to develop this investment policy. Now, the time has come when the investment function of the LIC should be separated from the central organisation. The function of the LIC should be to mobilise more resources and develop the insurance business. The Estimates Committee has also looked into the matter and suggested that there should be a separate Investment Board or the Government should take over that function. I do not know what action Government have taken on it. We would like to have a clarification from the hon. Finance Minister as to how the Government is going to change this policy, or how the Government looks at the problem.

Shri Dasappa (Bangalore): I think they have turned it down.

Shri Jashvant Mehta: I have posed the question, and I would like to ask the hon. Finance Minister whether that recommendation has been turned down or whether they are going to have a separate Board or whether they themselves are going to take it over, or whether they want to continue the same policy. There also, there is a danger. I would like to know also what new suggestions Government are having and whether they are thinking on those lines. That is an important matter.

My third point is this. It is an important aspect of the problem. There are different units working now. There are some old units also. Some units are, taking a lot of time in settling the disputes. There is delay. So, there should also be a move to centralise all the different units so that delays may be avoided. I hope the Government will look into this problem. I would also support the proposal made by Shri D. C. Sharma, namely, that the Government should work out some policy like the Janata policy. In foreign countries, they are giving what is known as the industrial policy and such types of policies so that people can contribute by instalments and insurance can be developed on a new and larger scale. I hope the Government will give thought to this aspect also.

Shri A. S. Alva (Mangalore): Mr. Deputy-Speaker, Sir, the report of the Life Insurance Corporation shows an all-round improvement in the year 1961. Ever since it was nationalised in 1956, with the report for the fifth year ending, it has been shown that there has been all round progress. The figures for 1961 show that proposal were of the value of Rs. 702 crores of which the actuals were over Rs. 608 crores. For the previous year, the proposals were of the value of Rs. 568 crores and the actuals Rs. 497 crores. These figures are very impressive.

In this connection, I would also support the argument advanced by Dr. L. M. Singhi. These field offi-

cers or agents are asked to get proposals for particular amounts by the end of the year so much so that towards the end of the year they press upon certain friends and other people to take insurance policies which afterwards generally lapse. To avoid this, they must be given either some monthly quotas or some quotas even once in three months so that at the end of the year they may not rush and ask unwilling persons to take out insurance policies.

A lot of problems have been mentioned. I would also like to support Shri D. C. Sharma in his suggestion that a lot of propaganda must be made in the villages. There is enough of propaganda in the towns and the people there are insurance-minded. There is no doubt about it. But as far as villages are concerned, the LIC must take further steps to see that as far as possible the villagers are also made insurance conscious so that they may take policies even for lower amounts.

One other feature is this. We know that when insurance was taken over by the Government there was a lot of mismanagement, and people were not sure whether either at maturity or on the death of the person concerned, the dependants would get the amount. A lot of prosecutions was launched and a lot of mismanagement was there. Several persons lost their life insurance policies and the amounts were not realised. At that time the Government stepped in and the progress made was really very impressive.

In this connection, I would also commend the LIC on starting new schemes, especially the non-medical schemes by which during the year under report, Rs. 96.76 crores worth of policies have been taken; also, the amount of the Corporation is going into the developmental works.

I may add that there was some criticism arising out of the Mundhra

affair when amounts were given to particular companies. After that, we know that the amounts are invested only in sound undertakings and the audit report also mentions that none of these amounts, loans and policies, has been given to any other body which has not been approved by the Government. As a matter of fact, the amounts of the LIC have gone for development works in the country, especially for building houses. Loans on mortgaged property have also been increased. Though the percentage of interest has been raised from 7 to 8, still, we cannot say it is too much. Again, the amounts given to the apex banks for advance to the housing schemes seem to be rather too little. The insurance Corporation will have to see that more amounts are given to the building of houses by way of loans either to policy-holders or to the co-operative societies.

Dr. Singhvi mentioned one thing, and that was an unfortunate case, namely, the settlement of the claims of a particular policy. That matter also came up when the Limitation Bill was being considered by the Select Committee. As a matter of fact, it was a very unfortunate case, and I am sure there are not very many cases of that type. If I remember correctly, even in that case, though the suit went against the assignees, I believe the amount was paid subsequently. I am not quite sure, but that is my recollection. Anyhow, it is the duty of the officials to see—the zonal committees or other officers—that policies are settled as quickly as possible. Otherwise, there will be an impression that the old things will be continued, especially when the people in the rural areas take these policies and after the death of the policy-holder, either the widow or some other dependant does not know what the legal technicalities are; therefore, every assistance must be given to them to see that these things are settled immediately.

I am sure the Corporation is doing everything possible in the interests of

the policy-holders. I commend the progress made by the Corporation. It is really the right step, and it also shows that Government which is wedded to the policy of nationalising important things along with the private sector goes on the right path. It is an encouragement to see that as far as possible they are doing their work very properly.

श्री काशीराम गुप्त (अलवर) : उपाध्यक्ष महोदय, इस रिपोर्ट के मूल विषय पर बोलने से पहले मैं मंत्री महोदय का ध्यान १ सितम्बर के उस कार्यक्रम की तरफ दिलाना चाहता हूँ जो इस निगम ने पालियामेंट के मेम्बरों तथा अन्य लोगों को दिखलाया था। वहाँ जाने से पहले तो हम लोगों को बड़ा कौतूहल था कि न जाने क्या दिखलायेंगे, लेकिन देखने पर मालूम हुआ कि जो फिल्म देहात में दिखाने के लिए बनायी गयी थी उसे हम लोगों को दिखलाया गया था कि जैसे उस तरह की चीज को हम ने पहले न देखा हो : संसद् के सदस्यों को उसे दिखाने का तो कोई उपयोग न था।

एक आश्चर्य जनक बात और थी कि फिल्म के बारे में जो सज्जन बतला रहे थे वे अंग्रेजी में बोल रहे थे और जो फिल्म थी वह देहात की भाषा को लिए हुए थी। इस प्रकार की असंगत बात यदि निगम भी कर सकता है तो फिर और लोगों की तो बात ही क्या कहनी।

इस के साथ साथ जो वहाँ पर भोजन का प्रबन्ध हुआ वह किस वैज्ञानिक आघार पर किया गया यह मुझे नहीं मालूम, शायद भारतीय रस्म रिवाज को कायम रखने के लिए वैसा किया गया हो। या हो सकता है कि एसा करना एल० आई० सी० की पालिसी का एक अंग था। यह ठीक है कि हम लोगों ने वहाँ भोजन किया, लेकिन जो

[श्री वागोराम गुप्त]

फिल्म हम को दिखलाया गया था उस में बताया गया था कि इस प्रकार का खाना पीना ठीक नहीं और उस का नतीजा अच्छा नहीं निकलता । लेकिन हो सकता है कि निगम द्वारा जो यह खाना पीना किया गया इस का अच्छा नतीजा निकले ।

