

[Shri U. M. Trivedi]

Inclusion of these four units not considered? Subsequently, why was the inclusion of these four units considered desirable? An explanation is called for from the Government as to why these four new units were added.

**Shri D. R. Chavan:** Sir, the Bill, as it was passed by the Lok Sabha, included in the Schedule: Andhra Pradesh, Gujarat, Kerala, Madras, Punjab and Uttar Pradesh. As regards the two States which have been inserted, namely, Mysore and Rajasthan, if my hon. friend referred to article 252 of the Constitution, he will find that it lays down that if two or more than two States pass a requisite Resolution, this Bill may be made applicable so far as those States which have passed that requisite Resolution are concerned. Subsequently, on the 21st October, 1964 the State of Rajasthan and on the 2nd and the 6th February, 1965 the State of Mysore passed those requisite Resolutions and, therefore, these States were inserted into this Schedule and the House has agreed to that. Therefore, it is nothing but a formal amendment. My hon. friend said that the entire Bill should have been brought before the House. That is not correct. Therefore, this may be accepted.

**Mr. Deputy-Speaker:** The question is:

"That the amendments made by Rajya Sabha in the Bill be agreed to."

*The motion was adopted.*

11.37 hrs.

#### LIFE INSURANCE CORPORATION (AMENDMENT) BILL

**The Minister of Planning (Shri B. B. Bhagat):** Mr. Deputy-Speaker, Sir, I rise to move that the Bill further to amend the Life Insurance Corporation Act, 1956 be taken into consideration.

**Shri Indrajit Gupta (Calcutta South-West):** What is the time allotted for this Bill?

**Mr. Deputy-Speaker:** Time has not been allotted.

**Shri Indrajit Gupta:** Time must be allotted.

**Mr. Deputy-Speaker:** We will come to that afterwards. I will consult the House.

**Shri B. B. Bhagat:** As the Bill contains only four clauses I shall not weary the House by giving an elaborate explanation about the provisions contained therein. As a matter of fact, the statement of objects and reasons is self-explanatory.

Section 28 of the Life Insurance Corporation Act, 1956, was intended to provide that 5 per cent of the actuarial surplus of the LIC may be utilised by the Central Government for its own purpose or for such other purpose and in such manner as the Government may determine. This intention was consistent with the provisions of section 49 of the Insurance Act, 1938 which was applicable to Life Insurance companies before nationalisation and which entitled them to allocate to or to reserve for their shareholders any amount not exceeding 7½ per cent of the actuarial surplus. Government, however, in providing only 5 per cent of the surplus for allocation to them, accepted a smaller share of the surplus than what was permissible to the erstwhile insurers under the Insurance Act. Thus, the Government gave a much fairer deal to the policy-holders of the Corporation.

Recently, the Supreme Court in its judgment observed that under the provisions of the LIC Act as it stands at present, while the Central Government may determine the manner in which the remainder of the surplus may be utilised, it could not appropriate it as revenue. Since Govern-

ment has made appropriations to its revenues from the valuation surpluses made by the Life Insurance Corporation in the past, it has become necessary to amend the law suitably to make clear and to give effect to the original intention behind section 28 of the Act. While this will resolve the legal difficulty referred to, the Supreme Court has also held that certain liabilities inherited from the insurance companies prior to nationalisation which are not payable from the Life Insurance Fund must be paid by Government under section 9 of the LIC Act out of the surplus appropriated by it. It has accordingly been provided that the liabilities which devolved on the Corporation under section 9 of the Act should constitute a first charge on the surplus remaining after allocation to policyholders.

As the House is already aware, the Corporation is now transacting general insurance business also. Sub-section (3) of section 10 of the Insurance Act, which is applicable to the Corporation provides that no portion of the Life Insurance Fund shall be utilised for any other purpose apart from life insurance. As regards the general insurance fund, I may mention that it is the practice of the general insurance companies to allocate the whole of the disposable profits from general insurance business to their shareholders. Therefore, in so far as the general insurance business is concerned, it is proposed to make a specific provision in the Act for allocation of the disposable profits arising out of the general insurance business to the Central Government, the sole shareholders of the Corporation.

With these words, I move.

**Mr. Deputy-Speaker:** Motion moved:

"That the Bill further to amend the Life Insurance Corporation Act, 1956 be taken into consideration."

The time has not been allotted for this. Shall we fix 1 hour?

**Shri Indrajit Gupta:** Three hours.

**Shri B. K. Bhagat:** No, Sir, it is a small Bill.

**Mr. Deputy-Speaker:** Let us proceed and then we will see to it.

Before I call any hon. Member to speak on this Bill, I may make an announcement. I have received an intimation that there is no likelihood of any statement being made today by the Prime Minister or the Defence Minister.

**Shri N. Dandekar (Gonda):** Mr. Deputy-Speaker, Sir, I must begin by saying that I am delighted that the Minister puts forward reasons for appropriating surpluses to Government corresponding to the reasons which the private sector companies apparently found justifiable as the reasons for appropriating surpluses to shareholders. However, I think the analogy is completely unfounded. As a matter of principle, I do not think Government is entitled to treat surpluses of the Life Insurance Corporation in the same way as was done by private insurance companies before life insurance was nationalised, or as the insurance companies now treat their surpluses from their general insurance businesses.

On this particular question of the life insurance valuation surplus, I have been endeavouring, on going through the Life Insurance Corporation Bill introduced in 1956 and on following its subsequent history, to ascertain whether it is true to say that Government intended to appropriate 5 per cent of the valuation surplus to general revenues. The main purpose of the important clause 3 of the present Bill is based on the statement that it was always the intention of Government to appropriate 5 per cent of L.I.C.'s of valuation surplus to general revenues, whereas the Supreme Court has held that such appropriation in terms of Section 28 of the LIC Act as it stands, is really misappropriation

[Shri N. Dandekar]

by Government. In order to get these thing into right focus, one has really to ask oneself whether Government is misleading the House or making a true statement of its intentions when the Minister says that the intention was always to appropriate the 5 per cent to general revenues.

The Life Insurance Corporation Act which was passed in 1956 was introduced as a Bill on the 17th February, 1956. I went through that Bill as introduced, but I found there no notes on clauses at all. There is not a single note on the then clause 24 of the Bill which corresponds to the final Section 28 of the Act. There is not a single line by way of statement of objects or notes on the clause to indicate that 5 per cent of the valuation surplus was intended to be appropriated by Government. In fact, the terms of the clause were that that portion of the surplus was to be utilised for such purposes and in such manner as the Central Government may direct and the Supreme Court has held, quite properly; that that did not entitle the Government to misappropriate that surplus to its own purpose. That is so far as the Bill, as introduced, goes.

Then, in March 1956, there was a debate on the motion that the Bill be referred to a Select Committee. Even during that debate for reference of the Bill to the Select Committee, the then Finance Minister did not indicate by one single word or sentence that the intention of the then clause 24 corresponding to Section 28 of the Act, as enacted, was to appropriate 5 per cent of the valuation surplus to general revenues of the Central Government. I come next to the proceedings before the Select Committee. The Select Committee reported on 30th April, 1956, but again, with no comments whatsoever on the original clause 24, re-numbered by the Select Committee as clause 28. However I find on going through the Select Committee's report that two Members of the Select Committee drew specific

attention to this matter in a minute of dissent at page XVI of the report, of which the relevant extract reads as follows:

"Government have not indicated the purpose for which such funds may be used. The surplus would go on increasing every year".

That is obvious, because as the life insurance business of the Corporation expands, the valuation surplus once in two years or once in three years, whatever be the period of valuation, is also bound to expand. Consequently, 5 per cent of the valuation surplus would be a very large and expanding figure.

These two gentlemen say in their minute of dissent:—

"The surplus would go on increasing every year, and there could be no justification for appropriating an increasing amount every year for unknown purposes. The only purpose for which such appropriations might be rightly used is the payment of dividend on the capital employed by Government, and we recommend that out of the valuation surplus, a reasonable dividend should be paid on the capital and the entire balance should be utilised for the benefit of policyholders".

Even when an opportunity of that kind was given in a minute of dissent by two Members of the Select Committee, notwithstanding this clear opportunity, Government did not make clear what their intentions were in the matter of the 5 per cent of valuation surplus that we are now discussing. On the contrary, during the clause-by-clause consideration of the Bill as amended by the Select Committee, speaking on clause 28, Shri M. C. Shah, then speaking on behalf of Government said that 5 per cent would go to the Corporation, which was a very distinct organisation from Government. In other words even when Shri M. C. Shah had the opportunity to indicate clear-

ly what was intended to be done with this 5 per cent that might be disposed of in such manner as the Government might direct, he did not say that it was intended to appropriate it for Central Government revenues. He said that the 5 per cent would go to the corporation. I have got here an extract from what he said. He said:

"The Bill provides...."

—that is, the Bill as reported by the Select Committee—

"...that 95 per cent of the surplus should go to the policyholder and 5 per cent to the corporation."

There is not one single word again in Shri M. C. Shah's exposition of this—following upon the comments made by those two gentlemen in a minute of dissent, and following also upon what they said during the clause-by-clause debate,—there is not one word by the spokesman on behalf of Government,—it was not at that time the Finance Minister who gave the reply, but it was Shri M. C. Shah, and he too did not say,—that the intention was something vague or that it could be appropriated for Government; he said on the contrary and quite specifically, that the 5 per cent would go to the corporation.

In view of all this, I am unable to accept the statement of the hon. Minister, and I suggest that Government are now misleading the House to the effect that this 5 per cent was always intended to be appropriated by Government. The facts are that Government had at no time indicated or even hinted that they would appropriate the 5 per cent to their own use and such intentions cannot now be inferred.

Consequently, I think that the position remains as stated by the Supreme Court, namely that Government, in appropriating this 5 per cent, were actually committing misappropriation; and it is no defence against misappropriation to suggest that "It was always my intention to appropriate and, therefore, it is not a matter of

misappropriation". That is my main criticism about this Bill.

