

APPROPRIATION BILL

The Minister of Revenue and Civil Expenditure (Shri M. C. Shah): I beg to move*:

That the Bill to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of India for the service of the financial year 1955-56, be taken into consideration.

Mr. Deputy-Speaker: The question is :

"That the Bill to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of India for the service of the financial year 1955-56, be taken into consideration."

The motion was adopted.

Clauses 1 to 3, the Schedule, the Enacting Formula and the Title were added to the Bill.

Shri M. C. Shah: I beg to move:

"That the Bill be passed."

Mr. Deputy-Speaker: The question is :

"That the Bill be passed".

The motion was adopted.

LIFE INSURANCE (EMERGENCY PROVISIONS) BILL—Contd.

Mr. Deputy-Speaker: The House will now resume further consideration of the motion moved by Shri C. D. Deshmukh on the 29th February, 1956, namely:

"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."

Shri Radhelal Vyas was in possession of the House and he may continue his speech.

So far, out of the total time allotted for the Bill, namely, 12 hours, the time availed of is 3 hours and 52 minutes, leaving a balance of 8 hours and 8 minutes.

May I have an idea as to who are all the hon. Members wishing to take part in this discussion so that I may regulate the time?

Several Hon. Members rose—

Mr. Deputy-Speaker: I find that about 24 Members wish to participate. There are about six hours and I think I can give 15 minutes each.

The Minister of Revenue and Civil Expenditure (Shri M. C. Shah): Out of the balance, 2½ hours go away, because 2 hours are required for the clauses and half an hour for the third reading.

Shri Feroze Gandhi (Pratapgarh Distt. West cum Rai Bareilly Distt.—East): That is too much.

Mr. Deputy-Speaker: It has already been agreed to. So we have a balance of 5½ hours. Again, how much time will the Minister take for his reply?

Shri M. C. Shah: Nearly an hour, because it is an important Bill and so many points have to be answered.

Mr. Deputy-Speaker: I will say 45 minutes for the Minister. Then we have about 4½ hours to be distributed among these 24 Members. Therefore, I can allow from ten to fifteen minutes to each Member.

Shri Radhelal Vyas may now continue.

श्री राधे लाल व्यास (उज्जैन) : माननीय उपाध्यक्ष महोदय, कल मैंने अपने भाषण में इस बिल का स्वागत किया था और यह कहा था कि यदि जो हम राष्ट्रीयकरण करने जा रहे हैं, इसको बिकेन्द्रीयकरण कर दें तो ज्यादा उपयुक्त होगा, अर्थात् जितनी राज्य सरकारें हैं उनके जिम्मे यह काम कर दिया जाय। इससे जितना भी यह काम है वह बहुत सरलता से और ज्यादा अच्छी तरह से चल सकेगा। इस संबंध में मैंने यह भी बताया था कि कुछ देशी रियासतें मसलान मसूर, ग्वालियर, इन्दौर, बीकानेर इत्यादि ऐसी थीं जिन्होंने इस व्यवसाय को चलाया था और जिन्होंने अपने तमाम कर्मचारियों के लिए जीवन बीमा कराना अनिवार्य कर दिया था। उनका यह परीक्षण सफल रहा और अब मैं समझता हूँ कि हिन्दुस्तान में जितने भी सरकारी कर्मचारी हैं, चाहे वे छोटे हों या बड़े, उन सब के लिये बीमा कराना अनिवार्य कर दिया जाय। इससे उनको यह फायदा होगा कि जब वे रिटायर होंगे तो उनको जीवन बीमे की रकम मिल जाएगी जिससे कि वे अपना निर्वाह अच्छी प्रकार चला लेंगे। उनको जो पेंशन मिलती है, कई कैसिस (मामलों) में

*Moved with the recommendation of the President.

वह इतनी कम होती है कि उनका गुञ्जारा भी नहीं हो सकता और ऐसी हालत में उनको बीमे का जो रूपया मिलेगा उससे उनको कितना रिलीफ (सहायता) मिल सकता है इसका भ्रन्दाजा सहज ही लगाया जा सकता है। साथ ही साथ उस भ्रादमी के जो उत्तराधिकारी होते हैं उनके लिए भी यह जो बीमा है बहुत सहायक सिद्ध होता है। उनको वक्त पर यदि यह रूपया मिल जाए तो वे अपने बच्चों की पढ़ाई को जारी रख सकते हैं और उनको अपने गुञ्जारे के लिए भी दूसरों का मोहताज नहीं होना पड़ता है। इस वास्ते मैं चाहता हूँ कि सभी सरकारी कर्मचारियों के लिए, चाहे वे बड़े हों या छोटे, चाहे वे दफ्तरों में हों या सरकारी व्यवसायों में, जीवन बीमा कराना अनिवार्य कर दिया जाना चाहिये।

