

Dr. Suresh Chandra (Aurangabad): It has become normal.

Shri B. D. Pande: All work and no play makes Jack a dull boy. The Chair should not side with the Government; you are our elected 'President'.

Shri Kamath: You have not put the proposal to the House Sir.

Mr. Deputy-Speaker: I do not want to put it to the House. The hon. Finance Minister may move the next Bill standing in his name.

LIFE INSURANCE (EMERGENCY PROVISIONS) BILL

The Minister of Finance (Shri C. D. Deshmukh) Sir, I beg to move* :

"That the Bill to provide for the taking over, in the public interest, of the management of life insurance business pending nationalisation thereof, be taken into consideration."

This Bill seeks to convert into an Act the Life Insurance (Emergency Provisions) Ordinance, 1956, which was issued on the 19th January last. This was the first and preparatory step towards nationalisation of life insurance in this country. I shall now explain the reasons which prompted Government to take that major decision.

After reaching the decision to nationalise, Government considered the further action, whether any interim measures were necessary until Parliament discussed the relevant issues and passed the necessary legislation. Normally, of course, the procedure would have been to introduce a Bill incorporating a provision that transactions entered into by the management of companies after the date of introduction could be reopened by Government if it appeared that the transactions were *mala fide*. While such a provision would have been adequate for dealing with most other types of business, we felt that it would be inadequate in the case of life insurance. Our experience of the ways of the less scrupulous insurance management over the last several years had convinced us that such a provision would not prevent a serious frittering away of the assets. Insurance company managements would have had recourse to a number of ways

to enrich themselves, perhaps at the expense of the policyholders, and may be even the shareholders. Transactions could, be and almost certainly would have been, back-dated and documents manufactured to cover even misappropriations that might have occurred till then. Indeed complaints have reached my ears emanating from some managements that it was a pity they did not have another 24 hours in order to adjust the accounts. The misuse of funds is not confined to a small minority, as would be evident from an extract from a leading financial journal which I propose to read out. I may mention that the journal is one which is strongly opposed to nationalisation and had in fact criticised in no uncertain terms Government's decision in the very issue from which this extract is taken. I am quoting now.

"Thirdly, some businessmen who have been in the habit of speculation in shares with the aid of insurance companies under their control have been caught unawares. The practice of these persons has been to buy or sell shares first without telling the brokers on whose name the contracts are to be made. If the transaction resulted in a profit it was recovered in their name. If, however, it ended in a loss, it was entered in the name of the insurance company. It would appear that at the time the Government nationalised life insurance, some of these speculators had a long position in a number of well known counters or securities. As the Government gave no time for them to adjust the books of insurance companies, Mr. Deshmukh seems to have profited by his experience of the demonetization ordinance. (That was many years ago.) They had no go but to liquidate their purchases."

It is needless to comment on this very clear description of one of the well-known and well-established practices. But apart from this negative aspect, that is to say, preventing the further frittering away of the assets, we apprehended, and you will agree, not unreasonably, that even the better type of managements would lose interest in their companies. And during the period of some five to six months which might elapse between the introduction of the Bill and nationalisation, the interests of

*Moved with the recommendation of the President.

policy-holders might suffer in consequence. By taking over the management immediately, we felt that Government would be enabled to take the steps necessary to ensure both the normal working of the business during the interim period and also the eventual smooth and efficient integration.

Members are no doubt familiar with some of the things we found out or I should say we failed to find in insurance companies. In the case of one company, with the head office at Bombay, Government securities worth probably Rs. 30,00,000 were found missing. That was, I think, two days after we took over the management. Calcutta reported two cases where the amounts missing were Rs. 15,00,000 each. There is a fourth case from Uttar Pradesh where the managing director, who is purported to have with him some Rs. 12,00,000 worth of securities and cash belonging to the company, apparently for safe custody, has not yet found time to return to the head office or to hand over the securities. Meanwhile the police are on the look out in order to draw his attention to the provisions of the ordinance (*Interruption*). It is true, of course, that these misappropriations occurred before the issue of the ordinance, but if the ordinance had not taken these enterprising gentlemen by surprise, I am not sure if attempts would not have been made to cover these misappropriations by putting through suitable transactions which would have shown a totally misleading picture on paper. In making this statement I am drawing upon the experience we have gained from some other cases. In one case, just before the winding up was ordered, the manager sold Government securities worth over a lakh of rupees and purchased a piece of agricultural land for an equal amount. On further scrutiny the liquidator found that the alleged vendor had no title whatever to the land at any time, and in any case the land was not worth even a tiny fraction of the amount supposed to have been paid. In another case, Rs. 20,00,000 worth of Government securities were purported to have been kept in deposit with a bank. Later when the liquidator took over, he found, not the Government securities, but some shares the title to which was far from clear. Incidentally, the bank where the securities were supposed to have been held in safe custody and whose certificate had actually been produced before the auditors totally denied that at any time they held these securities in safe custody. In

other words, the bank certificate had been forged.

Shri Kamath (Hoshangabad): Forged?

Shri C. D. Deshmukh: Yes. It was precisely to take care of such things as these that we had to resort to an ordinance, and even then we had taken only the minimum powers necessary, and all the important provisions incidental to nationalisation were left over for consideration in the Life Insurance Corporation Bill.

Since this is the first and preparatory measure, the House will expect me to explain, however, briefly, the reasons which impelled the Government to take the major decision, nationalisation. This subject had been exciting people's minds for quite some time past. It had been the subject of comment in journals and amongst students of economics, leaders of industry and commerce and persons in other walks of life. The one disadvantage from which these comments have generally suffered is that a comprehensive view of the insurance industry as a whole has in most cases been lacking. Often the study has been from the point of view of a particular company or a particular class of insurance interests or has been prepared by an obviously academic writer divorced from the realities of the situation. We had an advantage in the matter in that the administration of the Act has afforded us an opportunity of taking an over-all view of the entire industry in its various ramifications. We were, therefore, able to appraise the point of view of the policy-holders, the shareholders and commission agents, and in fact, every interest concerned. And this broad appraisal showed that life insurance today was not being managed either efficiently or with an adequate sense of responsibility. We felt that a detailed enquiry was necessary into the affairs of the industry as a whole with a view to determining the measures necessary to place it on a sound footing.

I need scarcely assure the House that we entered on the study with no preconceived notions and it was conducted strictly on pragmatic lines. The questions we posed to ourselves were: Was life insurance functioning in India in the most efficient manner possible so as to attract the savings of the average man to the maximum extent? If not, what was it that prevented it from doing so?

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What was the nature of those shortcomings and how best could they be overcome by further tightening of control? Or alternatively, must they be regarded as inherent in the type of management found in life insurance in India? I can also claim justly that this study was a prolonged and comprehensive one. We took up the question first for active consideration sometime in 1951. We have been at it throughout the period. Even the first examination pointed to nationalisation as the obvious step. But we did not want to take a hurried decision. During this long period we considered every aspect of the case and every comment made and incidentally went on collecting our own experience of companies which we were administering. The conclusion that finally emerged confirmed our apprehensions. The industry was not playing the role expected of insurance in a modern State and efforts at improving the standards by further legislation, we felt, were unlikely to be any more successful than in the past. The concept of trusteeship which should be the corner-stone of life insurance seemed entirely lacking. Indeed most managements had no appreciation of the clear and vital distinction that exists between trust moneys and those which belonged to joint stock companies—that is to say, owned by the shareholders themselves.

I shall now give some detailed account of the reasons underlying this step and I can do that best perhaps by giving my concept of a well-run insurance company and then show how the insurance companies had failed to reach these standards. Firstly, the business must be conducted with the utmost economy and with the full realisation that the money belongs to the policyholder. The premium must be no higher than is warranted by strict actuarial considerations. The fund must be invested so as to secure the maximum yield for the policyholders that it may be possible to secure consistent with the safety of the capital. It must render a prompt and efficient service to its policyholders and by its service make insurance widely popular. Finally, the management must be conducted in a spirit of trusteeship, as I have said.

Now, take the first criterion. I think the record of our life insurance companies is poor. The ratio of expenses of management to the premium income for Indian insurers is 27 per cent compared with 15 per cent for companies in U.K.

and seventeen per cent in USA. Even statutory imposition of expense limits has failed to check extravagance. It has been claimed by companies that this ratio is high for various reasons but to me it seems that it is largely due to extravagance in the field. Most of the field agents are dummies and their main purpose seems to be to function as the channel for passing illegal rebates. The code of conduct which incidentally was framed by the industry itself tried to arrest this mad race for business by providing that there shall be only one intermediary between the agent and the branch office but the industry, I am sorry to say, soon got round this. Branches came to have several branch secretaries; joint branch secretaries and assistant branch secretaries multiplied and the scramble for business continued unchecked.

With all this high expenditure, one would expect that the policyholders were well served. But here also the record is not good. Post-sales service does not exist and lapses continued to be high. When a policyholder takes out a life insurance policy, he does not make a purchase in the sense that he purchases a share or any other article of necessity for current consumption. The premium is really a form of saving and when more than four annas in every rupee of this premium is spent in expenses and only twelve annas or less than that is paid, then the harm to the interest of the small saver can easily be imagined.

Then as regards the premium rates, they are about the highest to be found in any advanced country of the world. It is true that mortality rates are higher in India than perhaps many of those countries but even after making allowance for this, experts think that our premium rates are high.

Turning next to investments, we find that there are various inescapable malpractices; when for the first time in 1951 we obtained detailed returns of the investments made by managements, we were appalled by the picture that was revealed. Loans had been given on every type of security—good, bad and indifferent. Sometimes there was no security at all—loans on shares, on agricultural lands, on barges—which indeed was a floating security—, standing sugarcane crops and on libraries. With the tightening of the provision regarding loans in 1950, we thought that these tendencies would disappear. But they did not. Only they took to other forms.

Policyholders, moneys were used to finance enterprises irrespective of their intrinsic merits. There is unnecessary turnover of securities, grant of loans on inadequate securities, buying property at inflated prices, etc. These are some of the ways in which waste occurred or funds were jeopardised. House—properties and then possibly shares and debentures—some of these have no clear-cut market value—and investments in these categories offered considerable scope for malpractices.