There are certain minor things about which I do not think very much time need be taken. It is agreed that Government had also slipped up on another matter. They thought that they could not only take this 5 per cent but they must take the whole of it and leave the corporation holding the baby of outstanding liabilities of the premerger companies. But the Supreme Court held that out of this 5 per cent the liabilities of the premerger companies must first be paid.

Thus the main part of this Bill is merely an attempt by Government to mislead the House and the country into the belief that they are now legislating to put into the Act what was always their intention, whereas on the facts it seems to me to be quite clear that the Supreme Court was quite right in holding this to be misappropriation. And I think that on grounds of public policy, it would be wrong to try now and legalise this misappropriation by retrospective amendment of section 28.

As regards the new section 28A sought to be introduced by clause 4, here again, it is a question of principle to consider whether the corporation and the Government can be treated in this particular respect as if they were one and the same thing, and whether, for instance, the profits arising out of general insurance business which the corporation has recently decided to undertake, belong to the corporation to be used for the main purpose of the corporation, which is to go on and on developing life insurance business in this country until it covers as large a portion of the population as it possibly can, or whether instead of that Government are entitled, in so far as even general insurance is concerned, to take any part of that profit themselves. However, but in respect of this I have no such criticism to make as I have about the earlier proposal;

[Shri Dandeker]

for here, at any rate, Government are making their intention quite clear from the start, namely, that the profits of general insurance after making appropriations for reserves and other necessary provisions, are proposed to be appropriated to themselves.

But the main crux I must repeat is in relation to clause 3 where, I think that both on grounds of good policy as well as on grounds of not misleading the public, Government are not entitled,—at any rate, not retrospectively—to regularise what virtually was misappropriation. But the real question of principle is even wider than a more question of this intention or that intention. When you have, as you have in this country, the entire life insurance business nationalised into one monopoly Corporation, this Corporation is virtually a mutual life assurance society. It is virtually a society that belongs to the policyholders. And if Government have advanced some moneys for the purpose of buying out the earlier life insurers, then, quite properly, a certain amount of interest at the current rate of borrowing by Government might well be paid to Government, but I doubt whether Government are on principle, entitled to anything more than either repayment of the money which they have invested or the current rate of return on those moneys. The rest of the surplus ought entirely to belong to the policyholders, either directly in terms of investment in life insurance fund, which could then be utilised for payment of bonuses to the policyholders or for the purpose of strengthening the general reserves of the corporation so that the corporation may undertake a wider and ever wider field of life insurance and a wider and wider choice of life policies and various other types of insurances connected with the risks to life so that the people of this country might benefit in the way they were supposed to benefit when the life insurance busi-

ness was nationalised; or it should belong indirectly to the totality of the policyholders present as well as future, for the development and expansion of life insurance business. I think, therefore, on principle too, in other words, the principle that here there is nothing more and nothing less than a mutual life assurance society, all its profits ought to be used either directly for the benefit of the existing policyholders by way of bonuses or indirectly for the totality of policyholders present as well as future, for the development and expansion of life insurance business. If one looks at it from that point of view too, the proper thing is that there should be no question of Government taking any part of the surplus except a certain reasonable return at current rates of interest on their own investment, until that investment itself can be paid out by the corporation.

Therefore, on the main principle of it, I am opposed to this Bill.

**Shri Daji (Indore):** This very innocent-looking four-clause Bill is really pregnant with the possibilities of examining many points contained in those four clauses.

I need not cover the grounds already covered by my hon. friend Shri N. Dandeker. The first point is that Government even while amending the Act through this Bill are not making things very clear. Even as regards the 5 per cent to be disposed of, it seems Government are even now not either clear in their own mind or they do not want to take the House into confidence. The proper thing would be to decide what we expect the corporation to give to the Government as shareholders as return for the capital invested etc. plus something which they consider necessary; let Government make that position clear so that we know what the intentions of Government are in regard to what portion the corporation has to part with and what portion can be kept with the corporation for its own

purposes. But I am afraid that, that object has not yet been achieved through this Bill also.

When life insurance was nationalised, we had many expectations, and many promises had been made. But we find that though nationalisation has been beneficial in other respects, yet, as regards the question of breaking up of the bureaucratic working of the corporation, we have not been able to make much headway. This House and the people of the country as well as the policyholders are entitled to ask some pertinent questions. Here is a corporation which is supposed to service the policyholders' policies and in that process earn a surplus which has to be allocated in different ways. The policyholders and the people are entitled to ask Government why the working of the corporation does not show the results that we had expected of it. It is true that the business is going up. But is the business going up as per the targets? The reply is 'No'. Year after year, the targets are being kept lower, or less ambitious, as the officials call them, but even these less ambitious targets are not fulfilled. Of course, I agree that there may have been difficulties in the matter, as the officers themselves expressed before a committee of the House, as, for example, the capacity of the people to save. The people's capacity to save has gone down and that is bound to be reflected in the working of the corporation. But apart from that, we find certain very important defects in the working of the corporation.

For example, let us take the lapse-ratio. One of the complaints against the private companies was that they inflated the business and showed false business. But we find that the lapse-ratio in 1963-64 was higher than that in 1955, of the various companies taken together, the big ones, the small ones, the good ones and the very bad ones all taken together. Even then, we find that the lapse-ratio in 1963-64 was higher than that in 1955.

This shows that even now the old pattern of working continues and perhaps it is even worse.

We also find a very serious defect in the whole administration. The administration has become, is becoming and is likely to become more and more top-heavy. During the seven years from 1957 to 1964, we find that the top officials have increased in number to the extent of 164 per cent, whereas the number of lower categories of officers, such as the agents, the development officers and persons who actually go about and get business has increased at comparatively lesser rates. When the matter was examined by the Public Undertakings Committee, the Ministry and the officials were unable to give any satisfactory explanation. At page 8 of their report, the Public Undertakings Committee have stated—

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

And this is not all; with all this top-heavy administration and with all these class I officers we find that the servicing is becoming worse every day. Even the figures of complaints received by the LIC office itself disclosed to the Committee very clearly that the servicing of policies is absolutely below par.

12 hrs.

Then the question arises, how does the Corporation set about curtailing

[Shri Daji]

its expenses? With a rising army of class I officers and with decrease or stagnation at the lower level, you are not able to increase new avenues of insurance. For example, the entire scheme of rural insurance has only been tinkered with. The idea was to provide cheap policies to the common man, very poor people, who could avail themselves of the insurance cover at very low premia. That would be the meaning and purpose of a nationalised insurance corporation. But no steps have been taken in that regard. So callous has been the attitude of the Corporation to this aspect of the matter that the recommendation of the Estimates Committee made as long as 1961 for a review of the premium rates, a recommendation which was reiterated in 1963 and has again been repeated by the Public Undertakings Committee, still remains unimplemented. No step has been taken to have a review of the premium rates, the old rates continue, even though evidently the mortality rate has decreased and all those things are there. After all, a nationalised insurance corporation cannot function like a callous bania shop. The whole purpose of such a life insurance corporation is to serve policyholders and service their policies with a view to see that the burden on them is decreased. It cannot operate like a private company whose motive is to earn more and more profit. But in this respect, the Corporation has violated the direction of two committees of this House.

Then again, just see how bureaucratic is the functioning of the whole machinery. There is the Reserve Bank which is a government institution. There is the corporation which is a public sector concern. But the securities which the Corporation has to purchase from the Reserve Bank, at Government level, every month, every week, every two or three days, have to be purchased through brokers! When we asked the LIC why this should be so, why it is not possible to purchase these securities over the

telephone direct from the Reserve Bank, the reply given to the Committee was that the Reserve Bank insisted that the purchase should be made through brokers, that it would not sell securities except through brokers. Why should such procedures be employed taking away a big slice of money? Those who know the operation of buying and selling shares know that there is a considerable amount of brokerage involved in these transactions. When the Committee asked the management the pertinent question as to what was the total brokerage paid thereby, they were unable to give a reply; they said that no separate account of brokerage paid on this account was kept, it was included in the price of the securities. But for certain lakhs of rupees would be going away on this account. Can we not see that this purchase is effected between these two government institutions direct instead of through the agency of a third party, thereby saving money in the process?

Then the whole question of agents is there. This was examined by the previous Committee and by this Committee also. The whole system of benami agents has been criticised. It has again and again been referred to. There is absolutely no training programme for the agents. There are no regulations concerning recruitment of agents; though the Act provides for it, we have not been able to provide for anything.

Therefore, the work of mopping insurance is bound to lag behind, because agents are the persons who have to go round and collect business and unless their functioning is made widespread and more effective, business will certainly go down.

On the one hand we find this. On the other, we find that the Corporation has already imported some automatic machines. The spare parts for such machines have also to be imported continuously. These are very costly machines involving considerable foreign exchange. Two have already

been imported; I learn more are going to be imported. This will result in displacing several clerks. Each machine is going to displace more than a few hundreds of clerks in each department. I am told one computer will displace all the clerks employed in six rooms.

**Dr. M. S. Aney (Nagpur):** Have got trained men to do the work properly?

**Shri Daji:** We are running it already. The point is that this will throw out a considerable number of people. Is it the policy of Government to encourage public sector to introduce such automatic machines which displace a large number of labour when there is already so much unemployment, when so many educated are unemployed? Is there not an absolute need to have labour-intensive methods in this respect? Is the policy of importing automatic machines not draining our already depleted foreign exchange? Is it wise to allow this continuing drain on our slender foreign exchange resources? The Government and the Corporation are shutting their eyes to this aspect of the matter.

Let us go to another matter. Sec. 49(G) of the original Act makes it incumbent on the Corporation to constitute policyholders, councils so that the policyholders could have their say in the working of the corporation. What are their views as to the disposal of the surplus, as to the distribution of bonus and so on? After all, they are the real masters of the Corporation. Therefore, the Act provided for ascertainment of their views on these matters. But from 1956 to 1965, they have not constituted such councils anywhere, not even in one zone, region or city. The explanation given to us was that they thought it was not necessary to have a separate policyholders' council, the advisory committee was there. When their attention was drawn to the mandatory character of sec. 49(G), they said that they did not think it was a mandatory

provision, but now that the Committee has held this view, they would constitute such councils. After nine years they are now thinking of constitution of policyholders councils.