साथ ही साथ मैं यह भी कहना चाहता हूँ कि सरकार ग्राजकल जीवन बीमे पर जो कमिशन एजेंटों को देती है, वही कमिशन सरकार को कर्मचारियों को देनी चाहिये जिनके लिए कि जीवन बीमा अनिवार्य होगा और उनके लिये यह प्रावश्यक नहीं होना चाहिए कि वे एजेंटों की मार्फत बीमा करायें। जो कमिशन की रकम है वह प्राशिक रूप से पहले प्रीमियम में से काटी जा सकती है और यदि ऐसा किया गया तो इससे कर्मचारियों को इंसेंटिव (प्रोत्साहन) मिलेगा और जीवन बीमा और ज्यादा लोकप्रिय हो जाएगा।

जीवन बीमे को नेशनलाइज करने के बारे में विल्ट मंत्री जी ने एक कारण यह बताया कि इसमें बहुत सी खराबियाँ पैदा हो गई थीं जिनको कि दूर करना बहुत जरूरी था। साथ ही साथ उन्होंने यह भी बताया कि एक स्टेट जो अपने प्रापको बेलफेयर स्टेट कहती है उसके लिए यह प्रावश्यक है कि वह जीवन बीमा जैसे व्यवसाय को अपने हाथ में ले; और ऐसे महत्वपूर्ण व्यवसाय को प्राइवेट सेक्टर के हाथ में रहने देना किसी भी कारण से उचित नहीं समझा जा सकता है। उन्होंने यह भी बताया कि फंड्स (निधि) को धर धर कर दिया जाता था, इनका दुरुपयोग किया जाता था और इसी तरह की और भी बहुत सारी खराबियाँ इस व्यवसाय में देखने में आईं। साथ ही साथ उन्होंने कहा कि अब जो मुख्य उद्देश्य होना चाहिए वह यह कि खर्चा कम से कम हो और एफिशेंसी (कार्यपटुता) ज्यादा से ज्यादा हो। उन्होंने यह भी कहा कि मुनाफे की भावना को हटा देना चाहिये। अब हमें देखना यह है कि जिन उद्देश्यों के लिए

राष्ट्रीयकरण किया गया है वे पूरे होते हैं या नहीं। इस वक्त भी बहुत से व्यवसाय राज्य के पास हैं जैसे मशीन टूलज का मैन्युफैक्चर है, फरटिलाइजर फैक्टरी है और इसी तरह के और भी कई बहुत से कार्य हैं जो सरकार स्वयं कर रही है और कईयों को निकट भविष्य में शुरू करने वाली भी हैं। रेलवेज तो बहुत देर से सरकार के अधीन हैं। वहां पर प्रॉफिट जो होता है उसको उस तरह से नहीं देखा जाता है जिस तरह कि देखना चाहिये। वहां पर जो खर्चा होता है उसका भी लिहाज नहीं रखा जाता। यह भी नहीं देखा जाता है कि जो खर्चा किया जा रहा है, क्या उसका किया जाना वाजिब है और किस तरह से उसको कम किया जाय। भूसे आशा है कि आगे के लिए सरकार इस बात का ध्यान रखेगी कि जितना खर्चा जीवन बीमा व्यवसाय पर अब तक होता था, राष्ट्रीयकरण के बाद उस पर उससे कम हो। इस बात का सरकार को तखमीना भी लगाते रहना चाहिए और यह देखते रहना चाहिए कि खर्चा जितना कम हो उसको उतना ही कम किया जाए। जिन जिन राज्यों का मैं ने पहले जिक्र किया है जहां पर कि सरकारों द्वारा जीवन बीमा चलाया गया था यह मैं अपने तजुबों से बता सकता हूँ कि बहुत कम खर्च में उन्होंने इसको चलाया। जो एकाउंटेंट जनरल उस स्टेट का होता था वह तो लाइफ इनश्योरेंस कम्पनी का सेक्रेटरी होता था जिसको कि अपनी निजी तनख्वाह के सिवाय और कुछ भी नहीं मिलता था। जो वहां का असिस्टेंट एकाउंटेंट जनरल था वह लाइफ इनश्योरेंस का डेप्युटी सेक्रेटरी था। इन दो भ्रादमियों के सिवाय एक एकाउंटेंट था और चार या पांच क्लर्क्स थे। इतने छोटे से स्टाफ के जरिये सारा काम चलता था। जहां तक प्रोपोजर्ज (प्रस्तावकों) के मेडिकल एग्जामिनेशन का ताल्लुक है यह एक सरकारी डाक्टर किया करता था जिसको कि कुछ फीस जरूर दी जाती थी। बहुत ही इकोनॉमिकली (मितव्ययता) वहां पर लाइफ इनश्योरेंस का काम किया जाता था। अब जब कि हम लाइफ इनश्योरेंस को नेशनलाइज करने जा रहे हैं मैं सजेस्ट (सुझाव) करता हूँ कि इसको दो विभागों में बांट दिया जाए, एक तो सरकारी कर्मचारियों के लिए और दूसरा पब्लिक (जनता) के लिए। जहां तक सरकारी कर्मचारियों की लाइफ इनश्योरेंस का ताल्लुक है, वह काम हमारे सरकारी विभागों द्वारा ही किया जाना चाहिए। हां उनको यह काम करने के लिए कुछ बोझा सा एडिशनल स्टाफ (अतिरिक्त कर्मचारी) दिया जा सकता