All such investments and high expenses have taken their inevitable toll. During the decade 1944-1954, as many as twenty-five insurers went into liquidation and another like number had to transfer their business to other companies, in most cases with a cut in the policy contracts. I think one such case came before the House in regard to a foreign company. Further, even among the companies which are carrying on business today as many as seventy-five were unable to declare any bonus at their last valuation. This means that these insurance companies had spent not only the provision for expenditure made in their premium but also made inroads into the additional premium which the with-profit policyholders were induced to pay in the hope of getting bonuses.

Now, we may examine the claim of the insurance companies that they are second to none in what they have been able to do in publicising insurance in this country. I do not deny that they have done something. The point is this: Have they done enough?

On a careful assessment I do not think it can be maintained that the progress has been as it should have been. Life insurance is a social necessity, more particularly today when the joint family system which had been partly serving as an indirect insurance is rapidly disappearing and leaving the individual more and more exposed to economic uncertainty and insecurity. In other advanced countries insurance companies have schemes whereby persons of low economic means are enabled to take out policies for small amounts. The premiums under these schemes are payable weekly, fortnightly or monthly and are collected from door to door. This type of business is usually known as industrial assurance because they are mostly industrial workers. This class of business forms 40 per cent of the total life insurance business done in the United Kingdom, 35 per cent in Germany, to

quote two examples. In India this business has not even been attempted. There are 70 provident societies which profess to cater to the poorer sections of the community, but, in fact, they have hitherto only exploited them. The record of these societies is very dismal indeed. They numbered over 500 in the early years of the century and have now deservedly dwindled to 71. A majority of them are insolvent or nearly so, and the total assets barely equal a month's income of one insurer.

The *per capita* insurance in force is Rs. 25 in India as against Rs. 8,365 in the United States of America, Rs. 6,647 in Canada, Rs. 2,544 in Australia and Rs. 1,840 in the United Kingdom. Now, one might say that this is not a valid comparison at the *per capita* incomes in these countries, of course it is well known, are much higher. But even if we allow for this factor, by comparing the sums assured in force with the national income in each of the countries we find that in India the sum assured in force is only 10 per cent of the national income whereas for Canada the corresponding figure is 108 per cent and for U.K. it is 95 per cent. It is, therefore, clear that it is not the low *per capita* income in India which can explain satisfactorily the comparatively poor progress of insurance in this country. The reasonable explanation may be that the insurance companies, by and large were governed by short-term considerations and consequently their activities were confined to urban areas and there too perhaps to limited categories of people.

Now, in the matter of service to the policyholders many companies systematically postpone or avoid payment of claim until of course forced by legal means. In 1954 a thousand complaints were received by us in our department against various companies alleging delay or non-payment of claims. In Australia, where the number of life insurance policies is about the same, according to the report of the Commissioner of Insurance there was only one complaint in 1954 relating to non-payment of claim. A number of cases were referred to the Controller of Insurance under section 47A after the claimants had despaired of getting satisfaction from the insurance companies. In most of these cases the insurance companies were found to be in the wrong. Therefore, it is clear that here in India we have failed to live up to the high traditions associated with insurance all over the world.

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And, in respect of investments—for a relatively small investment we find that an individual acquires control over comparatively immense funds and this control alas has only too frequently been used not as trustees are expected to use it.

Now, it is claimed that the position could have been remedied by further legislation tightening supervision and control. All such control or regulation is negative in character. It can prevent what is demonstrably bad but it cannot raise standards. These must come from within and all that Government regulation can do is to foster the growth. In the United Kingdom, for instance, there is very little control over life insurance and yet they have the highest of standards. We started on the model of United Kingdom in 1912 but the principle of "Freedom and Publicity" was not found to be sufficient in our conditions to achieve the United Kingdom high standards. So, we had to undertake legislation for detailed State control. Therefore, a comprehensive—or what we thought was comprehensive—Insurance Act was enacted in 1938. At that time it was described as a Draconian piece of legislation and it was hoped that it spelt the end of all mismanagement as every war is supposed to end all wars. But, we had not reckoned with the ingenuity of some of the insurance managements. During the last 18 years the Act has had to be amended on as many as 10 occasions and each time a provision was tightened the resourceful management managed to find a way round it. For instance, with a view to preventing a life insurance company being controlled by an individual the 1950 amending Act limited the share holding of any one person to 5 per cent of the capital of the insurance company. Despite this the same individuals or groups continue to control the insurance companies as before. The Act was circumvented by holding shares in the names of family members, friends and employees. We indeed have very many experts in *benami* in this country. Again, a provision was inserted by the same Act prohibiting payment of excessive emoluments to officers of insurance companies. This provision too was circumvented by appointment of dummies, the whole or a substantial portion of their salaries being passed on to those who control the companies.

Now I will give another illustration. The Act prohibits granting of loans to companies where the directors of the insurance companies are also directors.

This provision has in some cases been got round by those companies floating debentures and the insurance companies being made to subscribe to these debentures. In one case the only subscriber to the debentures were the insurance companies concerned.

The ineffectiveness of legislative control is also brought out when we regard the business from a different angle. As I said 25 insurance companies went into liquidation during the last decade and another 25 had to transfer their business to other companies, in most cases with a cut in the policy contracts. 60,000 poor policy-holders of these companies suffered in varying degrees. Now I may mention the extreme cases. In the case of 11 insurance companies administrators had to be appointed to take over the management. The reasons for such appointments were fraudulent transactions, defalcations, loans to fictitious persons, reckless expenditure, insolvency, gross-management and so on. Some other companies were also ripe for similar treatment but action was not taken either because the managements were persuaded to set matters right or because of practical difficulties. So, the position thus is that we are as far away today as ever in attaining the standards achieved voluntarily in a country like the United Kingdom.

Had poor standards been confined to a small minority of companies further legislation might perhaps have been worth attempting, but I am sorry to say that the truly well-managed companies are a minority, a very small minority. Legislation and control therefore can no longer be regarded as giving us a reasonable chance of achieving our objective. The fact that the minority of well-run companies account for a considerable part of the business done does not in any way affect this argument, because lakhs of policies are today insecure affecting lakhs of families. There is no justification for allowing such a state of affairs to continue. Insurance is a business in which there ought never to be a failure and not a single policy-holder should ever find his life savings in danger. So, legislative control has been tried long enough and it would have been difficult to justify persisting with it any longer.

Insurance is an essential social service which a welfare State must make available to its people and the State must assume responsibility for rendering this service once it is clear beyond reasonable doubt that it cannot be provided in any other manner. So, while it is

the failure of the general run of insurance companies to live up to the high traditions demanded of them that has led Government to take this step, I would like to emphasise that nationalisation in this field is in itself justifiable. With the profit motive eliminated, and the efficiency of service made the sole criterion under nationalisation, it will be possible to spread the message of insurance as far and as wide as possible, reaching out beyond the more advanced urban areas and into hitherto neglected, namely, rural areas.

Life insurance gives to the insurer—it is a truism—a sense of security, but it also compels him to put by money for a rainy day. Today, less than 30 lakhs of persons in this country are insured. Even if we were to do no better than double this number, we shall have increased the savings significantly. Actually, the possibilities for expansion are even greater. The urban areas alone contain a much bigger earning population while the rural areas are as yet wholly unexplored territory from this point of view. It has been claimed on behalf of private enterprise that it was confident of increasing the total life business in force from a little over Rs. 1,200 crores to Rs. 8,000 crores, and the *per capita* insurance from Rs. 25 to Rs. 200 per head in the course of the next ten years. While I have very little doubt that the nationalised life insurance will be able not only to achieve it but exceed it, in doing so, we shall have made available for the implementation of our Plans—the second and the succeeding Plans—substantial sums of money from the people's own savings.

I come back to the ordinance and shall indicate what has been done so far since its promulgation on the 19th January. As you are aware, it vested the management of all life business in the Government and in order that there may be no dislocation of business, it was provided that the existing managements should continue to be in charge of the business but as agents of Government. They were allowed to carry on day-to-day business on their responsibility though in certain important respects, such as investment of funds or where any exception to the normal practice had to be made, they could act only with the approval of the authorised persons nominated by Government. These authorised persons were in position everywhere on the 20th of January.

We nominated and trained them secretly for a couple of months and they

had received orders to join their posts at a precise time indicated to them. So, there was no hiatus in the working of any insurance company. There has been a certain amount of speculation in the press as to how these persons reached their places on the 20th itself, and some wild guesses have been made about all those persons being flown by special plane. But let me state the prosaic fact. They travelled by train and they started moving out of Delhi from the evening of the 17th. Only a few travelled by air and they travelled by regular scheduled flights taking with them, to the persons to be authorised, their authorisation papers which were available only after the ordinance was duly promulgated. So I claim this secret was well kept. The point I wish to make is, our arrangements were designed to ensure that no inconvenience whatever was caused to the policy-holders, and I think we can claim to have succeeded in this. Immediately after the ordinance became public, we proceeded to appoint custodians to take charge of insurance companies. Some 126 insurance companies are already managed by custodians, and as this accounts for over 96 per cent of the total life insurance business, it may be said that management at the top is now directly in the hands of Government. Custodians have been chosen from amongst senior salaried staff of insurance companies. They are working together as a team under the general guidance of the Finance Ministry, and already there is emerging a common and uniform policy. As you know, uniform premium rates have been prescribed as also uniform types policy conditions.

In the matter of investment too, a uniform policy is being evolved. Advertisements have begun to appear commending insurance and its advantages generally; and not in one company. There have been suggestions that fresh business is at a standstill. I am glad to state categorically that that is not correct. After a short, a very short interval, fresh business has begun to flow in at a rate which is no slower than before, and as doubts are dispelled and the real position becomes clearer, the pace will accelerate as indeed it already is doing in some parts of the country. Meantime, it is also becoming clear that the claims are met promptly. No complaint has at any rate yet reached me on this score. I must of course add a note of warning. Policy-holders in companies which are insolvent will necessarily have to wait until the affairs of such companies are fully gone into. The Bill before the House

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virtually repeats the provisions of the Ordinance. We propose, however in the light of experience which we have gained during this brief period, since the 20th January, 1956, to seek some additional powers for the custodians on the lines of the powers enjoyed by the administrators appointed under the Insurance Act. It is obviously necessary that the custodians should be able to take action to recover monies which may be missing, in an appropriate and prompt manner, wherever such action becomes necessary. With these words, I commend my motion to the House.