अब मैं इस रिपोर्ट के बारे में अपने विचार आप के सामने रखना चाहता हूँ ।

एल० आई० सी० का जो रुपया स्टॉक एक्सचेंज में लगाया जाता है, उस के बारे में मुझ से पहले सदस्य आलोचना कर चुके हैं । मैं तो केवल यही कहूंगा कि इस बारे में विशेष नीति निर्धारित नहीं हुई है । जहां तक मुझे जानकारी मिली है, मूंदड़ा के जो शयर थे और जिन के बारे में इतना हल्ला मचा, जोकि माइनारिटी शयर थे वो० आई० सी० के, उन को सरकार अपने पास रखती तो एक बात थी । लेकिन मुझे जानकारी मिली है कि उन शयर्स को सरकार ने बर्जारिया ग्रुप को दे दिया है । मैं जानना चाहूंगा कि इस प्रकार के एक ग्रुप से खरीद कर दूसरे ग्रुप को शयर देना एल० आई० सी० के लिए किस प्रकार हितकारक हो सकता है ।

इस के टेबिल को देखने से पता चलता है कि ज्यादातर पालिसीज जो हैं व एक से दो हजार की या तीन से पांच हजार तक की हैं । यह साधारण जनों का रुपया है और इस रुपये को स्टॉक्स और शयर्स में लगाना एक प्रकार से नैतिक अपराध है ।

इस के अलावा जो गांवों की पालिसीज बनती हैं व एक तिहाई से कुछ कम हैं । जबकि होना यह चाहिए कि गांवों में इस का विशेष प्रचार हो । गांवों के लोगों की अवस्था शहर के लोगों से ज्यादा अनिश्चित है और इसलिए उन की तरफ ज्यादा ध्यान देने का प्रबन्ध होना चाहिये । जो जनता

पालिसीज चली थीं वे गिर गयी हैं । उन के गिरने के कारणों में जा कर और उन को दूर कर के उस स्कीम को पुनर्जीवन देना चाहिए ।

आजकल जो लोग गांवों में पालिसी लेते हैं उन को दूसरे वर्ष लैप्स कर देते हैं क्योंकि उन को इस बारे में शिक्षित करने वाले लोग उपयुक्त मात्रा में नहीं हैं जो उन को बतलावें कि उन को अपनी पालिसीज जारी रखनी चाहिये, और यह उन के हित में है ।

आलोच्य वर्ष में जो कुल पालिसीज ली गई हैं उन की संख्या १४,९१,६०८ है । इन में से १०,२३,९४८ तो नई हैं और शेष को देखने से यह जाहिर होता है कि कुछ ने पालिसीज को पेड अप कर के फिर लिया है या उन के साथ साथ कुछ नई पालिसीज भी ली हैं । इस का एक रहस्य है, वह यह कि आम तौर से जो एजेंट होते हैं वे इस प्रकार का गलत प्रचार लोगों में करते हैं कि अपनी पहली पालिसी को पेड अप करा दो और उस में मुंहटारा हित है । लोग वैसा करते हैं और एजेंट लोग उस में पैसा बनाते हैं, डाक्टर की फीस बनती है और एल० आई० सी० का पैसा जाता है । ये एजेंट लोग वास्तव में ऐसा चक्कर डालते हैं कि पालिसी होल्डर यह समझते हैं कि वैसा करने में उन का हित हो रहा है । लेकिन वास्तव में इस से उन का हित नहीं होता । यह सारा काम चकमेबाजी से होता है । इस तरफ मंत्री महोदय का ध्यान जाना चाहिये और यह जो प्रचार चल रहा है इस को हतोत्साहित करना चाहिये, इस को प्रोत्साहित नहीं करना चाहिये ।

यह देखा जाता है कि हमारे यहां असामयिक मौतें बहुत कम हो रही हैं, और जो रुपया मौत के आघार पर दिया जाता है वह बहुत ही नगण्य है । पेड

अप पालिसीज का रूपया दिया गया है । मैन्चोर पालिसीज का रूपया दिया गया है । इस अवस्था में, जैसाकि मुझ से पहले माननीय डा० सिधवी ने भी कहा है, एल० आई० सी० को प्रीमियम की दर कम करनी चाहिए । जब देश में मृत्यु संख्या घटती जा रही है और जीवन स्तर बढ़ता जा रहा है, तो जो आधार बीमे का पहले निर्धारित किया गया था उसे इस निगम को बदलना चाहिए और दर को कम कर के पालिसी होल्डर्स का बोझ कम करना चाहिये क्योंकि एल० आई० सी० मुनाफा कमाने वाली संस्था नहीं है । इसे पालिसी होल्डर्स का हित देखना चाहिये । यह प्रश्न काफी गम्भीर बन चुका है, इस ओर आप को देखना चाहिए ।

जो भी आप की इनवस्टमेंट पालिसी है उस का आधार भी बदलना चाहिये । जो रूपया एल० आई० सी० गृह निर्माण के लिए सरकारों को देती है, उन को तो उस ने यह अधिकार दे रखा है कि वह गृह निर्माण के लिए उस रूपये को आमदनी के अनुसार दे सकती है, हजार वालों की या ५०० वालों की श्रणी को दे सकती है ; लेकिन पालिसी होल्डर्स के लिए कहा जाता है कि तुम सबूत दो कि तुम्हारी इतनी निश्चित आमदनी है ताकि जो रूपया उस को दिया जा रहा है उस में कोई खतरा न रहे । मैं निवेदन करना चाहता हूँ माननीय मंत्री महोदय से कि पालिसी होल्डर के लिए तो यह शर्त लगाना और सरकार को रूपया देने का इस प्रकार का अधिकार देना कहां तक वाजिब है । जिस प्रकार का अधिकार सरकारों को रूपया देने का दिया गया है उसी प्रकार निगम अपने पालिसी होल्डर्स को रूपया दे यह जरूरी है ।

एक्सपेंस रेशियो को देखने से पता चलता है कि इस में बहुत कुछ काट छांट करने की आवश्यकता है और की जा सकती है ।

जो लैप्स रेशियो है वह बढ़ता जा रहा है । पहले यह पांच पर सेंट था, साढ़े चार

पर सेंट था लेकिन अब यह ७ पर सेंट हो गया है । यह अच्छा लक्षण नहीं है । इस बात पर मंत्री महोदय का ध्यान जाना चाहिए ।

नान मैडीकल पालिसीज की संख्या ४,६३,६५० है, जोकि टोटल का ३३.८ है । इन पालिसीज को दस हजार तक सीमित किया गया है । मैं समझता हूँ कि इन को और भी बढ़ाना चाहिए ।