[श्री राधे लाल व्यास]

है। यदि ऐसा किया गया तो मैं समझता हूँ कि कम से कम खर्च में अधिक से अधिक मनाफा पालिसी होल्डर्स को मिल सकेगा और साथ ही साथ हमारा जो इसको लोकप्रिय बनाने का उद्देश्य है वह भी कुछ हद तक पूरा हो सकेगा।

किसी भी कार्य को चलाने के लिए जो उसके कर्मचारी होते हैं वही उसकी रीढ़ की हड्डी होते हैं। और उस कार्य की सफलता और विफलता उन कर्मचारियों पर ही निर्भर करती है। यह मानी हुई बात है कि आज जो कम्पनियाँ इस काम को चला रही थीं उनमें बहुत से योग्य और अनुभवी अधिकारी थे, साथ ही उनमें ऐसे भी अधिकारी थे जिनको मैनेजमेंट ने अपने रिश्तेदार आदि होने के कारण रख लिया था और जो प्रयोग्य होते हुए भी बड़ी बड़ी तनख्वाहें ले रहे थे। अगर इस व्यवसाय को सफलतापूर्वक चलाना है तो यह जरूरी है कि इस व्यवसाय में काम करने वाले कर्मचारी चाहे वे छोटे हों या बड़े, योग्य होने चाहिए, उनमें ईमानदारी होनी चाहिए और उनमें काम करने की शक्ति होनी चाहिए। इस कार्य को केवल शहरों तक ही सीमित नहीं रखना है, बरन् इसका उद्देश्य यह है कि इसको देहातों में भी फैलाया जाय ताकि देश का गरीब से गरीब आदमी भी अपनी आय में से कुछ बचत करके राष्ट्रनिर्माण के लिए दे सके। इसलिए इस काम को सफल बनाने के लिए यह बहुत आवश्यक है कि इसके कर्मचारियों को अच्छी ट्रेनिंग दी जाय।

जहां तक एजेंट्स का सवाल है हमको यह बतलाना गया था कि हजारों तो डमी (नाममात्र) एजेंट बन गये हैं। पिछली दफा भी इस विषय की चर्चा हुई थी उस समय भी यही कहा गया था। आज होता यह है कि अगर किसी को बीमा करवाना होता है तो वह यह कहता है कि मेरी पत्नी को एजेंट बनवा दिया जाये ताकि उसको मेरे पहले प्रीमियम में से ३५ या ५० परसेंट कमीशन मिल जाये और जब तक मैं प्रीमियम देता रहूँ तब तक उसका पांच या सात परसेंट मिलता रहे। आज ऐसे हजारों एजेंट हैं जो कि कभी घर से बाहर नहीं निकले और किसी का बीमा नहीं करवाया, केवल पांच रुपये देकर एजेंट बन गये हैं। मैं समझता हूँ कि इस व्यवसाय में एजेंट का स्थान बहुत महत्वपूर्ण है और उसकी योग्यता पर ही इस व्यवसाय की उन्नति निर्भर करती है। जो लोग बीमा करवाते हैं वे अपने प्रीमियम में से कुछ कंसेशन लेना चाहते हैं या अपने किसी रिश्तेदार को

एजेंट बनवाकर उसके द्वारा अपना बीमा करवाते हैं। इस सम्बन्ध में मेरा सुझाव यह है कि इस बुराई को दूर करने के लिए यह व्यवस्था की जानी चाहिए कि जो लोग सीधे आकर अपना बीमा करवाना चाहें उनको प्रीमियम में कुछ कंसेशन दिया जाये। ऐसा करने से लोग सीधे आकर अपना बीमा करवायेंगे और एजेंट के मार्फत नहीं आवेंगे।