Mr. Deputy-Speaker: Motion moved:

"That the Bill to provide for the taking over, in the public interest of the management of life insurance business pending nationalisation thereof, be taken into consideration."

The time allotted is 12 hours. I would like hon. Members to tell me how much time they want for the consideration stage and how much for the rest.

Shri Bansal (Jhajjar-Rewari): Ten hours for the consideration stage.

Mr. Deputy-Speaker: Then, will two hours be sufficient for the other stages? There are 16 clauses in the Bill. As yet, there are not many amendments except some Government amendments. Shall we have ten hours for the consideration stage? Then, what is the time for the third reading?

In the clause-by-clause consideration, once again the hon. Members should not think that the Speaker or whoever is in the Chair is hustling them. I would like to avoid that contingency. Therefore, let us have 8 hours for the discussion.

Some Hon. Members: Ten hours.

Mr. Deputy-Speaker: In the course of the discussion, I find hon. Members sending in a number of amendments. Very well, we will have ten hours for discussion, 1½ hours for clause-by-clause consideration and half an hour for the third reading. There is the other Bill also and I thought originally that both these Bills might be introduced and a common discussion could be held. But I understand this has to be passed immediately.

Shri Sadhan Gupta (Calcutta South-East): Mr. Deputy-Speaker, I rise to welcome this Bill with a mixture of satis-

faction and apprehension. Many arguments have been advanced on behalf of the insurance employers against nationalisation, some arguments even with an appearance of plausibility. But, even if all the arguments were right, which they are not, as I shall show later on, I would have supported this Bill, if only because it would at least put an end to the most unsatisfactory state of affairs, to say the least, in the insurance business. It would at least put an end to the corruption, malpractices and abuses that have marked the insurance business in this country.

[PT. THAKUR DAS BHARGAVA *in the Chair*]

The insurance magnates by investing a very paltry amount of capital have seized control of huge life insurance funds, which belong not to them, but to the policy-holders, most of them poor policy-holders, and with those funds they have found diverse means of enriching themselves. Attempts have been made, as the Finance Minister has explained, to curb them by way of legislation. It had been provided, for instance that a major portion of those funds—subsequently, by an amendment it was provided that half of those funds—would have to be invested in Government securities. You will be surprised to know how easily this inhibition was eluded. This inhibition of section 27 of the Insurance Act was eluded by a very simple process. The funds were invested in Government securities; then those Government securities were transferred by endorsement and the money was invested in other business. If there was fear of some check, the securities were re-endorsed and endorsed back again. There are many ways and I am only indicating one. The insurance magnates with the huge funds under their control freely indulged in speculation, totally unsettling the economy of the country. The way speculations have been practised has been stated by the Finance Minister by his quotations from the magazine *Commerce*. It is not the magazine of any political party. It is not the magazine of any party or faction advocating nationalisation. It is the magazine of a part of the business world. It is a financial journal which is bitterly opposed to nationalisation. It is that magazine that has revealed the way in which insurance magnates have speculated. The Finance Minister has read extracts from the article appearing there to show how the speculation was made by taking the profits in the name of the

individual and shifting the loss to the insurance company. Even apart from that, it appears from the same article that the insurance magnates also financed professional speculators. The magazine itself says that now that the Ordinance has come upon them suddenly, these speculators are in difficulty. The market has gone down against them and they are faced with the alternative either of bearing the losses themselves or of refusing to pay the dividends. It may be said—it has been said certainly by the insurance magnates—"Couldn't you legislate to check this? Could not you legislate to eliminate these evils from the insurance business? Why don't you do it?" For example, some insurance magnates have suggested, "If you do not like our investments, why don't you say that 100 per cent of the funds will be invested in Government securities?" The object is quite clear. If 50 per cent was not an adequate check, 100 per cent would not be a check either, because the investment in securities would be there, but there would be transactions on the securities themselves. Whether it is 50 per cent, 75 per cent or even 100 per cent, there is no difference.

The Finance Minister, I am afraid, has been very optimistic in saying that perhaps it might have been controlled by legislation. I will cite a statement of a colleague of his to show that that control was impossible. It was the Commerce and Industry Minister, who in a statement which appeared in the Press said like this :

"We have had a series of legislative measures controlling insurance, but we have finally felt that legislative control had become ineffective. . . . Ultimately, we have come to this conclusion for two reasons—undoubtedly one a negative reason—public funds of the policy-holders being misapplied—and the second, a positive one; we could devise no legislative hedge that could not be jumped over."

That, Sir, is the crux of the matter. I shall come to the other arguments, weightier arguments, in support of nationalisation. But even taking the point of view of the insurance magnates that it should be run on the basis of private enterprise under legislative control, this statement of the Commerce and Industry Minister is a complete refutation of their arguments and is a complete indictment of what they have done.

I have referred to malpractices resulting from the control of huge life insurance funds, malpractices of eluding the requirements of investment in securities and malpractices of speculation. I shall very shortly refer to another malpractice namely, the practice of employing sinecures or paying persons in authority for doing nothing at all.

3 P.M.

I shall not cite examples. I had cited some examples during the time of the amendment of the Insurance Act, I think, last session. I shall only hope that these sinecures will be eliminated in the course of nationalisation and a start will be made while the custodians are still in possession of the different insurance companies.

I shall now come to weightier arguments, arguments which are of greater consequence to our national life. Removal of corruption, removal of malpractices and abuses is a weighty argument indeed. What would be weightier from the country's point of view, from the national point of view are other matters to which I shall now refer. In the first place, nationalisation of insurance will make a huge fund available which, if invested in proper lines, would be of immense benefit to our national economy. At present, I understand that the life fund belonging to all the insurance companies amounts to Rs. 380 crores. This sum of Rs. 380 crores is not a joke in our country. Then, there is an annual premium income of about Rs. 55 crores, according to the latest figures. That premium income will go on increasing as it has gone on increasing according to our experience. It has been calculated that the rate of increase is 10 per cent over the increase of the previous year. This would be the rate of increase on the assumption that the insurance business will run as it has always run and there will be no improvement, no accentuation in the flow of insurance business. But actually, we can have an insurance business of a much greater volume in this country because, as yet, very little of our country has been touched by life insurance. We have an insured population which is about 1 per cent of the total population, while in advanced countries it goes on to about 80 per cent, for instance, in the United States. I do not say that we are likely to have an insured population to the extent of 80 per cent. But, certainly, we can go a long way and we can have much more than 1 per cent. We

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can increase the total volume of insurance which is today, I think, about 1,000 crores to about Rs. 8,000 crores, as the Finance Minister has just said. That, I believe, would yield an annual premium income of Rs. 350 to 400 crores, or in the neighbourhood of that. I am not speaking in exact figures. That gives an idea of the amount of wealth that would be in the possession of the nation for the purpose of being invested not in useless enterprises for the profit of the insurance magnates, but in really socially useful enterprises which will lead to the economic progress of the country. At a time when we are desperately looking for aid to foreign countries, when we are trying even to resort to deficit financing for the purpose of balancing our budget, is it a small fund to have so many hundreds of crores of rupees to improve our economy?

The second consideration is that it will help in the breaking of the monopoly that has grown up round the insurance business. I have already said how the insurance magnates, with a small share capital control huge funds. For example, the paid-up capital of a company like the Oriental Life Assurance Co. is only Rs. 6 lakhs. Yet, they have a life fund—I forget the exact figure—of, I think, more than Rs. 100 crores. Similarly, all the insurance companies, at all events, all the big insurance companies have a very insignificant paid-up capital in proportion to the life fund that they control. Again, they are linked up with banks and industrial groups. The Dalmias, Birlas, Tatas, and Jalans, have all their insurance companies, life insurance companies, general insurance companies and their banking companies. They are also industrial magnates themselves. This link between their concerns should be broken so that the funds are not diverted to channels which are not profitable to the nation.

There is another advantage which incidentally arises from nationalisation. You know the insurance companies hold considerable shares in many industrial undertakings. So much so that through nationalisation, Government will be able to establish control over a sizable section of the private sector. This is very important. Through this control, Government may channelise the resources in that sector to industries which come under their control. Through control over the insurance business, they can channelise the resources in that sector for purposes beneficial to the

national economy. That, although an incidental achievement, is not a very small achievement and Government should pay every heed to channelising these resources in the proper way.

These are the grounds why I look upon this Bill with great satisfaction. Because it is a Bill preparatory to the nationalisation of life insurance in this country, it cannot but give satisfaction to any person who is averse to corruption, and malpractice, and to any person who wishes the nation to have resources which are beneficial for its economic interests. But, as I said, I have my apprehensions also. I do not for a moment mean that my apprehensions are such that they would lead me to oppose nationalisation or to doubt the desirability of nationalisation. Far from it. My apprehensions are really that this desirable object may not be properly fulfilled. Therefore, I shall indicate why these apprehensions arise and what suggestions I have to remedy them.

You know that in the Ordinance and in the Bill which is now before the House replacing the Ordinance, there is a provision for the appointment of Custodians for the control of the business of the concerns taken over. That is, of course, necessary. Some one must be in control on behalf of the Government, but the kind of persons put in control of insurance concerns, at any rate of the largest insurance concerns, would fill every ardent supporter of nationalisation with apprehension.

Before I come to the individual concerns, I would like to place the principles which in my opinion should have guided the Government in appointing custodians. Government are proceeding to nationalise insurance companies. In nationalisation the first thing necessary when you appoint a custodian is that the person concerned should be an enthusiast for nationalisation. You know, Sir, that the insurance magnates have opposed nationalisation tooth and nail. They have given all kinds of arguments, philosophical, economic and what not, to oppose nationalisation and yet when you appoint a custodian if you appoint a person who himself is opposed to nationalisation, who himself has given expression to his views vehemently against nationalisation, can you expect the affairs of the institution to run smoothly? If he starts with the prepossession that nationalisation is a bad thing, it is not going to help anyone. Is anything going to be done if such persons are appointed

custodians? And yet in the biggest concerns, it is precisely this kind of persons who are appointed as custodians.