पढ़ी लिखी स्त्रियों के मामले में यह रुकावट डाली गई है कि यदि व खुद नहीं कमाती हैं तो पुरुष से आधे से अधिक का उन का बीमा नहीं हो सकता । यह कैद उचित नहीं है, उन का बीमा उसी प्रकार होना चाहिए जैसाकि पहले होता था । यह बात निश्चित है कि मृत्यु संख्या घट रही है तो स्त्रियों की भी घट रही है, और इसलिए उन के वास्ते यह कैद न होनी चाहिये । अनपढ़ स्त्रियों का बीमा होता ही नहीं है ।

अन्त में मैं यह निवेदन करना चाहता हूँ कि गांवों में जो पालिसीज होंगी वे पांच हजार से कम होंगी और उन के बारे में जो एजेंट की प्रणाली या पंचायत की प्रणाली चल रही है वह कारगर साबित नहीं हुई है । इस में कुछ फेर बदल होनी चाहिये । यह हमारा वास्तविक प्रयत्न होना चाहिये कि यह चीज किस प्रकार गांव में एक एक आदमी तक पहुंचे और भावी नीति इसी आधार पर निर्धारित करनी चाहिये ।

Shri B. K. Das (Contd): Mr. Deputy-Speaker, Sir, the L.I.C. has no doubt made significant progress in many respects. In the matter of new business, it has already been pointed out that there has been much improvement. Also, we find that the expense ratio has gone down. In 1960 it was 28.4 per cent, and in 1961 it has come down to 28 per cent. In the renewal expense ratio also the figure is less. It was 12.90 per cent in 1960 and in 1961 it has come down to 12.42 per cent.

There are some short-comings to which I would like to draw the atten-

[Shri B. K. Das]

tion of this House. It has already been mentioned that there is an increase in the lapse ratio. There is also an increase in the ratio of surrender of policies. I find that the lapse ratio in 1959 was 6 per cent, in 1960 it was 6.6 per cent and in 1961 it was 7 per cent. It was pointed out in this House in reply to a question that the rate of lapse after the payment of the first instalment of the premium has also increased. It is stated that while in 1959 the amount was Rs. 75.29 crores in 1960 it has gone upto Rs. 94.53 crores. Therefore, attempts should be made to see that the selection of business is carefully made, because the agents in their anxiety to procure more business do not generally take as much care and precaution as is necessary.

There is some decrease in the ratio of income from the first year's premium. It should be investigated as to why there is this decrease.

The report does not give the figures about paid-up policies. The previous speaker has also drawn attention to this. Sometimes it so happens that the agents persuade the parties to make their policies paid up and take up fresh policies in order that the agents can show new business. If we have the figures before us, we can know the position and find out the reasons for the increase in paid-up policies.

In the matter of claims, the figure or percentage by death was 22.53 per cent in 1960. In 1961, there has been some increase and the figure has come to 28.87 per cent. By maturity, in 1959 it was 66.5 per cent, in 1960 67.65 per cent and in 1961 a little less, 67.27 per cent. Of course, it depends upon the plea of the policy which the insured takes up. But what we generally find is that our policies are endowment policies. So, we expect that there would be less claims by death and more claims by maturity. If a proper choice of good lives are made, the claims by death will natu-

rally go down and claims by maturity will go up.

The Estimates Committee has made certain recommendations with a view to improve the working of the Life Insurance Corporation. I do not know whether Government have taken any decision on those recommendations. The Committee has suggested that LIC should pay greater attention to the servicing of policies. When the private companies were functioning, they used to take special care in the matter of issue of premium notices and receipts, revival of lapsed policies and prompt settlement of claims. Now that LIC has monopoly in this field, many people are complaining that it is taking less care in these matters. I would suggest that more attention should be paid to this aspect.

Coming to rural business, I understand that there is a proposal under consideration to have more than one corporation. Of course, the question of overhead charges is there. But, if at all it is found necessary to have more than one corporation, it should be examined whether the rural sector of our insurance may be put under a separate corporation, on the lines of provident insurance which was functioning before in the rural areas. It should be examined whether such an arrangement would be feasible.

श्री भू० ना० मंडल (सहरसा) : उपाध्यक्ष महोदय, एल० आई० सी० की थर्ड वैलुएशन रिपोर्ट इस सदन के सामने पेश है लेकिन चूक समय बहुत कम है इसलिए जो सुझाव मुझे देने हैं उन को मैं पहले कह देना चाहता हूँ ।

एल० आई० सी० की आमदनी दिन पर दिन बढ़ती जा रही है इसलिए जितना भी संभव हो सके, प्रीमियम्स की दरें घटाई जायें । मैं यह भी चाहता हूँ कि बोनस के रेट को बढ़ाया जाये । इस के अलावा जो रुपया एल० आई० सी० की ओर से इनवैस्ट किया जाता है उस इनवैस्टमेंट को कैसे युटिलाइज करना चाहिए खर्च करना चाहिए, उस के बारे में मेरा कहना

है कि देश की पबलिक सैक्टर की बैसिक इंडस्ट्रीज और रूल एरियाज की स्माल स्केल इंडस्ट्रीज पर वह रुपया खर्च किया जाये। रूल एरियाज में जो छोट कुटीर और गृह उद्यो चल रहे हैं उन को भी इस रुपये से फ़ाइनेंस किया जाय।

इसके अतिरिक्त शहरों के हाउसिंग प्रोजेक्ट्स जोकि नोन इस्किल्ड लेबर फोर्स के लिए होते हैं, उन को फ़ाइनेंस करना चाहिए। इस के साथ ही देहातों में जो लोयर मिडिल क्लास के आदमी हैं या जो मजदूर हैं, उन के लिए भी बने हुए हाउसिंग प्रोजेक्ट्स को इस रुपये से फ़ाइनेंस करना चाहिए।

मेरा एक सुझाव यह भी है कि अगर संभव हो तो क्रीप इंड्योरेंस के इंस्टीट्यूशन की स्थापना के हेतु भी उस के फंड्स को इस्तेमाल किया जाये। उस के वास्ते यदि कोई स्कीम बन सके तो वैसी स्कीम जल्दी ही बनानी चाहिये।

इस रिपोर्ट को देखने से मालूम पड़ता है कि एल० आई० सी० का लैप्सेशन दिनों दिन बढ़ता ही जा रहा है। इस ओर अन्य माननीय सदस्यों ने भी सदन का ध्यान दिलाया है। हम देखते हैं कि सन् १९६१ में यह लैप्सेज बढ़ कर ७ परसेंट हो गया है। जहां १९५७ में यह ६.४ परसेंट था, १९५८ में ५.१ परसेंट हुआ, १९५९ में ६ परसेंट रहा, १९६० में ६.६ परसेंट हो गया और सन् १९६१ में जैसा मैं ने बतलाया वह बढ़ कर ७ प्रतिशत हो गया। इस बारे में मेरा यह कहना है कि यह जो लैप्सेज में बढ़ोत्तरी हो रही है उस का एक बड़ा कारण यह है कि इंड्योरेंस एजेंट्स और दूसरे जो बीमा कर्मचारी हैं, उन को अपने प्रमोशन की चिन्ता सवार रहती है इसलिए वे हैफ़ेज्ड वे में प्रप्रोज़ल्स लेते हैं और पालिसी दे देते हैं जिसकी कि वजह से लैप्सेज हो जाते हैं। दूसरा कारण यह है कि जिस समय इसका प्लान बन रहा था कि इंड्योरेंस का क्या टारगेट रक्खा जाय तो १९५९ के लिए ४२५