This matter is very germane to the Bill because the policyholders' council could have been consulted as to their views on this question of the disposal of the 5 per cent surplus. If we had the benefit of their views, Parliament would have been the wiser for it. Therefore, the Act itself provided for it. But the Corporation has not so far acted on that provision.

Therefore, I say the Corporation today is being worked in a very bureaucratic manner which is going to affect adversely both the return to government and the return to the policyholders.

When considering the question of surplus, it is very pertinent to ask whether Government had taken cognisance of another matter. In 1959, the Secretary in the Finance Department had suggested that the renewal expense ratio of the Corporation should be and could be cut down to 9 per cent. But even today, it is 12.9 per cent and is continuing to increase every year, despite the fact that the target was 9 per cent. So this is the way they are proceeding about the matter and treating the recommendations of committees of this House.

Now they have come forward with a perfunctory Bill just to get over a Supreme Court Judgment. It would have been much better if Government had considered all these aspects of the working of the Corporation so as to increase efficiency of service both in the interest of policyholders and in the interest of the country at large.

**Shri Subbaraman (Madurai):** Mr. Deputy-Speaker, as pointed by the Minister, the amendment is a very simple one. We all know the intention of Government when they brought forward Life Insurance Corporation Bill which was passed by this House. It was with the object



[Shri Subbaraman]

of preventing private insurance companies from utilising the funds for their own benefit and of making the institution of insurance serve the best interests of policyholders. It is mentioned in the Act that 95 per cent of the surplus should go to the benefit of the policyholders, as against a smaller percentage which was the rule with private insurance companies. Five per cent can be utilised for such purposes and in such manner as Government thinks fit. It is only owing to some technical and legal difficulty that the amendment has been brought now. Even now Government utilises five per cent of the surplus for the benefit of the general public. The idea now, is that Government may take it to general revenue. It is quite proper that we accept this amendment.

Another amendment is this. If LIC does any general business, the whole profit should go to the revenues of the Government. That also is quite welcome.

As already pointed out by a friend on the other side, Government intends to mechanise a certain portion of the work. When they do so, they should take proper care to see that the staff or workers engaged there are not thrown out of employment. Unless they find alternative work for them, they should not rush in to mechanise.

**श्री श्रीकार लाल बेरवा (कोटा) :** उपाध्यक्ष महोदय, जो संशोधन लाया गया है, मैं उसका विरोध करता हूँ, क्योंकि इस में लिखा है कि पांच परसेंट केन्द्रीय खाते में जमा हो सकता है या केन्द्र ले सकता है, लेकिन यह साफ तौर पर नहीं बताया गया है कि यह पांच परसेंट किस काम पर खर्च किया जायेगा। अगर यह साफ बताया जाता कि यह पांच परसेंट कर्मचारियों के लिए खर्च किया जायेगा या राजा के काम में खर्च किया जायेगा, तो हम को तसल्ली होती, लेकिन इस बारे में कोई ब्यौरा नहीं दिया गया है। भ्रष्टा होता कि इस का ब्यौरा दिया जाता।

मैं समझता हूँ कि जीवन बीमा का राष्ट्रीयकरण कर के बहुत बड़ी गलती की गई है। राष्ट्रीयकरण के समय हम को पता नहीं था कि इनका काम पहले की तरह चलेगा या इसकी हालत उससे ज्यादा खराब हो जायेगी। राष्ट्रीयकरण से पहले कर्मचारियों की जो हालत थी, उनकी हालत अब उस से भी बदतर हो गई है, क्योंकि राष्ट्रीयकरण के परिणामस्वरूप यह काम इतना बढ़ा हो गया है कि वह सम्भल नहीं सकता है।

मेरा सुझाव है कि जीवन बीमा के सम्बन्ध में पांच या दस जोन बनाये जायें, जो कि एक दूसरे के कार्पोरेशन में कार्य करें, ताकि जीवन बीमा का काम बढ़ सके। इस वयत जीवन बीमा का सब काम ऊपर के लेवल पर चल रहा है। गांवों में रहने वाली अस्सी प्रतिशत जनता आज तक यह नहीं समझ सकी है कि यह लाइफ इन्शोरेंस क्या बला है, क्योंकि एजेंटों के पास इतने साधन नहीं हैं कि वे गांव में जाकर लोगों को इसके बारे में समझा सकें।

जीवन बीमा के सम्बन्ध में जितने भी कागजात और लिट्रेचर छादि हैं, वे सब अंग्रेजी में होते हैं, जिन को केवल पढ़े-लिखे लोग ही समझ सकते हैं। इसके फलस्वरूप केवल पढ़े-लिखे लोग ही इन्शोरेंस करा सकते हैं। आज गांव वालों को पता ही नहीं है कि उन कागजात में क्या लिखा हुआ है।

जीवन बीमा के बारे में जो फ़िल्में दिखाई जाती हैं, वे ऐसी हैं कि उन का कोई असर नहीं पड़ता है। अगर जीवन बीमा के काम का प्रसार करना है, तो इसका सब काम हिन्दी या प्रादेशिक भाषाओं में किया जाये और फ़िल्में भी हिन्दी या प्रदेशों की अपनी भाषाओं में तैयार की जायें।

मैं ने हर जगह देखा है कि बड़े-बड़े शहरो में लाइफ इन्शोरंस कार्पोरेशन के लिए बड़ी बड़ी बििल्डिंग तैयार हो गई हैं, लेकिन उस के

कर्मचारियों की हालत यह है कि उनको किराये के मकान नहीं मिलते हैं और उनको भत्ता भी ठीक नहीं मिलता है। उनकी तनख्वाह भी केन्द्रीय कर्मचारियों की तनख्वाह के स्तर पर नहीं मिलती है। यद्यपि गांवों और शहरों के छर्च में कम से कम बीस परसेंट का फर्क है—रात-दिन का अन्तर है, लेकिन गांवों और शहरों में काम करने वाले कर्मचारियों में कोई भेद नहीं किया गया है। आवश्यकता इस बात की है कि कर्मचारियों को ज्यादा से ज्यादा प्रोत्साहन दिया जाये।

आज-कल यह होता है कि बड़े बड़े भ्रष्टारों की श्रित्तें कोई बीस पचास हजार या एक लाख की पालिसी दे कर एजेंट बन जाती हैं। वे कमीशन अपनी जेब से दे देती हैं और उन की तनख्वाह चालू हो जाती है। लेकिन जब उस भ्रष्टार का तबादला हो जाता है, तो पालिसी-होल्डर पालिसी को बन्द कर देते हैं, क्योंकि कोई एजेंट सम्भालने वाला नहीं होता है कई पालिसीज में दो चार किरतें दी जाती हैं और फिर वे फेल हो जाती हैं। इस का कारण यह है कि हम गरीब जनता को जीवन बीमा का फायदा नहीं बता सके हैं।

चोर दरवाजे से यह पांच परसेंट लेना सरकार के लिए बहुत बुरी बात है, क्योंकि यह जनता का पैसा है, जिस पर सरकार का कोई अधिकार नहीं है और इस का प्राकृतिक केवल पालिसी-होल्डर्स को मिलना चाहिए।

श्री इयामलाल सर्राफ (जम्मू तथा काश्मीर) : 95 फीसदी मिल रहा है।

श्री डॉक्टर लाल बोरबा : कहां मिल रहा है ? पता नहीं कौन कौन सी कम्पनियों को मिलता है। जिन कम्पनियों को मिलता है, वे कांग्रेस को चन्दा दे देती हैं और उस से प्राकृतिक बराबर हो जाता है।

यह पांच परसेंट इफ्या सरकार को नहीं मिलना चाहिए। यह सारा पैसा पालिसी-होल्डर्स को मिलना चाहिए, ताकि उन को

प्रोत्साहन मिले। इस समय उन को प्रोत्साहन न मिलने की वजह से वे दो चार किरतें दे कर पालिसी को बन्द कर देते हैं।

जब से केन्द्र ने इस काम को राज्यों से अपने अधीन लिया है, छोटे कर्मचारियों की संख्या कम होती जा रही है, हालांकि वे ज्यादा होने चाहिए। इस के मुकाबले में फस्ट और सैकंड क्लास के कर्मचारियों की संख्या बढ़ती जा रही है।

एक तरफ तो हमारे देश में गरीबी और बेकारी बढ़ रही है और दूसरी तरफ हम याहर से तीन मशीनें मंगाने के बारे में सांच रहे हैं, हालांकि हमारे यहां दो मशीनें चल रही हैं। हमें विदेशी मुद्रा की कमी का सामना करना पड़ रहा है। ऐसी हालत में अगर विदेशी मुद्रा खर्च कर के ये मशीनें मंगाई जायेगी, तो भारतवासी बेकार होंगे। मशीनें मंगाने के बाद कर्मचारियों का क्या होगा ? जब पहले कुछ महकमे बन्द किये गए, तो बहुत से कर्मचारी बेकार हो गए। वे अब भी रो रहे हैं और बेकारी की वजह से एम्प्लायमेंट एक्सचेंज के चक्कर लगा रहे हैं।

अन्त में मैं यह कहना चाहता हूँ कि कर्मचारियों के हितों का ध्यान रखा जाये, उन की तनख्वाह के बारे में सांचा जाये और उनको केन्द्रीय कर्मचारियों के स्केल और फीसिलिटीज मिलनी चाहिए।

Shri M. L. Jadhav (Malegaon): I rise to support the measure before the House.

It is my experience that LIC is doing very good work. It was the best step taken by Government to nationalise life insurance. There were a number of companies functioning in India which were doing this work, and in some of them there were malpractices. These malpractices were stopped and the quality of the business was improved, and the business was also increased and brought to a very good level. In that light I feel that the nationalisation of life insurance was

[Shri M. L. Jadhav]

the best thing that was done by Government.

I find that life insurance has reached the end of villages. There are quite a number of villages where the whole community has taken to life insurance, and every headman in the village has insured himself.