Let us take the case of the Oriental. Now, who is the custodian there? The chief officer of the concern, Shri Vaidyanathan....

Mr. Chairman: I would request the hon. Member not to criticise personally by particular names since the person criticised is not here to defend himself. It will be very difficult to make a distinction as well as to found a criticism against a particular person unless he is given an opportunity to defend himself.

Shri Sadhan Gupta: I thought I was not making any defamatory allegations.

Mr. Chairman: I am only warning beforehand because he will go to other companies also; he will name other persons also. It is quite right that he is indicating the qualifications of the persons who should be appointed. That is perfectly fair. But to come to individuals and criticise them that they do not answer this description will be invidious and unjust.

Shri Sadhan Gupta: In the Oriental a gentleman has been appointed. In 1945 he was the Superintendent of Insurance under the Government of India and while in that post he vehemently opposed nationalisation in an article published in the Insurance Year Book of 1945, and this article was reprinted in the *Capital* of 2nd February, 1956.

Shri Venkataraman (Tanjore): People change their opinions also.

Shri Nambiar (Mayuram): Will he change that is the question.

Shri Sadhan Gupta: People change their opinion, I agree, but in this case he wrote an article in the Annual Number of *Commerce* in 1955. It is only two months ago and there he reiterated it. So, I do not think anything has happened to make him change his opinion in this short time. If anything has happened, perhaps the Finance Minister will explain it.

Then, in regard to the custodian of the Hindustan Co-operative Society, another of the largest insurance companies, he not in 1945, not even in 1955, but in January 1956, in the insurance world wrote an article opposing nationalisation.

Then there is the case of National Insurance, another of the largest concerns, one of the big five. There, the custodian concerned made a statement in the press which appeared on the very same day that the Finance Minister's statement was published announcing nationalisation. In the same page, in one of the papers at least, in one column was the statement of the Finance Minister announcing nationalisation, and just beside his statement in the same page there appeared the statement of the gentleman who has now been appointed custodian of National Insurance opposing nationalisation. I hope he did not change after that. That was in the press on 20th January, 1956.

In the case of the Oriental, the chief officer of the concern has been appointed custodian. Just before nationalisation, and we can assume that in anticipation of nationalisation, the Oriental prepared a scheme of mutualisation which was a very interesting scheme. For every Rs. 100 paid-up share it was proposed to substitute a debenture of the value of Rs. 8,800 to carry interest at 4 per cent, and then the debenture-holders would retain control until, of course, the debentures were redeemed. That would have a very multiplicity of advantages. First of all, the rate of dividend would be 4 x 88, that is to say 352 per cent of the paid-up capital. Secondly, the debenture-holders would remain in control as they did as shareholders, and thirdly, if the question of nationalisation came, then additional compensation would almost certainly be given because of the higher value of the debentures. Now, with all these, to make a person custodian who must have been concerned with this kind of thing, is, I say, a very bad start for nationalisation indeed.

Another feature, the third feature I would say, is the appointment of custodians who form a sort of chain. What we find in Calcutta is that one gentleman has been appointed custodian of Metropolitan who was the chief officer of National. Then the Consulting Actuary of the Metropolitan goes to Aryasthan as custodian, and the chief officer of Aryasthan comes to National as custodian. What is more, they are mutual friends.

Shri Kamath: Mutualisation, I suppose.

Shri Sadhan Gupta: If some kind of defect arises in one concern, then it would be very easy for them to link up

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and cover up each other's defects. If defects are in each other's concerns, then it would be an additional incentive to them to cover them up. Is this the way to proceed with nationalisation?

Apart from these, in the matter of appointment of custodians...

Mr. Chairman: The hon. Member has already taken about 35 minutes. After all, there are other Members anxious to speak.

Shri Sadhan Gupta: Another matters is that the chief officers in many of the companies have been made custodians in others. That way, if there is any defect in that company, the custodian of that company does not have the chief officer concerned to give his explanation for the defect. Secondly, because the chief officer is the only person who has a comprehensive picture of the company, the custodian is in a soup, because he does not know anything and the other officers either do not know anything at all because they are connected with only sections of that concern, or they conveniently give the excuse that only the chief officer knows and that they do not, and therefore the custodian does not find out what is what in that company.

I have referred to custodians so far. My next point is regarding the reduction of policies. I do not know what made the Finance Minister announce that the policies may have to be reduced.

There may be a few companies which have assets which are less than the liabilities. But the point is that when we are taking over all the insurance concerns, there would be a surplus available, an overall surplus, with which we can certainly honour the liability of those who have no surplus. And what are these deficits? In many cases, they arise because valuable assets are undervalued and liabilities are over-valued. In the case of one insurance company, I know that valuable assets were transferred to the management as worthless at a very small price, and a collusive report was obtained from the auditor; and then it turned out that the assets were really valuable and the report was false.

In another case, mortgaged property was transferred to the management, and a report was obtained that it was dilapidated property; and it turned out, however, that it was very sound immovable

property, and very valuable at that. This is the kind of way that assets are undervalued.

Liabilities have been over-valued in one case, by assuming an interest of 2½ per cent in 1950, whereas in 1949, the company was declared solvent on an assumption of 3 per cent interest. You must remember that after 1949, it was a rising market for interest. The prices of Government securities were going down, and the bank rate had been enhanced in 1951 actually.

Even if there was no surplus available, I would say that the burden on Government in honouring these policies would be insignificant, and Government could not shirk the moral responsibility of granting the policy-holder a credit for his full policy. For, after all, is it the policy-holder who is responsible if the assets of the insurance company are insufficient? Government themselves are responsible for it. They have a Controller of Insurance to look after the affairs of the company; and the policy-holder was justified in relying on the Controller of Insurance; and if the Controller of Insurance has failed in his duty, the policy-holder should not be penalised.

Lastly, I would say that this kind of decision is a bad beginning for nationalisation. It shakes the confidence of the policy-holders in nationalised insurance, that is, the confidence of people whose goodwill the corporation has to depend upon.

The other bungling that Government have done is to determine the premium with reference to the Oriental rate, and at one rupee less than that rate. The difficulty has been that the Oriental prospectus has not been supplied to all the concerns, and the agents are in a soup about what the rate is. Secondly, all the agents are not familiar with the Oriental table of premium rates and commissions. Thirdly, it has created a misimpression among policy-holders that only the Orientals is the recognised concern, and that no other concern has the right to book policies. I have heard this complaint from agents; and agents are finding it difficult to procure business unless they happen to represent the Orientals. Fourthly, in the most popular policy of 20 years' endowment for the age group 30-50, 78 companies have lower premium than the Oriental according to the Indian Chamber of Commerce's note to the Finance Minister; and in some cases, the difference is about Re. 1 to Rs. 2 per Rs. 1000. According to the same

note, quite a few companies charge lower premia for whole-life policies. Fifthly, there is no scientific basis for the formula of one rupee less than the Oriental rate, for that premium rate will not be permanent, and the whole premium-system will have to be revised later on; and pending that revision, the present premia may be allowed to continue, for the agents will be in a better position to do business under the present premium.

Then, the treatment of the staff has not always been very desirable. For example, an employee of a particular company in Calcutta was asked to report at Ajmer within seven days of the notice. Now, this kind of thing cannot be done, because after all it is not so easy to wind up establishments and report at Ajmer within seven days' time. I know of at least three cases where the January pay has been stopped, and increment has been stopped.

There is another very serious argument against the way Government have proceeded to nationalise, namely the omission of the general insurance sector. Now, the reason for nationalising life insurance that has been given is the malpractice and the need to mobilise resources. Malpractices are even more rampant in general insurance business. The chairman of many general insurance companies and of regional insurance councils have admitted malpractices. Shri M. C. Shah himself has stated that income-tax to the extent of Rs. 1 crore a year is being evaded. The general manager of a general insurance company has confessed to me that there was no general insurance company which did not indulge in illegal rebating and other malpractices. In spite of that, that sector has been left alone.

If general insurance had been nationalised, we would have got a lot of investible funds. Fire insurance, for instance, records a net claim of less than 35 per cent in India. It is a very covetable thing. And that it is a profitable thing is clear from the fact that foreigners are very eager to come into the Indian market in respect of fire insurance.

Then, many of the foreign concerns would have been eliminated by taking over general insurance. There are 61 Indian general insurance companies as against 88 foreign companies. In marine and miscellaneous insurance, foreign companies have practically a monopoly.

Further, the non-nationalisation of general insurance companies would lead to the extinction of most of the subsidiary and composite general insurance companies. You know that the subsidiary general insurance companies were being fed by the corresponding life insurance companies. When the latter are withdrawn, the former would be deprived of the support and they would perish. The subsidiary and composite general insurance companies have achieved a great deal of economy by reason of the fact that the administration was carried on in conjunction with the life insurance companies; a small allocation was made to the general and the bigger share was borne by the life side.

Now that the two are going to be separated, the difficulty will be that the general insurance part of the composite concerns or the subsidiary concerns would have to bear the whole burden of the administrative expenses, which they would not be able to bear, and would close down. What would be the result? Huge retrenchment among its employees, discontent and discredit to nationalisation.

Fifthly, in allocating employees of the composite companies, what procedure would you follow? In the case of one insurance company—the National Insurance Company—I know they had no separation of the Life from the General department. A small volume of general business was being conducted by employees who were freely transferred from one department to another. How are you going to allocate them between the nationalised concern and the sector still left over in the hands of the insurer? And how are you going to allocate the share capital either?

Then the Government are already running two composite companies because an Administrator has been appointed to look after their business. So why could not they take over the general sector also? Now, Government will also have a controlling interest over many subsidiary general companies. Then if they had the general companies in their control, they would also succeed in directing investments on proper lines. As it is, investments are being grossly misdirected by general companies, into the details of which I have not the time to go.

I would also say here that not only insurance but banks should also be nationalised and the Government should look to that part of the suggestion.