करोड़, १९६० के लिए ५१५ करोड़, १९६१ के लिए ६६० करोड़, १९६२ के लिए ८२५ करोड़ और १९६३ के लिए १००० करोड़ रुपये का टारगेट रक्खा गया। लेकिन यह जो टारगेट रक्खे गये थे व किसी रीयल बेसिस पर नहीं रक्खे गये थे। जो सरकमस्टान्सेज थे जो स्थिति थी वऽ इन टारगेट्स का तकाजा नहीं करती थीं फिर भी यऽ टारगेट रक्खे गये। यही कारण है कि जो एक अवास्तविक टारगेट रक्खा गया है उस टारगेट को पूरा करने के लिए इस तरीके से हैफ़ेज्ड वे में सारे प्रप्रोज़ल्स इकट्ठा करने की कोशिश की जाती है और इसलिये इतने लैप्सेज होते हैं। इसलिए मेरा सुझाव है कि अभी का जो टारगेट है, उस को वास्तविकता पर आधारित करने की कोशिश करनी चाहिए और फिर से वास्तविक स्थिति की जांच करा के टारगेट फिर से निश्चित करना चाहिए।

इस ढंग की अवास्तविक काबवाही का नतीजा यह हुआ है कि इन्शोरेंस कम्पनी में काम करने वाले नौकरों को विक्रिमाइज किया है। कई एसिस्टेंट ब्रांच मैनेजर्स के खिलाफ़, जो कि १९६१ में प्रमोट किये गये थे, यह चार्ज लगाया गया है कि उन्होंने बोगस बिज़नेस दिखाया है। उन को सस्पेंड किया गया था, लेकिन बड़े आफिसरों के खिलाफ़ कोई कारवाई नहीं की गई। इतना ही नहीं, रीइन्स्टेट होने के बाद उन को उस सस्पेंशन पीरियड की पे नहीं मिल पाई है। मैं चाहता हूँ कि उन की जो पे बाकी है, वह उन लोगों को दी जाये।

Shri V. B. Gandhi (Bombay Central South): Mr. Deputy-Speaker, Sir, when we created the Life Insurance Corporation, we had certain expectations.

Mr. Deputy-Speaker: Hon. Members will now take five minutes each because there is hardly any time left and there are still two more hon. Members to speak.

Shri V. B. Gandhi: I will try.

So, before we express our opinion on the Fifth Annual Report of the Corporation, we should like to know how far these expectations have been fulfilled. We should ask a number of questions and seek answers to these questions from the Corporation. The first question naturally would be: Has there been a steady growth in the business of the Corporation? The answer, of course, is obvious for anyone who gives a cursory glance at the figures. The growth is impressive. The total business in force has increased in five years by as much as Rs. 1,264 crores.

Then, it was also one of the objects of policy that the Corporation should aim at attracting lower income groups and spread the habit of insurance among these groups and we find that as much as 46 per cent of the assurance has been taken up by people whose policies go only upto Rs. 2,000 and another 40 per cent of the assurance has been taken up by people whose policies go only upto Rs. 5,000. So, these two classes, the lower income group and the middle income group, between them have taken up assurance of almost 86 per cent.

There was also a certain expectation that efforts should be concentrated on the rural areas and we find that as much as 30.5 per cent of the new business has been taken up in rural areas. Then there was also the expectation that there would be diversification of the types of business offered and I have already referred to the rural policies. Then there are non-medical policies, salary saving schemes and such others. They are all steps in the right direction and, I think, efforts for the fulfilment of our expectations on the part of the Corporation.

I can go on relating this story of the impressive growth in all other matters like, the income from premiums, employment of life funds and the rate of

net interest that we realise on these life funds and all these, but I do not want to take any more time on this.

Mr. Deputy-Speaker: The hon. Member's time is up.

Shri V. B. Gandhi: I will take just two minutes more.

I only hope that the Corporation will be able to achieve its target of Rs. 1,000 crores at this rate before very long.

Before I sit down there is one point that I should mention. There has been some criticism of the Corporation on the ground that it is a monopoly organisation. It is believed that by hypothesis any monopoly organisation must not necessarily be as efficient as perhaps a competitive organisation would be. That may not necessarily be true in the case of insurance business. There are special features and special criteria by which efficiency and economies of operation in the insurance business can be measured. For instance, we have the rates. We know what the rates of premium are and we know whether they speak of an efficient administration or not. Then we can also consider the bonus that we declare, the profits that we annually make and the expense ratio. All these things are comparable magnitudes and they can decide very easily in the case of a given administration whether it is efficient or not, and inspection of the report whether it is a monopolistic administration or a competitive administration. We have actually considered all these problems when the Bill was before this House and we have made a deliberate choice that the Corporation shall be a monopoly corporation. We know that there are definite advantages—large scale economy advantages—in having a large organisation and only by such a monopoly organisation in the case of insurance business can we avoid the wastes of competition though duplication.

श्री श्रीकारलाल बेरवा (कोटा) : उपाध्यक्ष महोदय, मैं एल० आई० सी० की रिपोर्ट पर कुछ कहना चाहता हूँ।

जैसा कि माननीय सदस्य, श्री काशी राम गुप्त, ने कहा है, १ सितम्बर को बीमा निगम की तरफ से हम को विज्ञान भवन में बुलाया गया था और एक फ़िल्म दिखाई गई थी। ठीक है, ऐसी फ़िल्में जरूर दिखाई जानी चाहिए। हमें भी उस से बहुत जानकारी इत्यादि मिल गई, लेकिन अगर ऐसी फ़िल्में गांवों के लिए तैयार करवाई जायें, तो बहुत ही अच्छा हो। इस के अलावा अंग्रेजी के बजाये हिन्दी और दूसरी स्थानीय भाषाओं में उन फ़िल्मों का होना बहुत जरूरी है, क्योंकि गांवों वाले, देहात के लोग, अंग्रेजी को नहीं समझते हैं। जिस स्थान की जो भाषा हो, जैसे मारवाड़ में मारवाड़ी और बंगाल में बंगाली, उस भाषा में फ़िल्में तैयार करवा कर गांवों के लोगों को इन्जोरेंस के बारे में समझाना बहुत जरूरी है। शहर वाले तो समझते हैं कि बीमा क्या चीज है और बीमा कराना जरूरी है या नहीं, लेकिन गांवों वालों को इस विषय में ज्यादा से ज्यादा तादाद में समझाने के लिए उन की भाषा में ऐसी फ़िल्में ज्यादा से ज्यादा तादाद में तैयार करवा कर दिखाई जानी चाहिए।

फ़िल्म में हम को दिखाया गया था कि किस प्रकार शादी थोड़े पैसे में हो गई, लेकिन बीमा निगम की तरफ से जो पैसा खर्च किया गया, उस पर मुझे बहुत दुख हुआ कि कैसे पैसा बचाया जाता है और कैसे उस पैसे को उड़ाया जा रहा है। हम ने भी वहां पर खाना खाया था, लेकिन खाते हुए हमें बहुत दुख हुआ।

श्री त्यागी (देहरादून) : कितने आदमियों का खाना था ?