इसके प्रतिरिक्त इस सम्बन्ध में मेरा दूसरा सुझाव यह है कि एजेंटों के लिए कोई परीक्षा रखी जानी चाहिए, जैसे कि हिन्दी साहित्य सम्मेलन की परीक्षा है। उसके लिए सरकार को कोई कालिज आदि खोलने की आवश्यकता नहीं होगी। सरकार केवल कोर्स (पाठ्यक्रम) निश्चित कर दे और उस परीक्षा की फीस निश्चित कर दे और यह जरूरी कर दे कि जो उस परीक्षा को पास कर लेगा उसको एजेंट बनने का अधिकार होगा। ऐसा करने से बहुत लोग एजेंट बन सकेंगे और आजकल जो एजेंट कम होने से अनुचित लाभ उठाया जा रहा है वह बन्द हो जायेगा। आजकल इसी तरह की बात नेशनल सेविंग सर्टिफिकेट्स के बारे में भी हो रही है। आज कल जमींदारों को मुआबजा दिया जा रहा है। सरकार चाहती है कि इसमें से वे लोग कुछ रुपये का नेशनल सेविंग सर्टिफिकेट्स खरीदें और इसके लिए कुछ रुपया काट लिया जाता है। लेकिन सरकारी कर्मचारी एजेंटों को वह पैसा देकर कमीशन दिलवाते हैं। यह जरूरी बात है कि जब वे ऐसा करते हैं तो उसमें कुछ हिस्सा अपने लिए भी कमीशन का रखते होंगे। अगर इस व्यवसाय में एजेंट्स की संख्या कम रही तो यहां भी यही हालत रहेगी। जिसको बीमा करवाना होगा वह अपने जाने हुए एजेंट के द्वारा बीमा करवायेगा और उसके कमीशन में से कुछ हिस्सा भी लेगा। इसको दूर करने का यही तरीका हो सकता है कि जो स्वयं सीधा अपना बीमा करवाने को चाहे उसको कुछ प्रीमियमपर रिबेट (छट) दिया जाय करे, जैसे कि किताबें बेचने वाले खरीदने वालों को कुछ कमीशन दे दिया करते हैं। और एजेंट उन्हीं लोगों को बनाया जाय जो कि निर्धारित परीक्षा पास कर लें। ऐसा करने से इस व्यवसाय की काफी तरक्की हो सकती है।

एक बात और है कि इसका ज्यादा से ज्यादा प्रचार देश में होना चाहिए। इस कार्य को पटवारी, स्कूल मास्टर और

ग्रामसेवक बहुत अच्छी तरह से कर सकते हैं। अगर यह व्यवस्था कर दी जाय कि इन लोगों को बिना लाइसेंस लिए ही यह काम करने का अधिकार होगा और बीमा कराने पर इनको एजेंटों की भांति कुछ कमीशन भी दिया जायेगा तो मैं समझता हूँ कि यह व्यवसाय काफी तरक्की कर सकेगा और देहातों में अधिक से अधिक फैल सकेगा।

कुछ माननीय सदस्यों ने अपने भाषणों में, और पहले भी जिस रोज कि यह बिल पेश हुआ था, यह ऐतराज किया था कि आखिरकार जब जीवन बीमा व्यवसाय का राष्ट्रीयकरण किया जा रहा है तो जनरल बीमा व्यवसाय का भी राष्ट्रीयकरण क्यों नहीं किया जाता और इसके साथ ही बैंकिंग का भी राष्ट्रीयकरण क्यों नहीं किया जाता। मैं समझता हूँ कि अगर सरकार ने अभी इन चीजों का राष्ट्रीयकरण नहीं किया है तो इसके मानी यह नहीं हैं कि वह ऐसा करना ही नहीं चाहती। इसी वर्ष हमने इम्पीरियल बैंक आफ इंडिया का राष्ट्रीयकरण किया है। इसके यह मानी नहीं हैं कि यह कोई आखिरी चीज हो गयी। अभी एक चीज हाथ में ली है, उसका अनुभव लेंगे और उसको ठीक जमा लेने के बाद फिर भगला कदम आगे बढ़ायेंगे। आज जीवन बीमा व्यवसाय का राष्ट्रीयकरण किया है। पर इसके यह मानी नहीं कि आगे जाकर जनरल बीमा व्यवसाय का राष्ट्रीयकरण नहीं होगा। इस काम को जमा लेने के बाद भगला कदम उठाया जायेगा जिसमें उसका भी राष्ट्रीयकरण होगा। थोड़ी चीजों को सफलतापूर्वक चलाना ज्यादा अच्छा है बनिस्बत इसके कि बहुत सी जिम्मेदारियों को एक साथ अपने ऊपर ले लिया जाय और उनमें गड़बड़ी पैदा हो। सरकार ने जो कदम उठाया है वह सही है और मैं समझता हूँ कि जल्दी ही सरकार बैंकिंग और जनरल इश्योरेस के राष्ट्रीयकरण का भी कदम उठायेगी।