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Now, I would make a few suggestions to improve the administration of the nationalised concerns and to make nationalisation popular among the people. The first thing is that the existing Custodians who are against nationalisation should be replaced by Custodians who have enthusiasm for nationalisation. Secondly, Custodians must be given entire control over the *ex-Chief Officers* and those Chief Officers must be available to them for rendering explanation at all times. Then the link between Custodians should be broken at once. Fourthly, there should be no reduction in policy. It is not necessary because the liability can be met from available surplus, and in any case, it is not a great burden on the Government. Fifthly, there must be a direction to Custodians to run business on efficient lines and to take the co-operation of the employees through Unions where Unions of employees exist or otherwise where they do not exist. They should establish contact with the All India Insurance Employees' Association. That Association has warmly supported and enthusiastically welcomed the proposal to nationalise, and it will be in a position to give them valuable assistance in conducting the nationalised concerns. The Custodians must be directed also to pay particular attention to disbursement of claims promptly, to disbursement policy loans and surrender values. Sixthly, the old premium rates should be reintroduced for the time being pending introduction of new rates on a scientific basis. Then there should be full protection of the privileges of the employees and their trade union rights, and behaviour towards them should be decent and honourable. In particular, all agreements reached between the *ex-authorities* and the employees should be scrupulously honoured. Agreements which were nearly completed and could not be completed on account of nationalisation should be completed, industrial disputes between employees and the concerns should be expeditiously settled at all levels and transfers should not be made without compensating the employees for losses due to transfer. In any case, transfer should not be made in the way it was done in the case of the company in Calcutta I referred to where people were asked to report at Ajmer in seven days' time. Steps should be taken to level up disparity of wages between different classes of employees. Where concerns had no fixed scales, some increment should be given to employees because there had been considerable exploitation

by these concerns. No employee should be retired before he reaches the age of 60. Where no retirement benefit is provided for in those concerns, retrenchment benefits or gratuity should be given in accordance with the Industrial Disputes Act. Then there should be a thorough examination of accounts of the last three years in suspected cases of mis-application and the guilty should be punished. This examination should be done in co-operation with employees who will render assistance very gladly. At this stage, no investment other than investment in government securities should be permitted, except in the case of *bona fide* agreements by the authorities which preceded nationalisation.

Mr. Chairman: Most of these matters will be the subject-matter of the other Bill. For example, conditions of service.

Shri Sadhan Gupta: The difficulty is this. They are serving under the Custodians now and difficulties are arising regarding conditions of service. These are certainly the subject-matter of the other Bill, but also relevant to this Bill because the Custodians have to keep these things in mind.

Now, I would say something about the compensation proposed. I could not for the life of me see what is the necessity of paying these companies compensation for taking over the management at such a heavy rate. One rupee for every Rs. 2,000 of the premium income is an extremely heavy compensation. I worked it out in the case of the Oriental, I think, and it would come to about 1/12th or so of the entire paid up capital. In any case, I do not see why such a heavy compensation should be given, because when we nationalise the concerns, we will give them compensation, and a very small compensation should be enough for the purpose of taking over the management.

In conclusion, I would say that the Government have made a bad start with nationalisation, so bad indeed that the wildest dreams of the enemies of nationalisation have been satisfied. Yet, this kind of evil should not at all be a concomitant to nationalisation. If you do away with bureaucracy, if you introduce an efficient and flexible administration without red-tape, nationalisation will be a success, not only be a success but will be a great asset to the nation. The best thing you can do is to take the co-operation of the employees in this respect. The employees are enthusiastically for nationalisation. They will

serve you loyally and they will see that the administration is efficiently run. Take their co-operation, take the co-operation of the Unions, take the co-operation of their all-India Association, the All India Insurance Employees' Association, in improving their lot, in discovering misfeasances and in punishing the guilty and in devising ways and means of serving the policyholders, and success is assured for the nationalised concerns.

Shri M. S. Gurupadaswamy (Mysore) : I have listened carefully to the first part of the speech of the Finance Minister. There he explained the reasons why the Ordinance had to be promulgated as a preliminary step to the nationalising of life insurance companies. He stated that in view of the complications and the kind of business that is carried on in the insurance world there is no alternative but to issue an Ordinance. I have no quarrel on this point because I feel that the circumstances which prevailed in the insurance world had left no other alternative but to take this step, that is to issue an Ordinance as a first step towards the nationalisation of insurance business. But I object to the method of approach made by the Government in regard to this problem. I do not deny the importance of nationalisation and also the need for it. But, I have to say that this attempt on the part of Government to nationalise insurance is not a complete step. There is no comprehensive approach to tackle this problem.

All of us are aware that only life insurance is going to be nationalised. The other kinds of insurance business would be left safely in the hands of private entrepreneurs. I do not know what reasons weighed with Government in resorting to only partial nationalisation and not full nationalisation.

The party to which I belong all along stated inside the House as well as outside that there should be immediate nationalisation of both insurance and banking. We insisted that both insurance and banking should be nationalised wholly because both these institutions are like the linchpin of the apple cart of our national economy. They control the levers of national development and they constitute very vital elements in our national life. So, we have stated that both banking and insurance companies should be nationalised and one cannot be divorced from the other. Today what are we doing? Government is content

with nationalising only a very small part of the insurance business and gives complete freedom for the rest of the insurance business; and there is no assurance—there is no indication—that steps would be taken, at least in the immediate future, to nationalise the remaining sector. Further, there is no indication also that the banking business would be nationalised.

I always hold the view that insurance and banking are responsible for some of the unregulated developments—or may I say the undesirable developments—in the field of business. When money is in the hands of private individuals and when there is no sufficient planning and proper judgment over the matter of spending or investment, there would be naturally chaotic investment or unregulated utilisation of funds. So, we said, that in view of the nature of the activities which the insurance companies and banking institutions have to carry on, it would be desirable that the whole system should vest in the hands of Government or in the heads of public bodies. I would therefore consider this a very paltry step in the direction of nationalisation.

The hon. Finance Minister said that his approach in nationalising this sector of life insurance business was considered on pragmatic basis. But I have to say that this pragmatic approach or empirical approach has been responsible for the muddle-headed—or may I say planless—thinking in the matter of nationalisation. Unless we accept the ideological basis for nationalisation we cannot bring about a complete and satisfactory scheme for nationalisation. Before nationalising a thing one should have heart in it. One should give full thought and full mind to it. The very pragmatic approach takes away that element of seriousness and it will make the whole scheme appear as a non-ideological plunge in which the nation may not have more than casual interest. So, I would say that this pragmatic approach should be given up and there should be a proper ideological approach to the whole question. However, I do not want to make ideology a fetish. I do not want that for the sake of ideology we should go on experimenting with all things. Ideologies should be considered and should be viewed from the point of view of practicability. That I agree. But there should be some ideological basis for any action. Even for a pragmatic approach there should be some

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ideological basis. I am very sorry to notice that this is entirely lacking on the part of Government.

If you look at nationalisation in some of the other countries you would see that in no country except, I think, New Zealand, and to a certain extent, France, there has been an honest attempt towards full nationalisation. In France, when this matter of nationalisation came up before the National Constituent Assembly, the Government argued that the insurance business would leave enormous funds in the hands of private people and this accumulation of huge capital in the hands of private individuals would give such a considerable power to them that in the long run they may prove perilous to the very economy of the State. The Government also argued that the money that is in the hands of these companies does not belong to the shareholders. Even in India the shareholders' money is very insignificant or considerably small when compared to the policyholders' money. The major portion of the money is derived from the latter class. So, the Government of France stated that the policyholders should have all the benefit or most of the benefit of insurance business, but unfortunately in the private management only the shareholders would rule the roost and reap all the benefit. That is why the Government of France thought that the only way of protecting the policyholders and giving them all the benefits of insurance and also of enlarging the insurance for the benefit of the public is by nationalising insurance. They also considered the question of the nationalisation of banking. Unlike our Finance Minister, the Finance Minister of France thought the without nationalisation of the major portion of banking mere, nationalisation of life insurance would mean nothing and would not carry them any further. So, the Government of France thought that nationalisation of banking also should go hand in hand with nationalisation of insurance.

In the case of New Zealand, an attempt has been made by the Government of New Zealand to nationalise certain sectors of insurance. I have got here the various types of insurance business they have nationalised already. The working of nationalised insurance in New Zealand has given us certain indications by which we may be profited. In that country, nationalisation of insurance had led to too much of bureaucratisation. And bureaucratisation is the enemy number one of nationalisation. If

only nationalisation is to lead to bureaucratisation or bureaucratic control of the entire sector, then nationalisation has no meaning. And my party does not encourage or want bureaucratisation in the form of nationalisation. That is not socialism. I may say that we regard that bureaucratisation is a great danger to socialism.

An Hon. Member: What is the hon. Member driving at?

Shri M. S. Gurupadaswamy: In New Zealand this has been very much appreciated by certain sections of the public. Now they are thinking that there should be less of bureaucratic control or departmental control; and to achieve this they are considering the question of having corporations for the different companies when they are nationalised. Supposing there are half a dozen companies privately owned and privately run, when you nationalise those companies, each insurance company would be treated separately, that is, a separate board of directors would be appointed, of course under the aegis of the Government. Similar consideration has been bestowed in other countries as well. In the short time at my disposal I cannot give the history of nationalised insurance in various countries, but I may refer to these things in detail when the next Bill is taken up for consideration.

In India, when we are now nationalising life insurance business, I would suggest to the Finance Minister that sufficient thought should be given to this aspect, that is, what type of structure or machinery we should have for handling this nationalised business. The Finance Minister gave certain reasons why there had been great reasons impelling Government to issue ordinance. In referring to these reasons, may I point out one thing? He said that in certain companies various types of misappropriation and misuse of funds were noticed. That is true, and I do not disagree with it. May I point out one thing which came to my notice just a few days back? I was told—I am subject to correction—that before the ordinance was issued, a very big man or a representative of a very big insurance company approached the Government to know whether there would be such an ordinance. The Government took him into confidence and he was told that there would be such an ordinance. I was told—again I am subject to correction—that sufficient time was given to that gentleman to keep his records in order or rectify wrongs in the accounts, and before the

ordinance was issued, he was asked to be ready so that he might not be caught for any illegal act. If that is true, it is a very serious matter.

Shri S. V. Ramaswamy (Salem): May I know the basis for this information?