श्री श्रीकारलाल बेरवा : बहुत आदमियों का।

श्री काशी राम गुप्त : एक हजार का।

श्री श्रीकारलाल बेरवा : हम ने खाना खा तो लिया, लेकिन बहुत दुख हुआ। मैं समझता हूँ कि पैसे को इस प्रकार बर्बाद नहीं करना चाहिए। पैसा पैसा कर के कमीशन का जो रुपया इकट्ठा किया जाता है, देहात के लोगों से जो पैसा इकट्ठा किया जाता है, उस को इस तरह नहीं उड़ाना चाहिए।

निगम की ओर से डिफेंस में जो रुपया दिया गया है, उस के लिए मैं उस को धन्यवाद देता हूँ। वह बहुत ही अच्छी बात है और उस में रुपया देना चाहिए। लेकिन इस तरह पैसे की बर्बादी का मैं विरोध करता हूँ।

एक बात मैं यह कहना चाहता हूँ कि हजार, दो हजार या पांच हजार की जैसी भी पालिसियां आप ने रखी हैं, उन का गांवों में अधिक से अधिक प्रचार होना चाहिये। गांवों में आप को ज्यादा से ज्यादा एजेंट भेजने चाहिये और वहां पर इधर उधर इस काम का काफी विस्तार किया जाना चाहिये। वे एजेंट गांव पंचायतों के अन्दर जा जा कर, लोगों के साथ मिल मिल कर, उन के साथ बैठ बैठ कर, उन को समझाने बूझाने का काम कर सकते हैं और गांव वालों को पालिसी लेने के लिए कह सकते हैं। यदि ऐसा किया गया तो काम आप का अच्छी तरह से चल सकता है। वहां पर आप को काफी काम मिल सकता है।

14 hrs.

आप यह भी देखें कि पालिसी फेल होने का कारण क्या है। आप के एजेंट लोग, आप के फील्ड आफिसर क्या करते हैं, इस की तरफ आप ध्यान दें। आप जिलों के टारगेट फिक्स कर देते हैं, एक लाख या दो लाख या पांच लाख। जहां नवम्बर का महीना आता है, आप के एजेंट और फील्ड आफिसर उस वक्त करते यह हैं कि अपनी पाकेट से लोगों के बिहाफ पर पैसा दे देते हैं, फार्म भर कर दे देते हैं और लोगों के दस्तखत ले लेते हैं और डायरी

श्री श्रीकारलान बरेबा

वगैरह के जो पांच दस रुपये होते हैं, वे भी डाक्टरों को मिल जाते हैं और इस तरह से जो टारगेट होते हैं, वे पूरे कर लेते हैं। टारगेट्स को पूरा करके वे फील्ड आफिसर वगैरह बन जाते हैं। कुछ दिनों के बाद होता यह है कि जिस व्यक्ति के नाम से पालिसी जारी की गई होती है, वह उस से इन्कार कर देता है और पालिसी फेल हो जाती है। ऐसा नहीं होना चाहिये। आप को अपने आफसरों को भी इस बारे में समझाना बुझाना चाहिये। जो लोग तबियत से और समझ बूझ कर फार्म भरें, उन से ही फार्म भरवाये जाने चाहिये। अपनी जेबों से पैसे दे कर आफसर बनना ठीक नहीं है। अगर इस तरह से काम होता रहा तो पांच साल के अन्दर इतने एजेंट और आफिसर हो जायेंगे कि बीमा कराने वाले भी शायद न मिलें। कोई आता है और कहता है तीस परसेंट दे देना, कोई आता है और कहता है कि बीस परसेंट दे देना और कोई आता है और कहता है कि पंद्रह परसेंट ही दे देना। यह जो चीज है, यह गलत है। इस तरह की बातें नहीं होनी चाहियें। उन को समझा बुझा कर लोगों का बीमा करना चाहिये और साथ ही साथ कुछ भय भी होना चाहिये ताकि लोग सोच विचार के बाद पालिसी का फार्म भरें।

आप के कर्मचारी जो दूसरों का बीमा करते हैं, उन का भी बीमा होना चाहिये, उन को भी अपने बीमे के फार्म भरने चाहियें। होता यह है कि वे दूसरों का तो बीमा करते हैं, लेकिन अपना बीमा नहीं करते हैं।

नौकरी से जब वे अलग हो जाते हैं या जब उन को नौकरी से अलग कर दिया जाता है तो उन को पेंशन भी मिलनी चाहिये। अब तो यह काम सरकारी हो गया है। जिस तरह से सरकारी नौकरी करने वालों को पेंशन मिलती है, उसी तरह से इन को भी पेंशन मिलनी चाहिये। पेंशन को भी उनकी नौकरी की शर्तों में जरूर एड किया जाना चाहिये।

अगर आप इस को नहीं भी करना चाहते हैं, तो भी उन को पेंशन जरूर मिलनी चाहिये।

शहरों के अन्दर आप हाउसिंग स्कीम्स में रुपया लगाते हैं। आप को अपनी भी हाउसिंग स्कीम बनानी चाहिये और उस में आप को रुपया लगाना चाहिये। आप के अपने सर्वेड्स के लिए, आप के अपने आफसरों के लिए बम्बई, मद्रास, कलकत्ता वगैरह में कोई मकान हैं ही नहीं। वहां पर ये लोग किराये के मकानों में रहते हैं। अगर इन स्थानों में तथा दूसरे स्थानों में भी आप की तरफ से रुपया मकान बनाने में लगाया जाये और वे मकान इन को रहने के लिये दे दिये जायें तो उससे बहुत ज्यादा फायदा हो सकता है। हाउसिंग पालिसी के अन्दर ज्यादा से ज्यादा रुपया आप को लगाना चाहिये।