**Shri Sham Lal Saraf:** Is it only the headmen?

**Shri M. L. Jadhav:** I am talking of the head of the family, not the headman in the village. Supposing there are 100 families in a village, every head of the family, the senior member of the family is insured. Such villages are there in large numbers in Maharashtra, in my State. I am therefore, commending the work of the LIC.

A complaint has been made that the staff is not adequately paid. The LIC scales, I find, are far better than even Government scales. There is no complaint about the bonus or other payments made to the LIC employees. The LIC has taken to general insurance business also and it is a good augury. Certain companies are now doing general insurance business but there are some malpractices in some of them; claims are not paid in time or not at all paid. In some cases there are court decrees but these court decrees are not satisfied. So, it is better that the LIC should do this business along with the other private companies and step by step it should increase its business.

A charge had been made that government was misappropriating to the extent of five per cent; this was being done for a number of years. Because a technical objection was raised by the Supreme Court, the government had come forward with this to legalise the defect pointed out by the Judges. But this five per cent is taken out after satisfying all the other liabilities. It cannot be called misappropriation. Then the State has nationalised life insurance, it is entitled to take over

five per cent and this five per cent is bound to be utilised for national interests because it is a democratic and welfare State. There is nothing wrong in this. This is a simple Bill which provides for overcoming certain technicalities and so I support this Bill.

**Shri Sonavane (Pandharpur):** I agree with my previous speaker that the LIC is doing good work and the step to nationalise it was in the right direction. Life insurance has made progress since then and they have their own buildings at the HQ, at the branch offices, zonal offices they are magnificent buildings.

The motive and object of life insurance is to provide insurance in the event of death of the insurer. It is spreading even to rural areas. But the LIC has not paid attention to some of the vital aspects of the insurers. It has not so far thought of reducing the premium, which is overdue now. The money that goes to the LIC by way of premium is so huge that magnificent buildings are built out of the interest and investments of the insurers but the insurers have not been given any benefit. I am an insurer myself and I have two policies of Rs. 5,000 each. For a long time now, there has been no revision of the rate of premium.

Another point is this. You see huge and magnificent buildings and air-conditioned offices, huge salaries for officers and field workers; the agents also get huge recurring commissions. But a person who insures say, for Rs. 1,000 gets Rs. 14 or Rs. 12.50 per year as bonus. This is a small and meagre amount in comparison to the investments in other fields. The only thing that it does is the guarantee in the event of death you will get the money. All the same the longevity has increased and in face of that the LIC has not taken any step to increase bonus or reduce the rate of premium or to extend medical facilities. Even if an insurer is

ii) nobody cares for his health, the LIC comes into the picture only when he dies. It is in the interest of the LIC itself that the man who has an insurance policy should be cared for and looked after medically. No such thing is done now. In this social aspect the LIC has miserably failed and they have taken no steps in this direction. I hope the LIC and the Finance Ministry will look into these aspects.

With these remarks, I compliment the field workers and the managers for doing an excellent job. I also feel that there should be the factor of competition. Let the Corporation take to general insurance along with the other private companies, and not have a monopoly of it, so that those people will be on their toes and the service would also improve and all other things such as the rate of premium, the rate of bonus and other facilities would also improve.

With these words, I thank you for the opportunity you gave me to speak a few words on this Bill.

**Shri S. M. Banerjee** (Kanpur): Mr. Deputy-Speaker, Sir, I support my hon. friend Shri Daji and the suggestions made by him. I must take this opportunity to bring before this House the most vital and burning question before the insurance employees, namely, the automation which is being introduced in the LIC. When I say automation, I mean the introduction of electronic computers which are generally known in the under-developed countries as man-eaters. This has been opposed by life insurance employees whether they belong to my own organisation or any other organisation.

[**SHRI SONAVANE** in the Chair.]

12.32 hrs.

I oppose the introduction of automation on three grounds. First, in regard to the electronic computers, we are getting second-hand ones from Esso. The history behind this move is that a team, said to be an expert

team, from the Life Insurance Corporation visited the States; they were so much impressed to see these electronic computers in the United States that they returned to India and submitted to the Board that we should have such computers immediately. This would create not only unemployment but more centralisation in the Life Insurance Corporation's activities. Today, if you want to take the activities of this Corporation to the fields, especially in a country where more than 80 per cent of the population is rural, we should have complete decentralisation. When a delegation of the All-India Insurance Employees' Association met the hon. Finance Minister, they pleaded before him that today there should be more of decentralisation. Closing the sub-offices or the branch offices will not give any relief to the policy-holders. After all, what is our function and what is our aim? The aim is to see that we ensure the maximum amount of security to all the policy-holders and that the policy-holders should come nearer the Corporation; that there should be expeditious settlement of their dues and that the policy-holders should be extremely contented. Now, what is going to happen after the introduction of these electronic computers? The policy-holders will go far from the Life Insurance Corporation because they will not be able to get loans and other things from those small branch offices. The Branch Managers also will not have any powers as such and the policy-holders has to go everytime either to the Divisional Office or the Zonal Office for getting loans etc.

Now, it is generally said that with the introduction of electronic computers the Life Insurance Corporation is going to increase its efficiency. According to many, the Life Insurance Corporation requires more efficient functioning. That is admitted. Both the policy-holders and those who are not insured say so. Though I agree that the Life Insurance

[Shri S. M. Banerjee]

Corporation has improved a lot, still, I feel that it requires more efficient functioning.

So, what I feel is that on three points I have to oppose the automation. First, this is not going to serve the desired aim of the Life Insurance Corporation. This is not going to improve efficiency as we think, because I know the history of the introduction of the Hollerith machine; its history is before us. How did it improve efficiency? It simply eliminated labour, or the workers or the employees, and resulted in mass retrenchment in the Audit Department. Also, the figures worked out by the Hollerith machine are full of mistakes. I know that the provident fund receipts which were tabulated by the machine and circulated to the defence and other employees were full of mistakes; the figures as tabulated were full of mistakes. Now, they have decided that some other machine should be introduced to rectify the mistakes and to bring out the figures quickly and correctly. Yet, these electronic computers are likely to be introduced in India for improving the efficiency in the Life Insurance Corporation.

One other point is that there will be no spare-parts available in India and so I am sure the computers will be allowed to rust after some time. This is the brainwave of some officers who came back from the United States; they gave a report that a job which is done here by 4,000 employees is done hardly by 16 to 17 employees in the United States. So, we want to convert our country, so to say, to one like the United States, without creating favourable conditions, without giving any protection against unemployment, and are introducing this machine.

Then, after this is centralised, after the introduction of the electronic computers, the policy-holder will be far from the Life Insurance Corporation

and that will be a setback in getting the Life Insurance Corporation to the policy-holders in the rural areas.

The second point is that this is going to result in mass-scale retrenchment. Though an assurance has been given by the hon. Finance Minister—I congratulate him for that—I wonder how it can be avoided in the years to come. After all, wherever rationalisation has been implemented, and wherever intensification of workload or any other labour-saving device has been employed, that has resulted in mass retrenchment and mass-scale transfer or down-grading. That is the reason why the All-India Insurance Employees' Association has started a countrywide agitation against the introduction of automation by the employment of electronic computers. I support their movement only because I am convinced that this is a wrong step. This is not correct thinking. We cannot copy a particular country, which is far advanced, only in the matter of life insurance. If efficiency can be improved, it is a two-way traffic. Let the LIC also improve its working in many ways. We are boosting up our business, but then I am told that the figures are generally inflated. It requires investigation as to whether these figures are correctly arrived at or are inflated figures, just to convince the people that the LIC is having an increased business much more than what was obtained in the previous year or in the year 1963.

So, I demand in this House that all action regarding the introduction of this machine should be stayed. This question should be properly discussed with the employees' organisations and thrashed out once and for all, and if it has to be implemented, it should be implemented not without the consent of the employees, but with the consent of the employees. I am sure the hon. Finance Minister or Shri Bhagat who is here must have referred this question once again to the

new Chairman of the Life Insurance Corporation, and I hope he will apply his mind and see that this is not implemented.

I was told the other day that this is automation without tears. The same thing was said when rationalisation was introduced in the textile industry. I am not opposed to rationalisation provided it is done in the correct manner. We were told by the then Chief Minister, of Uttar Pradesh, Dr. Sampurnanand, that there would be rationalisation without tears. Unfortunately, there was no rationalisation but there were only tears. That is what happened in Uttar Pradesh. So, I would ask the hon. Finance Minister to reconsider this matter. This requires re-thinking.

**Mr. Chairman:** The hon. Member's time is up.

**Shri S. M. Banerjee:** One minute more and I have done. The next point is about having more and more LIC buildings. They are wonderful buildings in Calcutta and Madras. If we see those buildings, we feel we are in America, in New York. They are sky-scrapers. Because the LIC cannot expand, so it is going up! 14 storeys, 15 storeys and so on and it is going to touch the sky after a few years.

**Shri B. R. Bhagat:** It is a good sign.

**Shri S. M. Banerjee:** Yes, but at what cost? There should be a proper enquiry into this whole affair. What is the money spent on the big multi-storied building in Mount Road, Madras and what is the money being earned from that building? Tenants cannot go there.

**Am hon. Member:** Why not?

**Shri S. M. Banerjee:** I request you to climb 14 storeys without a lift and you will know it!

When all these huge buildings are being built, there are no quarters for the LIC employees. So, I would request the minister to see that some-

thing is being done to the employees also.

With these remarks, I request him to reply to my questions.