Shri C. D. Pande (Naini Tal Distt. cum Almora Distt.—South-West cum Bareilly Distt.—North) : Assumption.

Shri S. V. Ramaswamy: The hon. Member is charging the Government of partiality to individuals. May I know the source of his information?

Shri M. S. Gurupadaswamy: I do not want to name the person or name the company, and I do not like to be dragged into discussion. That is why I said in a general way that a representative of a company approached the Government to know whether there would be such an ordinance issued.

Shri S. V. Ramaswamy: This is a very serious allegation against the Government.

Shri M. S. Gurupadaswamy: I am not yielding. If that is not true, I would like to be contradicted and I would be happy if that is done.

Mr. Chairman: The general rule is that if an hon. Member wants to make an insinuation or to state a fact, then he should be perfectly sure of what he is speaking about. The only basis for making this allegation against the Government seems to be that he has heard it from some quarters. He is perfectly entitled not to name the person.

I am only requesting him not to make any allegation of this kind unless he is perfectly sure and he has got good basis or solid foundation for such an allegation. That is all that I can say at this time. By the hon. Member saying he does not want to disclose the source of information this insinuation becomes worse.

4 P.M.

Shri M. S. Gurupadaswamy: I cannot produce any record nor is there any other evidence with me.

Shri S. V. Ramaswamy: May I submit that it is very easy to make an insinuation like that. . . .

Mr. Chairman: Order, order. I am only asking the hon. Member not to make such insinuations.

Shri S. V. Ramaswamy: May I request that this portion of the debate may be expunged? This is a serious allegation against the Government.

An Hon. Member: It means Government is approachable.

Mr. Chairman: This is not the subject matter for discussion. I have already asked the hon. Member not to indulge in such allegations.

Shri M. S. Gurupadaswamy: I do not want to pursue this matter further. I have already said that it was a hearsay and my friends need not feel upset very much about it. If it is wrong or false let them say so; I will be satisfied.

Now by leaving a large sector of insurance still in the private hands, you would encourage the same type of fraud or misappropriation. The Finance Minister said certain bad things in respect of life business. If they are true, they may be true in a lesser degree in respect of other insurance business.

Shri Asoka Mehta (Bhandara): In a greater degree.

Shri M. S. Gurupadaswamy: I would say that this partial nationalisation of life business without nationalising the remaining field would render nationalisation meaningless and farcical. The Government might have been influenced only by the consideration of money for the Plan; life business gives a lot of money—crores of rupees. Moreover, it is less risky. Government can manage life insurance in a comparatively easy way. But to manage and run marine insurance, accident insurance, crop insurance or cattle insurance and the like is difficult. If Government wants to give the benefits of insurance, by taking it in its own hands, why confine it to life business only? Why not take up other matters and other fields also. The risk involved is of course great. In life insurance, the risk is rather very little. For instance in the case of marine insurance the amount to be paid may be very high. There is greater danger and so greater risk. It seems Government does not want to shoulder the greater risks and responsibilities. That is why it is shirking and does not want to nationalise other insurance business.

Even in regard to life insurance, we have at present some instances of State-managed or owned insurance. I know how it is managed in my own State. There is the life insurance department

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managed by the Government. The management is not of a very high standard which we could emulate. Government or State management there does not compare very well even with some of the private insurance companies.

Shri K. K. Basu (Diamond Harbour) : That is why Mysore is being merged with Karnataka.

Shri M. S. Gurupadaswamy : That is why I say this bureaucratisation or departmental management may not be a good substitute or proper remedy. Instead of departmental management and control, insurance business should be run and conducted by corporations. One corporation does not solve the problem. Our country is so vast and there are thirty-six crores of people and our intention is to give insurance benefits to one and all. If that is our actual aim, it would be very difficult for one corporation to give those benefits to the public. My suggestion therefore is that small companies may be amalgamated with big companies and for each such body, there should be a separate board of directors.

Today, what is happening in the case of air corporations? There are two corporations. I was one of those who pleaded for only one corporation in the beginning because I thought at that time that by having one corporation for the whole thing, it would be easy to exercise control, and bring about economy and good treatment to employees and so on. But now I have heard complaints that even these two corporations are big enough. I suggest that we should take the experience of other nations in this regard. The small companies may be amalgamated with the big and we may have four or five corporations. If this is done there will be sufficient competition among them. If there is only one corporation, there will be no competitive element left. Even in Government-owned industry, there should be an element of competition. Otherwise there will be no efficiency, no economy and no healthy growth of business. There should be about half a dozen corporations competing with each other so that there may be standard.

Shri Heda (Nizamabad) : What about the railways?

Shri M. S. Gurupadaswamy : If you want my views on railways, I would say there should be three or four zones. I do not want the Railway Board itself to manage such a colossal enterprise. The entire railway should be split up

into different zones and there should be zonal management of railways instead of central management.

Mr. Chairman : Let us be more relevant.

Shri M. S. Gurupadaswamy : I was diverted. I would suggest that we should adopt that method and there should not be extensive departmental control and management.

Finally I would appeal to the Finance Minister to consider whether it would not be feasible to bring the entire insurance business under nationalisation. I would also suggest to him that banking cannot be divorced from insurance business. Banking and insurance are two wheels of the economic chariot. Both of them should be taken under public control and management. The expansion of public sector should not only cover life insurance business but also banking and other sectors of insurance.

श्री बी० डी० पांडे : (जिला मलमोड़ा—उत्तर-पूर्व) : सभापति महोदय, वैसे तो मैं भारम्भ में ही यह स्पष्ट कर दुं कि मैं इंड्योरेंस जैसे जटिल विषय के सम्बन्ध में बहुत ज्यादा नहीं जानता हूँ लेकिन तो भी एक बात तो उनके इस कानून से स्पष्ट है कि उन्होंने बंदूक के एक बार से इतनी बड़ी मुर्गी मारी है कि वे मालामाल हो जायेंगे, राष्ट्र संपत्तिवान हो जायगा।

एक माननीय सदस्य : मुर्गा या मुर्गी ?

श्री बी० डी० पांडे : मुर्गा या मुर्गी कुछ ही कह लीजिये जो आपकी तबीयत चाहे, लेकिन इसमें कोई शक नहीं है कि श्री सी० डी० देशमुख ने बहुत बड़ा शिकार मारा है। और हमारे उस और बैठे हुए कम्युनिस्ट भाइयों को तो खुशी होनी चाहिए और इस मेजर (विधान) का क्रतई विरोध नहीं करना चाहिए क्योंकि आज तो हम सब लोग रूसी होगये हैं। यह जो इंड्योरेंस कम्पनीज का राष्ट्रीयकरण हुआ है, नैशनलाइजेशन हुआ है, यह वास्तव में श्री बुलगानिन और श्री रुइश्चेव की जीत हुई है और आज हम सब उनके घेले बन गये हैं। मैं स्वयं कोई कैपिटलिस्ट (पूंजीपति) नहीं हूँ लेकिन हमें उनकी निन्दा न करके उनको इस बात के लिए धन्यवाद देना चाहिए कि उन्होंने बहो हमारे देश में इतने सारे उद्योग धंधे स्थापित किये और इंड्योरेंस को जन्म दिया उन्होंने उसको पाला पोसा और हमको करोड़ों रुपये इसके जरिए पैदा करके दिये हैं और इस

नाते हमें पूंजीपति भाइयों को गाली नहीं देनी चाहिए, बल्कि उनको धन्यवाद देना चाहिए। गाली अगर देनी है तो डालमिया को देनी चाहिए जिसके कि पाप से उनके ऊपर चौका फिर गया। गाली उनको देनी चाहिए, लेकिन श्री बाकी पूंजीपतियों को नहीं देनी चाहिए। इस विषयक का एक विपरीत प्रभाव यह अवश्य पड़ेगा कि प्राइवेट सेक्टर (गैर सरकारी क्षेत्र) काम नहीं करेगा और प्राइवेट लोग कोई कारोबार नहीं हथियायेंगे क्योंकि वे जानते हैं कि ज्योंही उनके पास रुपया इकट्ठा होगा, सरकार उनसे छीन लेगी। इसका बुरा प्रभाव यह होगा कि हमारे लोगों का ब्रेन (मस्तिष्क) ग्रहड़िल (सुस्त) हो जायगा, लोगों का ब्रेन काम नहीं करेगा और हमारे लोग कोई नया कारोबार नहीं खोल सकेंगे। यह बात भी हमें सोचनी चाहिए।

में कोई कैपिटलिस्ट, सोशलिस्ट या कम्युनिस्ट नहीं हूँ, मैं तो एक साधारण कांग्रेसमैन हूँ लेकिन पुराना भादमी होने के नाते मैंने पुराना जमाना देखा है और इस नाते मैं आपको बतलाता हूँ कि आखिर इस देश के पूंजीपति बर्ग ने जो धन पैदा किया, वह नैशनलाइजेशन करके हमारे हाथ लग गया और इसलिए हमको उनको बुरा नहीं कहना चाहिए। बल्कि उनको सदा अपने साथ बनाये रखने का प्रयत्न करना चाहिए ताकि वे लोग फिर अपने पैसे को उद्योग धंधों में लगायें और फिर पैसा पैदा करें ताकि अवश्यकता के समय फिर वे हमारी सहायता करें। हमें इनको अपना दुश्मन नहीं बनाना चाहिए। यह पूंजीपति तो हमारे कमाऊ पूत हैं और हमें इनको अपनाना चाहिए। हमें इनको दुतकारना नहीं चाहिए।

सरदार ए० एस० सहगल : (बिलासपुर) : कामधेनु गाय है।

श्री बी० डी० पांडे : जी हां। आप उदाहरण के लिए चार भाइयों में बराबर बराबर धन बांट दीजिये, इक्विटबल डिस्ट्रिब्यूशन आफ वेल्थ की ध्योरी (धन का समान वितरण का सिद्धान्त) के अनुसार आप बराबर बराबर चारों भाइयों में पैसा बांट देते हैं। आपके देखने में आता है कि दो भाई तो अपना सारा पैसा शराबखोरी और बेश्यागमन आदि दुर्व्यसनों में गवा देते हैं, अपने हिस्से की जायदाद को फूंक देते हैं लेकिन दूसरे दो भाई कमाऊ पूत निकलते हैं और वे उस पैसे को अच्छे कामों में लगा कर और धन उपार्जन करते हैं। इसलिए सर्वत्र आप पायेंगे कि कमाऊ पूत का आदर होता है और