कई बार देखा है कि आप के जो कर्मचारी हैं, व हड़तालों का सारा लेते हैं तनख्वाहों वगैरह के मामले में। अभी बम्बई के अन्दर वहां के निगम कर्मचारियों ने हड़ताल की थी और उनके प्रतिनिधियों के साथ बातचीत हुई थी, महंगाई भत्ते तथा तनख्वाहों वगैरह के बारे में। अभी तो उस बारे में कोई अन्तिम निर्णय नहीं हुआ है। जो महंगाई है, वह चूंक बढ़ गई है, इस वास्ते यह स्पष्ट सबूत है कि उन का महंगाई भत्ता वगैरह बढ़ना चाहिये। अगर वे एक रुपया मांगते हैं तो कम से कम चार आना तो जरूर बढ़ा ही दिया जाना चाहिये। जब महंगाई बढ़ी है तो आप अपने कर्मचारियों से त्याग का परिचय देने को नहीं कह सकते हैं। जो भूखा आदमी है, वह त्याग नहीं कर सकता है। इस वास्ते मेरी प्रार्थना है कि इनकी तनख्वाहों वगैरह की तरफ भी आप को ध्यान देना चाहिये। यह बहुत जरूरी है।

इस काम को अगर ठीक ढंग से चलाया जाये तो काफी बचत हो सकती है। मैं यह भी क्त्ना चांता हूं कि काफी बचत होती भी है।

लेकिन आप के जो एजेंट हैं या आप के जो फील्ड आफिसर हैं वे ठीग ढंग से लोगों को समझाते नहीं हैं और किसी तरह से फार्म भर भरा कर के अपना उल्लू सीधा कर लेते हैं। इस तरफ आप को विशेष ध्यान देना चाहिये।

अधिक न कते हुए अन्त में मैं इतना ही कना चाता हूँ कि गांवों के ऊपर ज्यादा से ज्यादा ध्यान दे कर आप को काम को आगे बढ़ाना चाहिये।

Shri T. T. Krishnamachari: Mr. Deputy-Speaker, Sir, I am most grateful to my hon. friend, the mover of this motion, for the very kind words about me that he uttered while moving this motion. The Life Insurance Corporation to me is not a particularly pleasant subject. But at the same time it is one in which I am deeply interested. In fact, I probably got into trouble because I was deeply interested in the Corporation. I must congratulate my predecessor on the achievement of this Corporation in its field during the last five years. I think it will be acknowledged on all hands that the graph is extreme exhilarating. Maybe, we can explain it away. You can say that there has been a prosperity in the country. We can also say that there is fear in the country. Man insures himself for two reasons. One is, he has got money to save and also he wants to get some benefit from income-tax. The other is, he is afraid of the future. Therefore, he insures himself. Those may be the twin reasons. But, nevertheless I think the record of the L.I.C. is really remarkable and it certainly is a justification of a step taken by one of my distinguished predecessors, Mr. C. D. Deshmukh, in nationalising this institution.

I will deal with some of the points mentioned by hon. Members. One of the things that was mentioned by the mover of the motion was the question of lapse ratio and many hon. Members

have been mentioning it also. It was attributed to a desire on the part of the Corporation and its agents to reach a target at the end of the year. Undoubtedly, targets stimulate activity towards the time when you reach the target. There is no denying that. I do not think that by merely dividing the targets into four quarters you will achieve very much because ultimately the totality of the four quarters will be the figure which will be presented to the public and to this House. At the same time, when we speak of the targets as stimuli for this extra activity towards the end of the year, we forget the way in which the insurance business is carried on. I happen to be a victim of both sides of insurance. I had something to do with insurance business at one time. I had also been pestered very much by insurance agents during the time I was slightly more prosperous than I am today. Therefore, I know that the insurance agent starts cultivating victims, and lunches and tea and coffee are one of the methods by which he cultivates them and the period of incubation goes on and finally till he comes and says, "My dear fellow, the target must be achieved. What about it?" That is how sometimes there is extra activity towards the end of the year.

Shri Kashi Ram Gupta: Will the lunches to Members of Parliament increase because of this?

Shri Tyagi: Was that the reason why such a big dinner was given?

Shri T. T. Krishnamachari: Another point is this. The Indian tax system, the land revenue tax system, puts its extra burden on the people during the first four months of the year. Very little can be done in those four months. Even business generally comes to a lower level than before unless it be something of a necessary consumption. After the harvest season, when the people have money then comes the Government collector. For the first four months, even if you have a target, it has to be a very low target. So

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these are the various factors that operate in determining when the insurance business is clinched. Now that the year has been postponed to the official year, to March 31st, you will find that the business still goes on increasing during the winter months of the year and might slacken off towards February and March. Anyway, that has to be seen. But this happens to be a practical fact. The human nature is undoubtedly to reach a target. In fact, the man who runs a race puts the best foot forward only towards the end. There is no use ignoring the human factor in any venture which has to be necessarily undertaken by human beings.

So far as the lapse ratio is concerned, I think, the remarks of my hon. friend were undoubtedly very pertinent. But it is not a matter which can be easily solved by over-simplification. In fact, the increase in the lapse ratio is marginal. It is not significant. The lapse ratio increases for various reasons. One of the factors might be that the class of insured who are weak for various reasons allow it to be lapsed. An hon. Member who spoke before me mentioned about the competing claims of prize bonds and national savings schemes. Well, they probably operate. But it is the economic situation that is the main determinant in regard to the extent of the lapse ratio rather than this question of getting business, come what may. It may be and it is possible that there has been an extra enthusiasm on the part of the agents and they have got business which was not very good. I would not altogether rule it out, but that is not the sole reason. The economic condition is reflected in all activity of this nature. And the marginal increase is perhaps due to certain pockets in India where people find that it is no longer possible for them to put in money on life insurance. But, anyway, it is a matter to be watched, and I am sure the corporation will study the debate in this House and benefit by it.

The other point mentioned by my hon. friend was in regard to rural business, and it was also emphasised by other people. Undoubtedly, the capacity of the rural people to take interest in life insurance is infinite, merely from the point of view of numerical factor, but there are two reasons why we are not succeeding in the rural sector. Very possibly, the rate of improvement in the economy in the rural sector is not as great as in the urban sector.

Dr. P. S. Deshmukh (Amravati): It is very much less.

Shri T. T. Krishnamachari: Secondly, as regards the question of security, the feeling of insecurity is less in the rural sector than in the urban sector. The complete dependence on one earner may not be there. If hon. Members have studied the distribution of insurance, they would find that South India takes the first place. It is not that South India is rich, but South India is poor, and that is the reason why people insure. Oftentimes, it is the man in distress, the man who is poor, who insures. And usually you find if you get married or if you get one of your children married, an insurance agent there wishing them very well, and at the same time, he says 'What about an insurance policy now in the name of your wife?' It may be a fact that in South India the feeling of insecurity is more responsible for an increase of insurance; and it may even be security, and thus be the other way about also; there is a more even spread of prosperity in South India than it is here. Here, the prosperity is perhaps in pockets, and not so widely spread.