**श्री उ० म० त्रिवेदी (मदसौर) :** मिस्टर चेयरमैन, मैं हिन्दी में बोलना पसन्द करता, लेकिन मेरे पास एक अजमेंट है जिसकी वजह से मुझे अंग्रेजी में बोलने की आवश्यकता पड़ी।

**श्री शिव नारायण (वांसी) :** जितना अंग्रेजी में है उतना पढ़ दीजिएगा।

**Shri U. M. Trivedi:** This judgment is with reference to this particular amendment brought before the House. This attitude of government of taxing people by the backdoor is a very novel method not obtaining in any democratic country. There are methods of taxation—Finance Bills are presented, people know what particular taxation will be levied and they can approve or disapprove of the measures. Year after year when the budget is presented, there is a financial statement in which all the expenditure and income are included and demands are placed before the House. But this method does not find favour with our government. Why should they fight shy of this proposition that they must tax the LIC, if they so want? There is income-tax corporation tax and on the top of it, is this backdoor policy of swallowing 5 per cent of the profits...

**Shri B. R. Bhagat:** Swallowing?

**Shri U. M. Trivedi:** What else? I will use the word "misappropriating" which was used by Mr. Dandekar, if you are pleased with it. Should the government be allowed to take away 5 per cent of the profits of the LIC? Was that the purpose for which the LIC Act was passed? Section 28 of the Act says:

"If as a result of any investigation undertaken by the Corporation under section 28 any surplus

[Shri U. M. Trivedi]

emerges, not less than 95 per cent of such surplus shall be allocated or reserved for the policyholders...."

It does not say "not more than", but it says "not less than". Who prevented the government from contributing everything for the use of the policyholders? Nobody. If the government actually wanted to do some good to the policyholder, it could have reduced the premium. Why tax the people by way of larger premium and then swallow their money? This proposition cannot go down my throat.

It is not possible for us to approve of this backdoor taxation. Government wants to take 5 per cent of the total income into the Consolidated Fund of India. That is why it is treated as a money Bill and the recommendation of the President under article 117 is appended to this Bill. If it is a Money Bill, it ought to have come before this House when the budget was presented. Not only that. You are giving retrospective effect to it. All retro-active laws are hateful laws, whether they are meant for providing penalty or taking away vested rights or taxing people. Every retro-active legislation is abhorred, but somehow or other the present method of taxing the people with retro-active effect has taken root, even though the Law Minister may not agree and the Supreme Court may not agree. The Supreme Court had said in so many words that this was never the intention of the LIC Act. If the government does not want to bow to the interpretation put upon it by the highest judiciary....

**Shri B. R. Bhagat:** We are bowing to it.

**Shri U. M. Trivedi:** You are bowing to it and taking advantage of it, you want to nullify the very interpretation which has been obtained by the appeal filed by the LIC. The LIC, i.e., Government of India sought

the interpretation of the Supreme Court and the Supreme Court said, "Yes; Mr. Oak is right". The interpretation put upon it is that this money was never meant to be utilised by the government as and how it liked and it should be only utilised for the purposes for which the preamble to the Act mentions. Nowhere in the preamble is there a provision that the government wants to make money out of the LIC. Poor men, who are not liable to any income-tax, who save their hard-earned money, which will go back to them under the provisions of the LIC Act, are being taxed to the extent of 5 per cent. Even the hard-hearted Finance Ministry will realise that money cannot be taken by the backdoor from the public in such a manner. It is a pernicious principle and not only the Finance Ministry, but the whole House must be watchful about it. Is it proper and democratic for a government to levy a tax of this type and take away money which belongs to the policy holders? It is not the money which is being collected from the public at large, but money realised from a particular section of the public, who have been deprived of their right to go to any other life insurer, because there is monopoly of life insurance by the government. Is this not leading our country to a monopolistic State or a dictatorial State by the backdoor? We must be very watchful about this. It may sound very nice to some people with curious ideas of socialistic pattern of society. I for one suggest that this is not socialism. Taking away public money by this method is not a socialist method. Socialistic pattern means:

महत्त्वं गुणं उत्सृष्टं चास्ते हि रसं रविः

If on that principle you take and give for the benefit of the country, then it will be socialism. But this is not socialism—taking away money collected from the people.

**Mr. Chairman:** The hon. member is exhausting his time on this one

point. He may come to other points also.

**Shri U. M. Trivedi:** This is the point which is to be stressed. We would have got 3 hours, but we did not press it. No time-limit has been fixed.

**The Deputy Minister in the Ministry of Finance (Shri Rameshwar Sahu):** The time allotted is only one hour and it is already over.

**Mr. Chairman:** Let us watch the progress. He has hammered that one point too much.

**Shri U. M. Trivedi:** I have hammered it so much because sometimes our Finance Ministry may also open its eyes, if you repeat the arguments twice, and look into them. Sir, this is what the Supreme Court says:

"Since the business of the Insurance Company merged in that of the Corporation, no separate valuation of its business was done. The Corporation as a person substituted, did business, and had actuarial surplus and the amounts were thus payable from that actuarial surplus.

The argument that s. 28 precluded the discharge of this liability and must be regarded either expressly or impliedly to bar recovery may now be considered. In fact, that was the only argument which was pressed upon us on behalf of the Corporation by Mr. Setalvad . . . . It was contended by Mr. Setalvad that the word 'surplus' here has the same meaning as the surplus in s. 26 and the High Court was in error in giving it an extended meaning. We accept this argument. The word 'surplus' here has the technical meaning which arises from the Insurance Act which is made applicable for pur-

poses of valuation by s. 43 of the Life Insurance Corporation Act read with Notification No. GSR 734 dated August 23, 1958. That meaning is also apparent from s. 26 of the Life Insurance Corporation Act quoted above. Indeed, the two sections are intimately connected. Under s. 28 the surplus which results from an actuarial investigation is to be disposed of by allocating not less than 95 per cent of the surplus for the policy-holders of the Corporation. The Corporation has its own fund to which all receipts must be credited and from which all payments must be made (s. 24). 95 per cent or more of the surplus is held in that fund on account of the policy-holders. The balance of the surplus, the section says, 'may' be utilised for such purposes and in such manner as the Central Government 'may' determine. We were told at the hearing that there is no special direction of the Central Government disposing of the entire balance. If this is the case the surplus would be available for payment of deposits contingent upon there being surplus. We were, however, told that the Life Insurance Corporation hands over its balance to the Central Government."

Now, this is what had continued from the very beginning of the Corporation. We may as well say, as Shri Dandekar put it, this misappropriation had continued for long. Now they want to justify that, what the court said was not justified. I should say that it is high time we realised that we should not go against a proper, legitimate and legal interpretation of a particular clause or particular sections of a Bill. This is not the first occasion that this has happened. This has happened over and over again. This Parliament being the watchdog of the rights of the citizens, it is very necessary that this interpretation which has been put by the Supreme Court must be accepted. If the Government think



[Shri U. M. Trivedi]

that it is necessary to take this 5 per cent or whatever is saved and they want to utilise it, let them bring forward a regular bill of taxation or make a provision in the Finance Bill by virtue of which they may take away the hard-earned money of the people.

**Shri Sham Lal Saraf:** Mr. Chairman, Sir, I have always welcomed the nationalisation of life insurance. While the Life Insurance Corporation has functioned very well, certain things have come to light about which I would request the hon. Minister to pay special attention.

Sir, while private insurance companies were handling this business, a number of things were prevalent in those days some of which were correct and some incorrect. One was the clandestine manner in which the commissions earned were distributed by known and unknown agents and others. I may submit that certain things are discernible even among the staff, particularly the field staff, of the Life Insurance Corporation today, towards which I would like to draw the attention of the hon. Minister.

Secondly, in regard to the services rendered to policy-holders, though they have improved in a number of ways, even now complaints are there. Where speedy disposal of cases is needed, particularly in fatal cases of insured persons, the payment is not forthcoming. I have come to know of a number of instances where the people had to face harassment and suffering in a number of ways and even then they could not get the money at the proper time.

Thirdly, as far as the Insurance Corporation is concerned, my hon. friend, Shri Trivedi has made out a very important and cogent point. As far as I can understand, the setting up of such bodies as the Insurance Corporation or the nationalisation of

business such as insurance business is a welcome thing from another point of view also, because the Government is able to utilise the funds for industrial and other Developmental purposes. That is the correct thing to do and we all welcome it. But the point that Shri Trivedi has made out is something to which I would like to draw the attention of the Government. The point is whether under the law, even after this Bill is passed, it would be permissible, under the Constitution. When we have set up this Insurance Corporation for providing certain facilities for the insuring public, without declaring it as a sort of tax or revenue that would accrue to the Government, to draw its surplus, in whatever way it may be, and appropriate it to the Consolidated Fund of the country. I do not know whether from that point of view the Minister of Law has examined it or not.

**Shri Jaganatha Rao (Nowrangpur):** We have examined it.

**Shri Sham Lal Saraf:** If it has not been examined, my first feeling is that we should pay attention to the point that has been raised by Shri Trivedi. I would be very happy if the hon. Minister, while replying to the debate, will clearly say, if there is any doubt in that quarter or has been done away with.

Another thing is the point that Shri Banerjee has made. I want that we encourage trade union movements. The Government has recognised the Insurance Corporation organisation of employees. Then it becomes incumbent upon the Government that when they resort to automation or mechanisation in certain respects—certainly I welcome such steps because without them we will not be able to come up to the standards of efficiency of other countries—to see that the representatives of the respective trade unions are also taken into confidence and they are also consulted. Their views on the steps that are to be taken, which may be to the ultimate

efficiency of the Corporation, should also be given due consideration.

Keeping all these things in view, I personally welcome this measure. Before I conclude I want to say one more thing and that is about the premium which is being so much talked about in the country. The life span of the insured is increasing. It has been corroborated by the Health Ministry reports also. Therefore, the time is ripe when some attention is paid to revising the scales of premium that is prevalent today, particularly in respect of the long-term policies.

Keeping in view all these points and the points raised by other hon. Members, I support this Bill in the hope that we will get proper explanations to the points that we have raised.

**Dr. M. S. Aney:** Mr. Chairman, Sir, I thank you for giving me some time to express my views on this measure. I was one of those who, when the idea of nationalising insurance companies was brought, were very suspicious about the wisdom of such a step. Because, I had thought that the life insurance business will prosper faster if the private companies are allowed to function as before; and if a public sector corporation is created and insurance is nationalised, probably it may not expand in the manner it ought to expand. But, in course of time, it seems to me that the working of the LIC has progressed and my apprehension that it may not come up to expectations has proved false. I am glad that it has taken place that way.