उसको ठीक समझा जाता है और उडाऊ पूत को कोई ठीक नहीं समझता।

यह जो १५ तारीख को नेशनलाइजेशन रूपी एक बम फेंका गया उससे हम सब लोग चकित होगये। मैं मोटर में जा रहा था कि मेरी टोपी को देख कर एक भादमी ने यह कहा कि कांग्रेस वालों ने आज, यह इंस्योरेंस छीन लिया है और अपने वास्ते नोकरी की एक और नई मद खोज ली है। मेरा कहना यह है कि हमें लोगों के दिलों से और दिमागों से इस धारणा और भांशंका को हटाना है कि हम पक्षपात करते हैं और इस व्यवसाय में अपने ही भादमियों को भरती करेंगे। यह जो अपने ही लोगों को भरती करने की भावना लोगों के दिलों में हमारे लिए है, उसको हमें हटाना है। हमको सबको समान रूप से रोजगार सुलभ करना है। साथ ही यह भी परम आवश्यक है कि जब सरकार हमारी संपत्ति छीन रही है, तो उसको हमारी विपत्ति भी छीननी चाहिए। हमको पद मिलना चाहिए, पैसा भी मिलना चाहिए और प्रतिष्ठा भी मिलनी चाहिए क्योंकि राज्य का धर्म तो धन, धान्य, यश, कीर्ति बहुपुत्रलाभम् है। इनको तो राजा प्रजा को ग्रहण करावे। दूसरा राज्य का धर्म क्या है वह यह श्लोक बतलाता है : "रोगं, शोकं, दुःखं, दरिद्रं च दूरे परिहरिमस्तु" इनको राज्य को हटाना चाहिए। राज्य को धन, विद्या, सुख, शान्ति स्थापित करनी चाहिए। राज्य का यह कर्तव्य है कि जब वह लोगों से उनकी संपत्ति छीन रहा है तो उनको सब तरह की भोजन, कपड़े, और बच्चों की शिक्षा आदि की चिन्ताओं से मुक्त कर वे और उनकी विपत्तियों को हरना चाहिए। आज सब लोग जानते हैं कि बच्चों को पढ़ाना कितना खर्चीला है ? मैं जब पढ़ता था तब २०, २५ रुपये महीने में कालिज की पढ़ाई हो जाती थी लेकिन आज मुझे अपने लड़के को कालिज की पढ़ाई करने के लिए २०० रुपया माहवार भेजना पड़ता है। आज की शिक्षा व्यवस्था कितनी अधिक खर्चीली हो चुकी है कि जिसका अनुमान नहीं किया जा सकता। मेरे जमाने में होने वाले शिक्षा व्यय में और आज होने वाले व्यय में जमीन आसमान का फर्क है। आज आवश्यकता इस बात की है कि सरकार जब हमारी सम्पत्ति हरती है तो उसको हमारी बुद्धि को नहीं हरना चाहिए और उसको भी सारी व्यवस्था योग्यतापूर्वक चलानी चाहिए। सरकार जो व्यवसाय चलाती है उसमें उसको विशेष सावधानी और सतर्कता से काम लेकर चलाना चाहिए जिससे उनमें उसको लाभ हो और धाँटे

[श्री. बी. डी. पांडे]

की नीबित न आये। जिस समय श्री सी० डी० देशमुख आर्डिनेंस (अध्यादेश) लाये थे तो उसमें तो यह कहा गया था कि सब कर्मचारियों का मान, प्रतिष्ठा और पद सब सुरक्षित रहेगा लेकिन बाद में ऐसा कहना कि हम सोचेंगे कि किस को निकालना है और किस को रखना है, यह चिज अनुचित है। बिना जांच के, बिना चरित्रहीनता का दोष लगाये किसी को नौकरी से निकालना ठीक कार्य न होगा। अभी जो हमारे एक मित्र ने यहां पर कहा है कि वे सारे काम करने वाले चरित्रहीन हैं, दुस्त नहीं हैं, और ऐसा आरोप करना बिल्कुल अनुचित है। अभी हमारे श्री साधन गुप्त जो बड़े विद्वान व्यक्ति हैं उन्होंने बड़ा सुन्दर व्याख्यान यहां पर दिया है लेकिन मैं यह कहे बगैर नहीं रह सकता कि उनका यह आरोप न्यायसंगत नहीं है और अनुचित है। उन्होंने कहा है कि आप पुराने कर्मचारियों को हटा दीजिए, नरसिंह राव को हटा कर वहां पर हरिसिंह राव की रखिये लेकिन मैं उनसे नञ्जतापूर्वक निवेदन करना चाहूंगा कि इससे काम नहीं चलेगा, सरकार को बीमा कम्पनियों में काम करनेवाले कर्मचारियों पर मुख्य तौरसे निर्भर रहना होगा और जाहिर है कि सरकार के यह जो आई० ए० एस और आई० सी० एस० के लोग हैं, वे इस काम को नहीं चला सकते हैं। इंडोरस के व्यवसाय को तो यह हमारे पूजीपति आई ही सफलतापूर्वक चला सकते हैं। हमारे वैद्यनाथन तो बड़े योग्य प्रादमी हैं और जब हम और हमारी सारी सरकार रूसी होगई, जवाहरलाल जी ने एक डंडे से सब को ठीक कर दिया, तो यह यकीनी बात है कि वे भी अपने विचार बदलेंगे और अपने को वर्तमान परिस्थिति के अनुसार ढालेंगे। सभी को अपने विचार आज की परिस्थिति की देखते हुए बदलने पड़ेंगे और निश्चय ही वे भी बदलेंगे। और मैं अपने कम्युनिस्ट दोस्तों से भी नञ्जतापूर्वक निवेदन करना चाहूंगा कि वे भी अपनी मोल्ड प्रीजूडिसिज (पुराने ढेपों) को छोड़ें। मैं सोशलिस्ट, कम्युनिस्ट या उपद्रविस्ट नहीं हो सकता। इस वृद्धावस्था में भगवान के चरणों में पड़ कर अपनी शेष जिनदगी बिताना चाहता हूँ। मैं किसी की मान, प्रतिष्ठा या धन नहीं लेना चाहता और मैं तो अपने उन मित्रों से भी हाथ जोड़ कर कहूंगा जो हमको तानोंकी दाबत देते रहते हैं और मिचं खिलाते रहते हैं कि उन्हें भी आखिर एक दिन भगवान के वहां जाना है और इसलिए वे जो सदा इस तरह की बातें सोचा करते हैं, उनसे बाज आयें। मैं किसी से

बिगाड़ करना नहीं चाहता हूँ।

सरदार ए० एस० सहगल : कम्युनिस्ट लोग तो भगवान को मानते ही नहीं।

श्री बी० डी० पांडे : सरकार को यह उचित है कि कोई व्यक्ति अपने पद से न निकाला जाय और उसकी मान और प्रतिष्ठा न छीनी जाय और जनता में यह जो सरकार के प्रति आशंका फैल रही है कि नेशनलाइजेशन करके सरकार इसमें अपने आदमियों, बचा, भतीजों और रिश्तेदारों को नौकरियां दिलायेंगे, उसको भी दूर करना चाहिए और जहां तक संभव हो वर्तमान कर्मचारियों को उनके पदों पर क्रायम रख कर उनसे काम को ठीक तरीके पर चलाना चाहिए।

एक ट्रिब्यूनल होगी जो अच्छी तरह से जांच करेगी कि कोई आदमी दुश्चरित्र तो नहीं है, चरित्रहीन तो नहीं है, कोई आदमी रिश्तत तो नहीं खाता है, इस की जांच करने के बाद अगर कोई आदमी निकालने लायक होगा तो उस को निकालना होगा, नहीं तो नहीं निकालना होगा आखिर वह भी तो हमारे ही भाई हैं, कोई दूसरे तो नहीं हैं। वही तो हमारी राज्य व्यवस्था को चलायेंगे। अगर कोई बेईमान है तो उस को गवर्नमेंट से निकाल देना चाहिये। लेकिन अगर हर एक आदमी को बेईमान हम कहेंगे तो फिर आखिर कहां से प्रादमी आयेंगे राज्य चलाने के लिये? वह हमारे ही भाई हैं, अच्छी तरह से राज्य चलायेंगे, अगर यह काम चल गया तो रफ़ता रफ़ता बैंक भी इसी तरह से चलेंगे, अगर एक दम से हम इतना धन बटोरना चाहें तो वह तो नहीं हो सकता। पहले एक चीज को संभाल लें फिर अपने बैंकों को भी संभाल लें, उस के बाद जितने मकान वाले हैं, दो दो, तीन तीन लाख की हवेली लिये बैठे हैं, उन की बारी भी आयेंगी। हम ने सब राजेमहाराजों के राज्य छीन लिए, जमींदारों की जमींदारी भी छीन ली : मैं अभी हैन्सर्ड में बूढ़ने का प्रयत्न कर रहा था कि आखिर वहां पर राज्य ने किस तरह से चीजों का राष्ट्रीयकरण किया है। यहां पर तो हम ने आर्डिनेंस पास कर के एक दम से पूरे बीमा व्यवसाय को ले लिया। मैं आर्डिनेंस राज्य के भी खिलाफ हूँ। जैसे उत्तर प्रदेश में जब जमींदारी छीनी गई तो यहां पर एक प्रस्ताव किया गया और उस के अनुसार वहां पर एक कमेटी बैठाई गई, उस ने इन्क्वायरी (जांच) की तो पता चला कि जमींदार लोग अपने किसानों के साथ अच्छा बर्ताव नहीं करते हैं और बैठे बैठे खाते पीते हैं। उन के ऊपर बहुत से इल्जामात लगाये गये, उस