Therefore, the question of increase in insurance in the rural areas has to come by actions of Government and by the prodding that Parliament can put behind Government in undertaking developmental programmes, more than by any effort on the part of the Life

Insurance Corporation. In fact, if we had some system by which the chairman of the Life Insurance Corporation can give evidence before us, he would say 'You have not done this; your plan has got to go further, and it has got to be a bigger one. Then I shall get the insurance'. So, the corporation can turn the tables neatly on us. But that is the real reason why we were not making headway. Because we started with the *janta* policy, but it did not succeed. The response from the rural areas will be in direct proportion to the increase in prosperity in the rural areas. In fact, during the time that I was here, I used to ask the insurance people to concentrate on those areas of industrial development where we have ourselves put in a lot of money, like the steel plants, for instance, and put in a special officer there and try to get those people to insure. So, the explanation that could be given is not that the Life Insurance Corporation neglects the rural areas, but it is because the response from the rural areas is not adequate for one or other of the reasons that I mentioned before.

Another factor which was mentioned by an hon. Member who spoke before me, and who is not here now, is that the agents do not go to rural areas. That is exactly the answer to the question put to my colleague, the Health Minister this morning; I could have answered it probably as well. Doctors do not go to the rural areas. Why? For one thing, they have not got the equipment; they have not got the hospitals, they have not got the facilities; and they have not got the life, and there is not much money in it also. Why do women doctors not go to the rural areas? There are many reasons for it. In Madras particularly I found that women doctors were all mostly in metropolitan towns, because the male doctors went out of private practice and they are the only persons available to man the hospitals. So, there is a

complexity of reasons in our determining the causes of the neglect of rural areas, whether they be on the medical side or on the insurance side. It is because of the fact that it is not attractive. People would not go there. You cannot ask an agent to go there, like a collector of a district whom you ask to put in twenty-two days in the camp. If you pay a fixed amount to the rural insurance agent and give him daily *bata* and say you do not mind the business that he gets, I am sure he can spend a day in each village within his area. But if you wanted business and business is not forthcoming he would not go. So, basically it comes back to us, and the ball is on our court. We should make the villagers more prosperous or we should frighten them more; either way, they may probably insure. But I think that the Life Insurance Corporation is deeply conscious of the fact.

In fact, when I was here, I had various schemes, and I wanted to make it attractive for an agent to go to the village by building a house for him, by giving him some other additional employment such as that of being a village postmaster, for instance. That was one of the schemes that had been put before my colleague at that time, Shri Lal Bahadur Shastri, and I said 'Can we not marry these two?', the village postmaster himself being the insurance agent with a house and with some kind of convenience. We have to work on those lines before we can do anything spectacular.

The other question raised by my hon. friend, Dr. L. N. Singhvi was about the mortality rates. The mortality ratio is low, and, therefore, he asked, 'Why not reduce the premium rates?'. If the Life Insurance Corporation responds so quickly to variations in mortality rates, its stability will go. But the other point is also there. After all, if the Life Insurance Corporation makes a profit, which everybody wants it to make, then it will share it by way of bonus. In fact,

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the old premium rates, particularly in the case of endowment policies were a fraud. I do not think they would ever have paid any bonus at all at that rate. If the mortality rates come down or the mortality ratio comes lower, then it is possible that the endowment policy might become real, and then you would pay some kind of bonus for these endowment policies and also for the life assurance policies. So, it comes back whichever way it goes. Ultimately, it has got to benefit the policyholder

Shri Ranga (Chittoor): Provided the working expenses are not too high.

Shri T. T. Krishnamachari: There again, I would refer my hon. friend, the leader of the Swatantra Party to my hon. friend Shri Prabhat Kar. The question of working expenses was also a point mentioned by the Mover, and there was also some reference to the high salaries paid to the insurance executives. In relation to the salaries paid to commercial executives, I do not think that it is very high. I do not think that even now it is a very attractive proposition, because so far as commerce is concerned, people are getting much more, and I think that in due course, unless there are other advantages, insurance will become a less attractive field for the person who gets a fixed income. But even so, I think that the proportion of cost that is loaded by the higher executive is comparatively small. It is a question of increases over the thirty thousand odd employees, and that has to be given. I do not say that it should not be given; I am not one of those who say that no increases should be given. Increases have to be given because otherwise what is it that we are spending for? We want an increase in the standard of living. I would not say, therefore, petrify the wages of these insurance employees, or the field worker or the insurance agent and so on. The wages have to go up, because he has to raise his

standard of living. Economy is achieved more by the quantum of business increasing rather than by a reduction in the emoluments of the staff. So, if the quantum of business increases, as we want it to increase, then, I think that the ratio would come down. But it seems to be inevitable in most of the public sector concerns that the reconciliation of the higher wages to the employees and a better standard of living for the employees and the profitability factor is rather a difficult one.

Dr. L. M. Singhvi: We would like to know whether an actuarial investigation in regard to the premia rates has been made or whether it has been initiated.

Shri T. T. Krishnamachari: I am not in a position to answer that question because it is a question which I have not been asked. After all, the hon. Member must concede that I am a newcomer.

Shri Tyagi: Has the longevity of life in India been taken account in actuarial valuation?

Shri T. T. Krishnamachari: It has to be taken into account, because my hon. friend and myself are typical examples of longevity of life. It is taken into account.

The point I want to stress is that if actually the profit ratio goes up, it is a thing which ultimately comes back to the policyholder. It cannot be denied to him because ultimately if any profit is made, the bonus ratio must increase. So it is not something which is completely shut out. Probably it means that from the point of view of anti-inflation, it may be a good thing; they pay it now and then get the amount later on.

Shri Tyagi: Better than compulsory deposit at any rate.

Shri T. T. Krishnamachari: I believe the LIC has a research section,

and as time goes on, it would find out more and more about this. I am very deeply conscious of the fact that as a result of the mortality ratio coming down, the profitability is greater. It is not a question of readjusting the insurance premium to any variation in the mortality rates now. They might later introduce new policies which will perhaps not have the same benefits as the previous policies but which will at the same time have low premium rates. If the hon. Member had told me that in regard to non-bonus participation life policies, the premium should be reduced, I would certainly put it to the Chairman of the Corporation and say that they should think in terms of doing something in that regard. But in regard to the other matter, there is sharing of profits, and I do not think it is a very material question.

Another point raised by various Members was about multiplicity of tiers. The hon. Mover had pointed out to me one of my own indiscretions in this matter. But I believed, and I still believe, that multiplicity of tiers should go, and I think they are making some efforts towards that end. I recently read in the papers about increased powers being given to branch managers and the higher echelons in the Insurance Corporation being more or less confined to stimulation of business and to supervision.

The other matter mentioned was about the monolithic character of the organisation. I do not know what I would have done if I had been the person in charge at the time of nationalisation of insurance. May be I might have grouped the companies together and then started amalgamating them; I might have done it my own way. But when the thing is done. Today I do not see any particular meaning in splitting it up again. The thing is to make the monolithic character of the organisation something which is not to its detriment in the matter of working.

Dr. L. M. Singhvi: How do you do that?