13 hrs.

The second point is the legal point which my hon. friend, Shri Trivedi has raised. He has actually quoted from the judgment of the Supreme Court which shows that the action of the Government in appropriating surplus to their advantage is very questionable under the law as it is today. In fact, it has ruled that Government has no authority to do it. This is not the first time that we have noticed

that whenever the Supreme Court gives a judgment which goes against the Government, instead of coming forward to accept the judgment like ordinary law-abiding citizens, they try to get round it. Suppose the original intention of the Government in bringing forward a Bill is not upheld by the Supreme Court, they immediately come forward with another Bill to nullify the decision of the Supreme Court. This is not the way in which a democracy should function. Real democracy depends upon the recognition of the authority of the Supreme Court and the upholding of its decisions. Government should always show respect to the judiciary. That is the point of view from which the Government should look at the judgments of the Supreme Court and not from the point of view of some immediate advantage or benefit. After all, they are the custodians of the Constitution. It is a dangerous idea for the Government of India to accept the Constitution whenever it is convenient and amend it whenever it is inconvenient. If that is the spirit of the Government, there may be anarchist forces which will make the position very difficult. Therefore, I want the Government to consider this question from the larger and broader point of view.

There is one more point. Government have embarked on Five Year Plans for the development of the country. One of the objects of the Government is that unemployment should be reduced as quickly as possible. Therefore, before undertaking any project they must always take into consideration whether that particular measure is likely to promote that particular object or not. I quite understand that in this age of automation and mechanisation of industries less and less people will be employed and a large number of people will become surplus. But Government should consider whether they are in a position to make proper arrangements for their re-employment. Otherwise, they should not rush in with mechanisation. From that point of

[Dr. M. S. Aney]

view, the remarks that have been made by Shri Banerjee and others are very pertinent. Government should not merely allow them to be a matter of record. They will have to give very serious consideration to that aspect before they can go in for mechanisation. I hear that even machines do not work properly, but I do not want to go into that at this stage. After making these few suggestions on this particular matter, I support this Bill.

**Shri Indrajit Gupta:** Mr. Chairman I thank you for giving me a few minutes. While listening to the course of the debate, I felt that I must add my voice to the criticism which has been voiced, from this side of the House mainly, to this amending Bill.

The legal aspect has, of course, been dealt with by my hon. friend, Shri Trivedi, and I do not wish to repeat that point again. I think he has quite effectively challenged the legal basis for the Statement of Objects and Reasons which has been attached to the Bill. Because, if an amendment were to be made at all, it should have been brought forward to section 9 of the Act. The amendment which the Government should have brought forward, if at all they wanted it, should have been to section 9 of the Act. It implies that there is some restriction on using the general life insurance funds for meeting certain other liabilities which have devolved on the Corporation. It is not a correct method to bring forward an amendment to this particular section 28 and thereby, as some other friends have said, to attempt as an afterthought—I would not use the term 'back door' because it is being done in Parliament; but certainly as an afterthought—to appropriate or misappropriate these 5 per cent surplus which will remain after the actuarial valuation to the Consolidated Fund of India. Here I am inclined to support the amendment which has been tabled by Shri Dandekar. I do

not know whether he has formally moved it or not

**Shri N. Dandekar:** It will come during the clause by clause consideration.

**Shri Indrajit Gupta:** The proposed amendment by him is quite acceptable. It says that on Page 2, lines 10 and 11 the words "paid to the Central Government or if that Government so directs" be omitted. Then it will mean that the remainder shall be utilized for such purposes and in such manner as the Government may determine.

**Shri B. R. Bhagat:** So, the Bill should not be there.

**Shri Indrajit Gupta:** I have already said that if you want an amendment it should be to section 9 and not to section 28.

**The Minister of Finance (Shri T. T. Krishnamachari):** That amendment is negative in character.

**Shri Indrajit Gupta:** Apart from the question that this 5 per cent should accrue to the policyholders—I have no objection if the Government does that—the point that I want specifically to urge upon Government with all my conviction, and for which I have asked for some time of the House, is, if any surplus is available, why should it not be earmarked for paying bonus to the employees of the LIC. I would request the Finance Minister to consider one point. Under section 32 of the Payment of Bonus Bill which has been passed by this House, the LIC has been specifically, and in my opinion thoroughly unjustifiably excluded from the provisions of that Bill. Section 20 of the Payment of Bonus Bill deals with public sector establishments which compete with the private sector. Now that the LIC has taken the decision to go in for general insurance business it ceases to be a non-competitive institution and it becomes an institution competing with the private sector, at least to the extent to which it is doing general insurance

business. Section 20 of the Payment of Bonus Bill says that if the income accruing to that establishment from such business which competes with the private sector is not less than 20 per cent of its total income, then those employees of that concern must be liable to receive bonus under that Bill. Despite this, under the provisions of section 32, the LIC as a whole has been given blanket exemption from the provisions of that Bill. I consider this to be a very unjustifiable measure and the only result of it will be that it will increase discontent and unrest among the LIC employees to a great extent. I would recall to the Minister that even in that Payment of Bonus Bill there is a provision under section 34 which says that notwithstanding everything else in that Bill, there is nothing to prevent an agreement being voluntarily entered into by the employers and employees in an establishment which can provide for payment of some bonus. There is nothing to prevent it there. Therefore I would say that if a surplus is found available after the actuarial valuation, let the Government set aside that amount for paying bonus to the LIC employees. Before the private life insurance concerns were nationalised, these people used to get various quanta of bonus from their respective companies. In the private general insurance concerns they are paid bonus. It is only when they become nationalised and come within the overall ambit of the LIC that their facilities of getting bonus are removed. This is having a very bad psychological effect and we, who stand for the public sector and for the strengthening of the public sector, very often find that in our own trade unions so much resistance comes from the employees to the very concept of nationalisation because they look at it only from the angle of their own benefits and facilities and they feel that if nationalisation means that they are going to lose the benefits and facilities which they were getting before nationalisation, why should they support the public sector at all. We have quite a difficult time explaining to them that there

is another aspect of the question.

Therefore, here I would suggest that this surplus, instead of being appropriated or misappropriated, as Shri Dandekar has put it, by means of this legislation to the Consolidated Fund of India, should be set apart and Government should use it whenever it is available either for paying bonus to the employees or for paying bonus to the policyholders or for other staff benefits. I do not see why certain staff benefits cannot be provided out of this surplus which are very much required. For example, there are, as Shri Bhagat knows, among the LIC employees a large number of very intelligent and energetic young men who would like to have some opportunity of practical training as actuaries and, therefore, actuarial training and so on can be given to them. Some schemes of training can be drawn up. There is the question of their housing as has been mentioned by so many other speakers. They can be provided with some rest homes or holiday homes for their families or rest homes for TB cases. Such schemes are there in so many other concerns and there is no reason why the LIC should not go in for these things. I think, rather than appropriate this amount, this amount should be set apart for payment of bonus and other benefits for their staff.

**Shri Kashi Ram Gupta (Alwar):**  
Mr. Chairman, I support Shri Indrajit Gupta's suggestion for payment of bonus to the employees. I go a step forward. When general insurance has been taken up by the Life Insurance Corporation in competition with others, the bonus question should be legalised in the same way. There is no question of 5 per cent appropriation or anything of that sort. The question is that the total amount earned by that business must be kept separate and the incidental charges on that should also be kept separate. Then the employees and the agents must get their due share out of it because this is wholly a competitive business that is to be taken up by the LIC. Not to give this facility to the employees

[Shri Kashi Ram Gupta]

and the agents will amount to their exploitation; nothing else.

Very many suggestions have been made about the 5 per cent appropriation. If there is at all a surplus, that should be counted on the basis of life insurance and this should remain quite separate from that. We must at least have a picture about benefits to the employees. Employees suffer from so many drawbacks, as pointed out by so many hon. Members. When they cannot get good houses to live in, when they cannot get other facilities as are provided to other people in Government service, when they cannot get the same security of service and there is no pension, then, of course, at least morally this Government is not entitled to have this 5 per cent in that way.

Then, I want to draw the attention of the hon. Minister to what is going on between the agents of the Life Insurance Corporation and the policyholders. Agents are in a way going to degrade the policyholders and the policyholders degrade the agents and the Life Insurance Corporation suffers. The agents generally take to giving the whole of the bonus premium in certain cases in the initial stages and the LIC has been a complete failure in checking it. The result is that so many policyholders crop up. What they do is that they get themselves insured and after one or two years stop it and then again try to get themselves insured only for getting the benefit of that premium from the pocket of the agent. That is a very bad thing. That is going up by leaps and bounds. When it is a nationalised corporation, Government should see that such things do not happen. They should devise means to stop it. They want to take steps to avoid evasion in so many ways, but when this thing is going on just on their own head, they do not care for it. They have got to see why all these things are going on. They will find that the main reason is that the agents, the employees and all these people

are underpaid. Still, this Bill has been brought forward to take 5 per cent out of this on this basis. There is no justification at all for taking out this 5 per cent in this way; rather, the justification is the other way round. The policyholders must be remunerated. Their premium rates may be brought down. The general insurance money share should go to the employees' and the agents' bonus and thereafter only the Government can be entitled to any money that is left behind; otherwise, the Government is exploiting in the same way as the other capitalists are doing.

**Dr. Melkote (Hyderabad):** Sir, I have received quite a number of representations on this point, both from the workers of the LIC and from the policyholders. May I place before you the viewpoint of the policyholders?

After nationalisation the amount of bonus that they used to receive has not increased very much. There are innumerable poor policyholders who insure their lives for a thousand rupees or so. The man who lives to receive the total amount at the end of the term—life insurance is usually for the benefit of the families of those who die due to accident and many other things—is a man who loses. It is these people that I have been thinking of and I would like to place before you their point of view.