के बाद विधेयक बना, उस पर वहाँ पर बहसें हुईं, सब कुछ हुआ, तब जा कर जमींदारी खत्म की गई। वैसे ही यहाँ पर भी होना चाहिये। एक दम से इस प्रकार का प्रस्ताव नहीं होना चाहिये कि फ्राडिनेन्स के जरिये से किसी चीज को समाप्त कर दिया जाय। मैं कोई कान्स्टिट्यूशनल (संविधानिक पंडित) पंडित नहीं हूँ, इसलिये मैं ने लाइब्रेरी में जा कर हेन्सर्ड में भी बुडने का प्रयत्न किया कि आखिर वहाँ पर प्रायरन (लोहा) और कोल (कोयला) को नेशनलाइज करने के लिये क्या कोई फ्राडिनेन्स पास किया गया था। लेकिन मुझे हेन्सर्ड में कहीं भी नहीं मिला कि कोई फ्राडिनेन्स वहाँ पर इस के लिये पास किया गया हो। फ्राडिनेन्स जो होता है उस में एक बदल होती है, वह एक तरह की आटोक्रेसी, एकाधिपत्य है प्रजातंत्र (डिमाक्रेसी) नहीं है। डिमाक्रेसी तो यह थी कि हम यहाँ पर उस पर बहस करते, उस के बाद सब लोगों को राजी कर के, कैपिटलिस्टों (पूंजीपतियों) को भी राजी कर के, उन की चीजों को छीनते। डिमाक्रेसी के माने तो यह है कि उन को अपनी तरफ खींच कर के, नकि डरा धमका कर कि अगर ऐसा न करोगे तो छः महीने की सजा हो जायेगी आपना काम करते। डराना धमकाना तो वही नीति है जैसा रामायण में कहा है :

विनय न मानत जलधी जड गए तीनि दिन वीति
बोले राम सकोप तब भय विनु होत न प्रीति ॥

वह तो ऐसा हो हुआ कि घूम फिर कर हिंसा में आ गये। इसी तरह से हम लोगों ने इंग्लैंड को ले लिया है। लेकिन मैं यह कहूंगा कि उन लोगों को जो कि आप के धारण में आये हैं, अब जिन का धन सरकारी हो गया, विचार सरकारी होगा, कारबार सरकारी हो गया, सब कुछ सरकारी हो गया, लोग सब प्राज्ञाकारी सेवक होंगे, सरकार की नोकरी में रहेंगे। चूंकि आज तक उन को सरकारी नौकरी नहीं मिली थी इसलिये वह प्राइवेट सेक्टर (गैर सरकारी क्षेत्र) में जाते थे, सरकार के पास उन को नौकरियां देने के लिये इतनी जगह नहीं थीं, अगर यहाँ से भी निकाले गये तो यही होगा कि दोनों दीन से गये पांडे, न हलवा मिला न भांडे। ऐसा नहीं होना चाहिये, उन का मान, मर्यादा, प्रतिष्ठा सब कुछ सुरक्षित होनी चाहिये। मेरा यही निवेदन है। यही मैं अर्ज करूंगा कि मैं तो बूढ़ा आदमी हूँ, भगवान के यहाँ जाने वाला हूँ, यही चाहता हूँ कि देश खूब फले फूले, भ्रानंद से रहे और हम सब लोग मिल

कर भ्रानंद से रहें। इधर से उधर बदलने में गड़बड़ी होगी। जो जहाँ है वहीं रहे, बाद को देखा जायगा।

◀ श्री भनिरुषभ सिंह (दरभंगा-पूर्व) : माननीय वित्त-मंत्री ने जो फ्राडिनेन्स लगा कर बीमा व्यवसाय के प्रबन्ध को सरकार के हाथ में ले लिया है, उस के लिये मैं उन को धन्यवाद देता हूँ और उन के इस कार्य के लिये उन की तारीफ करता हूँ। यह ठीक है कि इस व्यवसाय से संबंधित कुछ व्यक्तियों ने सरकार की इस कार्यवाही के खिलाफ भी राय जाहिर की है, जैसा कि पिछले कई महीनों के बीमा व्यवसाय के सालाना जलसे की रिपोर्ट को पढ़ने से मालूम होता है। किन्तु धाम तौर से बीमा व्यवसाय के राष्ट्रीयकरण के इस प्रथम चरण का व्यापक क्षेत्र में स्वागत ही हुआ है।

यह बात सर्वमान्य है कि किसी भी देश में निजी अथवा सार्वजनिक क्षेत्रों में पूंजी छिपाने का काम सब से ज्यादा बीमा व्यवसाय ही करता है। खास कर वैसे देशों में जिस की राष्ट्रीय अर्थ व्यवस्था प्रारम्भिक तथा प्रिमिटिव स्टेज से गुजर रही होती है। हमारा देश भी अभी उसी अवस्था से गुजर रहा है। अतः यह लाजिमी था कि राष्ट्र की छोटी छोटी वस्तुओं को भी राष्ट्रीय उत्थान के काम लगाने के लिये बीमा व्यवसाय का प्रबन्ध सरकारी हाथों में लिया जाय। पश्चिमी देशों के बीमा व्यवसाय के इतिहास को देखने से भी पता चलता है कि जब उन राष्ट्रों में आर्थिक संकट आया है तो बीमा व्यवसाय ने आर्थिक संकट को हल करने में बहुत ही सक्रिय सहयोग दिया है, और इसलिये भी मैं सरकार की इस कारबाई का समर्थन करता हूँ।

इस देश के बीमा व्यवसाय का इतिहास १०० वर्ष से कम का ही है, यह बात सही है कि प्रारंभ में हमारे देश की कंपनियों को बहुत कठिन संघर्ष का सामना करना पड़ा है। इस देश के बीमा व्यवसाय को विदेशी सरकार से सहायता मिलना तो बुरा रहा, पग पग पर विदेशी कंपनियों का मुकाबला करना पड़ा। अतः आज इस व्यवसाय के प्रारंभिक अग्रणी के सामने हमारा माथा झुक जाता है। बीमा कंपनियों के प्रबन्ध के सरकारी हाथ में आने से पहले हमारे देश में अच्छी और बुरी दोनों तरह की कंपनियां थीं। कुछ कंपनियां हमारी ऐसी थी जो अन्तर्राष्ट्रीय ख्याति प्राप्त कर चुकी थी, और हमारे देश के लिये गौरवस्वरूप थीं। उन का व्यवसाय विदेशों में भी होता था। किन्तु दुःख के साथ कहना पड़ता

[श्री अनिरुद्ध सिंह]

है कि हमारी कुछ कंपनियों का प्रबंध सन्तोषजनक नहीं था। ऐसी कंपनियों में पालिसी-होल्डरों के हित को सर्वोत्तम नहीं माना जाता था। इस का परिणाम यह हुआ कि ऐसी कंपनियाँ बहुत ज्यादा प्रगति नहीं कर सकीं। यह बात सब जानते हैं कि कुछ एक कंपनियों को छोड़ कर तमाम कंपनियों व्यक्तिगत प्रभाव में थी। ऐसी कंपनियों में पालिसीहोल्डरों के हित को प्रथम स्थान न दे कर व्यक्तिगत स्वार्थों की ओर अधिक ध्यान दिया जाता था।

Mr. Chairman: Obviously, hon. Member is likely to take some more time. The House will now adjourn and will re-assemble at 5 P. M.
4-30 P.M.

The Lok Sabha then adjourned till five of the Clock.

The Lok Sabha re-assembled at Five of the Clock.

[MR. DEPUTY-SPEAKER in the Chair]

GENERAL BUDGET, 1956-57

The Minister of Finance (Shri C. D. Deshmukh): Sir, I rise to present the statement of the estimated receipts and expenditure of the Government of India for the year 1956-57.

I have had the privilege of presenting so far five annual Budgets of the Central Government, which reflected to a very large extent the financial implementation of the First Five Year Plan. There has been considerable transfer of revenue resources from the Central Government to the States, both on the recommendation of the Finance Commission and as statutory or discretionary grants. Moreover, loan assistance given by the Central Government to the States towards their capital expenditure has been progressively increasing. The Central Government has been enabled to do this by the discriminating approval of Parliament to the Taxation measures put forward by Government from year to year, as also by the judicious augmentation of our financial resources by the creation of credit supplemented, and indeed facilitated, by the assistance so generously and understandingly extended to us by friendly foreign countries or bodies and international institutions. In the context of our Plans the Central Government's budgets have thus come to possess a significance far exceeding that suggested by the respective constitutional spheres of the Central Government and the States.

Thanks to the encouraging response of the people of this country themselves,

in addition to external assistance, the First Five Year Plan will, by the end of the current financial year, have been fulfilled generally to a satisfactory extent. I shall not take up the time of the House to recount the main features of the results achieved, the more important of which have already been referred to in the President's address. It is enough to state broadly my view that by means of the First Five Year Plan we have laid sound foundations for a more massive super-structure in building up the country's economy.

The present Budget relates to the first year of the Second Five Year Plan which will during this Session be submitted to the Parliament for approval. A draft outline of it has already been published, and in due course the House will have an opportunity of discussing it fully. At this stage only a few general observations by me are called for so that the background to the Budget that I am presenting may be understood.

The Plan envisages a total outlay of Rs. 4,800 crores on development and investment in the Public sector. It has not been possible to satisfy all the pressing demands from the Central Ministries and from the States. I can only say that, considering all the circumstances, a Plan of Rs. 4,800 crores, with possibilities of unavoidable marginal increases, and corresponding financial resources not fully within sight, is in my opinion (which is shared by most of the leading economists of the country) about the utmost that the country can, with realism, adopt. It is indeed a bold and ambitious Plan that we shall be undertaking, requiring great and sustained efforts, and it will be, therefore, a matter of pride and gratification if we can successfully implement such a Plan within the Five Year period. If some Central Ministries and States are disappointed, I can only assure them that the Planning Commission has tried to equalise dissatisfactions at the margin.

A plan for a five year period has necessarily to be flexible. It has to be adapted from time to time to changing circumstances. There are uncertainties inherent in any forecast or preview of the future and it is unrealistic to claim any immutability about allocations, targets and the implicit assumptions in the plan. The plan is to be regarded as a framework or a map which indicates in which directions development is to proceed, in what measure and through what techniques of resource mobilisation. Such a