Shri T. T. Krishnamachari: I am sure any criticism that comes from hon. Members here or in a committee of the House will be welcome—I certainly will welcome it. We should go on looking at ourselves, turning the searchlight on ourselves, trying to find out the defects and seeing that we improve. The defects of the mere fact of the character of the organisation could, I think, be got over by increased decentralisation.

Another point raised by Dr. Singhvi and others was about the question of delay. A case in Madras was mentioned. I am told that the Corporation did not plead limitation at all.

Dr. L. M. Singhvi: It did.

Shri T. T. Krishnamachari: If it did, it was very wrong to have done so. I quite concede that the case seems to be a glaring example of what you might call ineptitude in settlement. I have got before me the arrears statement and I find it is not a very impressive statement. Arrears in regard to death claims are of the order of Rs. 8 crores odd; endowments claims are about Rs. 5 crores. I will certainly impress upon the Corporation the need to remedy this. I shall perhaps ask them to send Government returns almost quarterly, on the basis of Divisions, in regard to the size of the arrears. In fact, I am one of those who always delights in asking for figures, particularly of arrears. I am sure the mere asking for figures will itself act as a spur. But I want the co-operation of Shri Kar. If people take the arrears applications and put them in the drawer, as sometimes they do, things become difficult. There must be a sense of co-operation on the part of the people to work.....

Shri Prabhat Kar: I think that will be a wrong accusation to make, that people do not co-operate, that they put arrears in the drawer.

Insurance Corporation.

Dr. L. M. Singhvi: He represents only a section of labour.

Shri T. T. Krishnamachari: Some do. I am not blaming the labour organisation. It is an individual failing which probably Shri Kar does not know, but I happen to know. A secretary who makes a mistake by putting one letter away, will put all the papers that come afterwards in that manner. You will only find that she had put one particular claim away when she is sacked. That happens. That is a human failure. We also do it, even Ministers do it. Sometimes we find that something is very inconvenient, say, a short notice question. We put it away, until more reminders come from Parliament. It is just a human failing. I do feel that the organisation representing the workers must also take a hand. After all, it is a co-operative venture. If co-operation between the workers and the management grows, I do believe that by the time the next report comes—not this one, but probably next year—we can show a substantial decrease. It is a matter on which to the extent I have powers of asking for statistics, I shall exercise them in full. I have no doubt that I will get the co-operation of the Chairman and the staff in this regard.

There was something asked about export of life insurance. The figures are given of what we do abroad. I can also tell the hon. Member that many countries round about us, which was a field in which we were operating, are also nationalising their insurance and in due course they will say 'Do not take Indian insurance'. We also sent one of our senior officers to Ceylon to help Ceylon nationalise her insurance, in effect barring our own insurance in Ceylon.

The question of investment of funds is a rather ticklish ground. I do not think the solutions suggested by themselves cover the whole issue. I agree that the investment of LIC funds should be diversified. They should serve, to the extent possible, socio-

economic objectives. For instance, if I had any say in the matter, I would ask the Life Insurance Corporation to help in building low income group houses, which they have started; then in giving warehousing facilities for agriculturists. In fact, when the Warehousing Corporation was asked—Shri Thomas is here; I hope he will not mind my saying it—why it had not taken up a particular scheme, it said it was not profitable. The LIC may say the same thing; whereas the Government is not to run anything for profit; profit must be eliminated from all government ventures—that is how we fulfil the objective!

But my own feeling is that in the long run, warehousing is going to be a very profitable proposition. It is not a question of any percentage. You might probably pay a claim of 3 or 4 per cent income. But that is not the factor. The man who insures wants something more than the amount for which he insures and therefore, the Insurance Corporation has an obligation to earn profit. So it has to look at profitable avenues. If we compel it to invest everything in government securities, there are two factors which make the insurer nervous; one is that the base of the investment is something which is not stable, which is inevitable—the rupee depreciates; in the case of funds invested in something which has got a fixed assets background, where the base is not eroded, they go up. Therefore, if Government insists on sixty or seventy per cent of the insurance funds being invested in government securities, they should compensate for the depreciation in the assets by having assets which will appreciate. And then, ultimately they might say, "Our assets remain in the same place". Therefore, I think we have to leave the initiative and the decision in this matter very largely with the Insurance Corporation.

Shri Tyagi: The quantum of bonus must also be kept in view. Otherwise, insurance will suffer.

Shri T. T. Krishnamachari: Exactly, bonus is one of the attractions, particularly in endowment policies in which insurance companies make more money.

Therefore, we have to keep various considerations in view. While the points urged by hon. Members are all valid in themselves, taken in an isolated manner, but when they are all put together, then the picture is slightly distorted.

In conclusion, I would only like to say that while I greatly welcome the criticism from hon. Members, criticism which has been extremely friendly to the Corporation I should say, they should not be disappointed if they do not find ready acceptance of the suggestions made here. And I will certainly ask the Insurance Corporation to examine all those suggestions and to improve their own working on the lines indicated.

Shri Kashi Ram Gupta: I have just two questions to ask. One is that there is a discrimination between the policies of those who are earning and those who are non-earning women members. Secondly, joint policies have been abandoned. What are the reasons for these two things?

Shri T. T. Krishnamachari: I can only plead, Sir, that I will ask for the information.

Dr. L. M. Singhvi: After this disarmingly frank speech by the Finance Minister there are only two points which remain to be replied to by him, if he pleases to do so. One is in respect of the composition of the investment committees in order to secure regional representation and thereby also in order to ensure that certain regions are not overlooked. Then, I would also like to know from him whether the housing loan scheme for policyholders and joint policyholders is likely to be restored; is it pending any consideration at present or is it likely to be taken up for restoration?

Shri T. T. Krishnamachari: I will commend both these suggestions to the Corporation.

Shri Tyagi: Anyway, he is more conciliatory than he used to be in the past!

Dr. P. S. Deshmukh: Does the Finance Minister know that there was an experiment in Rajasthan, of giving agencies to the secretaries of panchayats and so on? Has it succeeded?

Shri T. T. Krishnamachari: I must say that I am, technically as Finance Minister, suffering from amnesia! I do not know what has happened during the last five years. I will get the information and supply it to the hon. Member.

Mr. Deputy-Speaker: The question is:

"That this House takes note of the Annual Report of the Life Insurance Corporation of India for the year ended 31st December, 1961, along with the Audited Accounts, laid on the Table of the House on the 10th November, 1962."

The motion was adopted.

14.34 hrs.

MOTIONS RE: RISE IN PRICES OF FOODGRAINS AND FOOD POLICY

Mr. Deputy-Speaker: We will now take up the two motions standing in the names of Shri S. M. Banerjee and Shri Yashpal Singh.

Shri S. M. Banerjee. After he has spoken, Shri Yashpal Singh may speak.

Shri Tyagi (Dehra Dun): Sir, the Finance Minister is directly involved with prices. He should not be allowed to leave the House.

Dr. L. M. Singhvi (Jodhpur): Directly and substantially involved!