Suppose, I had insured myself some years back for Rs. 1,000. At the time I insured and paid the money the value of rupee was something different from what it is today. If I had received that amount then, these Rs. 1,000 had a particular value. If I receive that amount today, the purchasing capacity of the same Rs. 1,000 is only Rs. 250 or Rs. 300. As against this, the amount of bonus that I used to receive or have been receiving—Rs. 14 or Rs. 20 per thousand—is such a meagre sum. If I had invested the same sum in a bank I would have received a return of 6-1/2 per cent, whereas the amount that I have been receiving is just 1.4 per cent.

Many people have pleaded the cause of the workers. I am speaking on behalf of the policyholders. The workers are engaged for the benefit of the policyholders. They say, "First of all I have to get the benefit. If they have to get the benefit, it is after I have got it. Therefore, whatever money is there after the actuarial valuation, cent per cent should be received by me for the simple reason that even today I am not getting what is due to me." This is the point of view of the policyholders. They further say that after nationalisation and even before that much of the money was invested in gold, Government securities and these things; therefore, it has always gone for improving the ways and means position of the Government. As it is, the Government is a beneficiary and therefore why should 5 per cent of the actuarial valuation should again go to them. This is what the policyholders say and this seems to be a very valid reason.

Coming to the working class who have been working there all along, I had occasion to see some of the computers in Belgium, England and other places. Where there were 2000 or 3000 workers before, there are now 15 or 16 workers working on them and none of them have complained of the inefficiency of the machines. If my hon. friend Mr. Banerjee complains against that, it may be that the men who man the machines are inefficient and, therefore, something has got to be done in that direction. It is not the machines that are bad. Here also, the policy-holder says, "Why not you introduce automation? Why not I get the benefit out of the money saved that is going to be paid to 2000 workers?". That is but natural from the point of view of efficiency and that he may get more money. It is perfectly clear that the policyholder who invests the money wants to save it so that he may get more benefit when he is old. On one side, the value of the money is corroded and, on the other, the money is taken away by the workers in the shape of bonus, etc. Why should he pay for them? This is the point of

view of the policy-holder which Government should take into account. Therefore, this 5 per cent has to be utilised for some other purpose. Government has got to think twice before doing it. The best they could do is to invite the policy-holders and ask them to give their opinion in a democratic way. This is the point of view of the policy holders which I would like to place before the hon. Minister and I would like him to reply to that.

The other point is about the people who are working in this field for the last two decades. If nationalisation has got to come in, it has got to come in now. Government has been asking the industry in different places to do this kind of business. They are operating in the field. If Government wants to operate in this field for purpose of efficiency, for purpose of giving more money to policy-holders, it has got to do in such manner that it is nationalised. Government can very well do it over a period of years. They can give benefit to the workers that are working there.

Another point is this that the workers in the L.I.C. were getting certain benefits before. There were certain mal-practices and the mal-practices still persist even after nationalisation. Why should not Government take measures so that these mal-practices are stopped? Government has been thinking of eradicating corruption and mal-practices. Here is the public sector, where public is completely concerned, where the mal-practices exist and it is here where the public is prepared to help Government in putting this down. It only means that Government or the management is inefficient here.

The last point is about the remuneration that the working class gets today. All the world over, this class gets sufficient remuneration, sufficient incentives, in the shape of pay, dearness allowance, housing facilities and other things. I, therefore, plead for these workers who are working in the L.I.C. that greater and greater attention be paid to them and that the bene-

[Dr. Melkote]

fit should first go to them. The argument of both the policy-holders and the working class is that they should be the first beneficiaries and that nobody else has the right to it.

I have placed these points before the Government for its consideration.

**Shri B. R. Bhagat:** Mr. Chairman, Sir, I am glad that a number of hon. Members chose to speak on this measure. I thought that this being a very simple and innocuous measure, it would not lead to such a long debate.

I am surprised at the objection raised by the hon. Member, Shri Trivedi, that we cannot legally take this 5 per cent of the surplus for Government purposes and I am greatly surprised at the support that he got from the hon. Member, Shri Indrajit Gupta. I think Mr. Trivedi would not have objected if this 5 per cent surplus would have gone to the share-holders in the pre-nationalisation days and, in fact, it was more than 5 per cent that was going to them, that is, 7-1/2 per cent or even 10 per cent. He would not object to that. But if it comes to Government and comes to the Central fund, he objects to it. But I do not know how Mr. Indrajit Gupta could prefer private companies' share-holders to a larger number of people, the public, which are benefited by any accrual to the Central fund.

**Shri Indrajit Gupta:** I didn't say that.

**Shri B. R. Bhagat:** That is the implication. He did not realise the implication of this . . . (Interruption).

**Shri Sham Lal Saraf:** It is not that.

**Shri B. R. Bhagat:** I heard you with great patience. I do not want to be interrupted.

**Shri Sham Lal Saraf:** You should interpret correctly.

**Shri B. R. Bhagat:** This is my interpretation. He says, it is a money Bill.

This is, of course, a money Bill and that is why we have got the order of the President under article 117. What is the harm in it? This brings me to the basic point raised by the hon. Member, Shri Dandekar, who is an expert and he goes very minutely into this question. I think—he gave the quotations of the earlier discussions—in certain matters he may be right because the word 'Corporation' used here by the then spokesman is somewhat misleading. I was a Member, right from the beginning, of the Select Committee and I was present in all the discussions and I know what was the intention. Leaving that, the basic point is that if that was not the intention, what was the necessity of having this 5 per cent. It was because the intention was that this should accrue to the Government—that was the reason—that this amendment was necessary. He has said about the amendment of Shri Tulsidas Kilachand. That amendment also reads like this, although he wanted 3½ per cent. . . .

**Shri N. Dandekar:** On capital.

**Shri B. R. Bhagat:** The amendment reads like this: "If any surplus emerges, dividend shall be paid on such surplus to the Central Government." That is the text of it.

**Shri N. Dandekar:** That is on capital.

**Shri B. R. Bhagat:** There is no mention of capital here. I am having the copy of the amendment. It says, ". . . to the Central Government." My point is that he also mentioned that it is the Central Government. It is true that the Minister in his reply may have tripped and may have mentioned 'Corporation' instead of 'Government'.

13.28 hrs.

[MR. DEPUTY-SPEAKER in the Chair]

That is not the point. I think in an earlier reference, Mr. Deshmukh used the expression "as the State's share." He has used that expression. My

point is that the intentions are absolutely clear and that was the reason why this amendment was brought in. Because the particular amendment, Section 28, could not carry the original intention, the Supreme Court, quite rightly, turned it down. It is precisely to make that intention clear that this amendment has been brought in. It is perfectly legal; it is actually being obeyed. The hon. Member said that we are disobeying the Supreme Court. We are not disobeying the Supreme Court; we are actually respecting the judgment of the Supreme Court and coming forward with this amendment to make the intention quite clear and to bring it in the proper form. Therefore, about this question of intention—if there is any doubt, it should be settled—the intention was clear right from the beginning.

Then, a number of points had been raised. Although they are larger points for this Bill, I would like to refer to some of the important points made. For example, the hon. Member, Shri Daji, referred to the recommendations of the Public Sector Undertakings Committee which went into the question of L.I.C. I can assure him that all the recommendations—he mentioned only one or two—are being very carefully examined in the Ministry and our views, when formulated, will be communicated not only to the Committee but also to the House.

There was a point raised about automation. I think our policy is very clear. It is true we are not as developed as any advanced country like America or other countries in Europe. Therefore, in all spheres of our economic activity, we may not have such mechanisation or automation. But the L.I.C. as a unit, has reached a scale of operation in which unless we introduce some of these machines or tabulators or other machines, the efficiency will suffer particularly when there is a complaint of the servicing being slack. To the extent it is due to the over-burdening of it by the scale of operations and the large number of

policies and other things being dealt with and such matters, this will help in improving the service of the LIC, which is very important; because, the policy-holder is concerned with the servicing of his policies.

And, therefore, we have made our position very clear that as a result of this we are not going to undertake any retrenchment and the existing employees will not suffer. I think this is a happy arrangement and we should accept the policy about this automation in that respect.

Then it was said that LIC is having very large buildings; skyscrapers. Well, they are having large buildings in cities like Bombay, Calcutta or even Delhi or other metropolitan cities oftentimes—in fact, not oftentimes, but always—since there are no lands available. Or, even if lands are available, it is at soaring prices, they are more highly priced than even gold. Therefore you cannot expand horizontally, and so you have to go up vertically. It is the economics of the matter that takes them to go in for multi-storeyed buildings. The point is, LIC will invest the funds. With regard to office buildings, and even with regard to residential buildings, there is a very acute shortage, and LIC fills the need. But they are primarily guided not by having any showpieces or by any other considerations, except that they put their investments in different baskets. These public buildings have an assured return, they have a particular return, and therefore from the policyholder's point of view they are quite good investments. Therefore, I do not think the hon. Member's objection to the LIC going in for house buildings or office buildings is a valid one.

Similarly, the point was raised that the LIC should build buildings for its employees. It is quite true, and the LIC had taken certain steps in this respect. For example, at least in the major cities they are going in for buildings for their employees, of all categories, officers down to the



[Shri B. R. Bhagat]

small staff. And in the major cities where the housing problem is acute, I think in future the LIC will step up its building programme for residential accommodation for its employees.

Then, a point was made about the targets. We are aware of this. It is true that LIC has made substantial progress, but in terms of targets they have not been able to achieve them. That is true, and we are looking into this question as to how in the future or in the coming years by streamlining and making it more efficient the LIC may be enabled to achieve the targets. I may mention this, that sometimes, particularly this year or last year, when the prices are rising and a severe dent is made into savings, whether in insurance or in individual small savings, it is difficult to achieve the target. But even then we have to make it up by going into all areas, rural areas or other areas, where money is being generated, so that the targets are fulfilled. This is a very important matter, and the Public Undertakings Committee have also referred to this. We are looking into this question, and we will come to this House with our formulations when they are ready.

Sir, with these words I recommend the motion for the acceptance of the House.

**Mr. Deputy-Speaker:** The question is:

"That the Bill further to amend the Life Insurance Corporation Act, 1956, be taken into consideration".

*The motion was adopted.*

**Mr. Deputy-Speaker:** We shall now take up the clause-by-clause consideration.

The question is:

"That clause 2 stand part of the Bill".

*The motion was adopted.*

*Clause 2 was added to the Bill.*

**Clause 3**—(Substitution of new section for section 28)

**Shri N. Dandekar:** I beg to move:

Page 2, lines 10 and 11,—

omit "paid to the Central Government or, if that Government so directs, be". (1).

Sir, my amendment seeks to delete the words "paid to the Central Government or, if that Government so directs, be" from the proposed section 28. The result of this will be that the operative part will read:

"...after meeting the liabilities of the Corporation, if any, which may arise under section 9, the remainder shall be utilized for such purposes and in such manner as the Government may determine".

Now, I would like to get out of the way, first of all, one objection which the Minister gave expression to, namely, that if the words which I seek the deletion of were deleted, the Bill is completely rendered useless, is rendered nil. I do not agree with that. I think the remaining clauses of the Bill, as also clause 3 subject to the deletion I have suggested, are necessary for certain reasons.

Clause 2 is intended to distinguish—now that the LIC takes on general insurance business as well—to distinguish its life insurance business from its general insurance business; so that, section 26 is now most specifically concerned with the valuation of life insurance business from time to time.

Clause 3, which concerns itself with amending section 28, would, as amended by me, have the effect that it has the same purpose as before, subject to this revision that out of the balance of 5 per cent of the valuation

surplus, the liabilities of the Corporation have to be met first that is to say the liability to the previous insurers in respect of certain liabilities outstanding under section 9; and for the rest, section 28, as amended by clause 3 but subject to the amendment I am making, would remain as before.

And then, of course, clause 4 will introduce appropriate provision as regards dealing with profit from general insurance which is a new line of insurance for the L.I.C.

So the criticism against my amendment and that it renders the Bill nil or useless is not correct. I would concede, of course that my amendment takes the teeth out of the Bill; or rather, that the fangs will be taken out of the Bill; I agree. The Minister tried his very best, in a rather lame and hesitant manner, to convince the House that that was always the intention, though, as I said, looking at it right from the introduction of the Life Insurance Corporation Bill up to its enactment, I was unable, even with a magnifying glass, to find this particular intention . . .

**Shri B. B. Bhagat:** Mr. Deshmukh said it.

**Shri N. Dandekar:** However, some kind of remark of Mr. Deshmukh has been trotted out, and there has been no contradiction of the proposition I have stated: first, that neither in the notes on clauses—and there were no notes on clauses on this Life Insurance Corporation Bill—; secondly, nor in the notes on clauses by the Select Committee; thirdly, nor in the clause-by-clause consideration when this particular clause 28, as it then was, came up for consideration was any express statement made that the Government intended to get hold of the five per cent of the valuation surplus for its revenues. On the contrary, the only sensible statement from Government was a straightforward one, which I am placing before the House, that the Bill provided

95 per cent of the surplus on valuation to go to the policy-holders and five per cent to the Corporation. That is precisely what I am suggesting. And, in fact, I did read out from Shri Tulshidas Kibachand's minute of dissent. He said that he was prepared to agree not that 3½ per cent of the surplus should go to the Government, but that in respect of Government capital invested in the Corporation it should be entitled to get 3½ per cent, which is perfectly reasonable,—that was the borrowing rate at that time, today it may be 5 per cent. I am quite content that on the money invested by Government, until that money is repaid, the borrowing rate must be charged. That is obvious commercial sense. But beyond that nothing is legitimate.

This clause seeks to do two things. In the first place, it seeks to regularise misappropriations that the Government may have made over the past few years, which the Supreme Court has held to be misappropriations, and, secondly, it seeks to legalise future misappropriations by saying, i.e., that five per cent would be appropriate this money.

Now, Sir, by the exclusion of these particular words, we should be reverting to the old position, namely, to Mr. M. C. Shah's statement in 1936 that five per cent is intended for the Corporation, plus a portion of the new part of section 28 which I am accepting, i.e., that five per cent would be utilised first to pay off some of the old liabilities, and the rest will remain with the Corporation.

Definitely the Supreme Court's ruling would remain. Government may not get hold of that money. What then is to be done with that money? There are a number of things that can be done. I think the matter was put extremely lucidly by Dr. Meikote. He said, both about this particular surplus as well as about the surplus resulting from general insurance, that there were

[Shri N. Dandekar]

two things to be considered. In the first place, in so far as the valuation surplus out of life insurance policies is concerned, the primary person to be considered is the existing policyholder and the second one is the major purpose of the Corporation, to spread the gospel of life insurance as widely as possible in as many new fields as possible—group insurance schemes, various types of family insurance schemes, all kinds of modern schemes that exist in the field of life insurance coupled with a number of other benefits. There is an enormous field to be cultivated in this and if the Life Insurance Corporation were allowed to use these moneys for those purposes—and were pushed into being so by a sort of debate that takes place in this House—then a good deal of the main purpose of nationalising life insurance would be achieved. There is no difficulty as to what we shall do with this balance of five per cent after discharging the old liability. Dr. Melkote, as I said, has put the matter in a very clear fashion as to what can be done.

Then comes the question of employees. I have always been and I continue to be, an opponent of nationalisation. But once nationalisation has taken place, I am as anxious as anybody else—in fact, most anxious; and this is one of the points that I have always maintained—that the workers should get a fairer deal from the public sector enterprises than they do from the private sector enterprises. I have received over the last week hundreds of telegrams from various public sector enterprises urging that the Bonus Bill should be extended to them. Life Insurance Corporation employees are among the largest group of employees who seem to enjoy the least of the various peripheral benefits that exist in many modern industries or commercial enterprises. The Life Insurance Corporation employees are the most unfortunate people. The debate as to whether you should nationalise or not is an altogether separate thing

from the question whether, once you have a nationalised industry, the employees ought or ought not to be treated not merely fairly but in an exemplary fashion. If nationalisation means anything to the employees, it must be an exemplary treatment, so that the whole larger complex of private sector can have some—standard to which one can point and say: "That is what you want to attain in terms of fringe benefits, peripheral benefits and so on for employees".

I, therefore, submit that the deletion of the particular words which I have suggested in clause 3 is essential; and only then, will the Government be really able to say that the moneys of the Corporation from life insurance will be used and shall be used for the purposes for which they were always intended.

**Shri B. R. Bhagat:** I do not agree with this amendment, as by taking these words out it will, as he himself admitted, revert to the old position and will make the position untenable. I, therefore, still feel that this amendment negatives the Bill as a whole.

As to the point about the conditions of employees, the hon. Member says that he has said that the public sector employees are not treated on par with private sector employees; rather the treatment given to the public sector employees is worse than that given to the private sector employees. I am prepared to join issue with the hon. Member and if the matter is left to the verdict of the workers. . . .

**Shri Indrajit Gupta:** Ask the employees.

**Shri B. R. Bhagat:** I think the hon. Member has completely gone topsy turby today. I am joining issue with Mr. Dandekar. I am saying that, if the matter is left to the workers of the industries, I have no doubt that the workers in the private sector will want nationalisation.

**Shri Daji:** That is a different thing.

**Shri B. R. Bhagat:** That is how the workers feel about it.

**Shri Daji:** Please do not mix up the two issues.

**Shri B. R. Bhagat:** Let us know the opinion from the person to whom the shoe pinches. I have no doubt that the workers will vote that the industry should be nationalised. That is my answer to Mr. Dandeker.

**Shri Daji:** The workers will not vote for it. The working conditions there are worse.

**Shri B. R. Bhagat:** I think the hon. Member is not speaking from his heart.

**Shri Daji:** The Bonus Bill has been passed. It exempts public sector undertakings from the payment of bonus.

**Shri B. R. Bhagat:** The conditions of employment in the public sector undertakings are a model for the private sector.

**Mr. Deputy-Speaker:** Shall I put the amendment to vote? I now put the amendment to the vote of the House.

*Amendment No. 1 was put and negatived.*

**Mr. Deputy-Speaker:** The question is:

"That clause 3 stand part of the Bill."

*The motion was adopted.*

*Clause 3 was added to the Bill.*

*Clause 4 was added to the Bill.*

*Clause 1, the Enacting Formula and the Title were added to the Bill.*

**Shri B. R. Bhagat:** I beg to move:

"That the Bill be passed."

**Mr. Deputy-Speaker:** The question is:

"That the Bill be passed."

*The motion was adopted.*

13.50 hrs.

### COAL MINES PROVIDENT FUND AND BONUS SCHEMES (AMENDMENT) BILL.

**The Deputy Minister in the Ministry of Law (Shri Jaganatha Rao):** On behalf of Shri A. K. Sen I beg to move\*:

"That the Bill further to amend the Coal Mines Provident Fund and Bonus Schemes Act, 1948, be taken into consideration."

The Coal Mines Provident Fund and Bonus Schemes Act, 1948 contemplates two schemes for the workers in the Coal-mining industry—one for giving them a quarterly bonus and the other instituting a compulsory contributory provident fund. While the bonus scheme has increased considerably the earnings of the coal labour, the Provident Fund scheme has catered to the basic necessity of social security by making provision for their old age. Both these schemes have contributed substantially towards development of a settled and contented labour force in a vital industry. Furthermore, the C.M.P.F. Scheme has played a very vital role in the economic development of the country by pooling the individual savings of a large community of workers and has provided a perennial source of finance for the planned development of our country.

The Schemes under this Act have made considerable progress during these 16 years. Originally the C.M.P.F. Act applied only to the States of Wcs' Bengal and Bihar but now it extends to all the coal areas in the various States, including their ancillary organisations. The number of subscribers to the Provident Fund has increased from 2.96 lakhs in 1948 to 4.25 lakhs in 1965. The rate of compulsory contribution to the Provident Fund has been enhanced from time to time and from 6½ per cent of the basic wages alone in the beginning it has now come up to 8 per cent of the total

\*Moved with the recommendation of the President.