एक ऐतराज माननीय सदस्य श्री प्रशोक मेहता जी ने यह उठाया था कि सरकार ने पहले यह प्रॉडिनेन्स क्यों जारी किया। अगर उनको राष्ट्रीयकरण करना था तो पहले हमारे सामने एक बिल लाते और उसको पास करवाते। लेकिन मैं तो समझता हूँ कि सरकार ने प्रॉडिनेन्स पास करके बहुत अच्छा किया। अगर सरकार यह प्रॉडिनेन्स जारी न करती तो वही परिणाम होता जैसा कि बिल मंत्री जी ने बतलाया था। उसका नतीजा यह होता कि एकाउंट इयर से उबर कर दिखे जाते, फर्जी दस्तावेज तैयार

किये जाते, पुराने दस्तावेजों की जगह नये बनाये जाते। क्या इस सब का रोकना सम्भव हो सकता था। उसके बाद फिर सरकार को कानून द्वारा अधिकार लेकर इन सारे मामलों को फिर से खोलना पड़ता और बड़ी हैरानी का सामना करना पड़ता। इससे तो यही अच्छा हुआ कि लोगों को बुराई करने का मौका ही नहीं मिला। लोगों को २४ घंटे तक का मौका नहीं मिला। एक कम्पनी के मैनेजर तो यह कहते सुने गये थे कि वित्त मंत्री कम से कम २४ घंटे का तो मौका देते। मैं तो सरकार को धन्यवाद देता हूँ कि उसने प्रॉडिनेन्स जारी करके बहुत प्रबलमन्दी का सबूत दिया और लोगों को बुराई और बेईमानी करने का मौका नहीं दिया। अतएव मैं इस विधेयक का हार्दिक स्वागत करते हुए अपना भाषण समाप्त करता हूँ।

Shri Feroze Gandhi: Sir, I rise to give my wholehearted support to the Finance Minister and to the Bill before this House. Once again I extend my greetings to the Finance Minister and I am quite sure, the greetings of the House. I welcome the entry of life insurance into the public sector with all its privacy gone. The Finance Minister has performed a difficult operation. It has been done neatly and cleanly; it has been short and swift. Nobody can complain that democracy is slow.

The whole question of nationalisation of life insurance has to be considered in the context of our national Plan and national planning. Our objective is to achieve socialist society.

I think that nationalisation of life insurance is a step, and a bold step, in that direction. Ideals have got to be related to reality and I think this is a step which should prove to the people of this country that we mean what we say.

Speaking for myself, Sir, I would say and would request the Government to go a step further and orientate a new policy and make it clear to the people specially to the private sector that the entire direction and control of investment must vest in the State. Unless this is done we can have no real planned economy.

By a single stroke today the Government have become the shareholders in many industrial undertakings. I believe the extent of the holding of life insurance companies in private companies and private concerns was about 12 per

[Shri Feroze Gandhi]

cent. That means to the extent of 12 per cent or 15 per cent we have nationalised this shareholding. I believe this aspect of nationalisation is causing some worry to some of our industries. Many objections have been put forth, some by the lords of industries and insurance and some by my friend Shri Asoka Mehta, as to why it was done by ordinance. I can assure the House that I know—I would not say that I know thoroughly but I know partially—the goings on in some of these companies. If it had not been done by ordinance we would have been in a horrible condition. The Finance Minister has explained the reasons and I need not go further into them.

In my own language I would say and quote to you from a play *Mrichakatika*. It says: "To hold a horse you need a rein; to hold an elephant you need a chain." That is the only explanation which I can give. It is true that the sins of a few have today visited the parlours of many. That is unfortunate. But, Sir, it is these few who have wrecked and shattered the morale of every single policyholder and investor. They are the only people responsible for it. It is these few who have degraded and disgraced the profession of insurance. Insurance was a co-operative enterprise in which a large number of people joined together to face a common risk, a common danger, the danger of death. Very soon these lakhs of people discovered that the only danger they were facing was the danger of losing what they had saved and what they had invested.

With regard to the workings of these insurance companies the Finance Minister has given the House a good idea of the internal working of these companies. A few days ago when I was looking into *Kautilya's Artha Shastra*, I discovered that what Kautilya had to say about embezzlement seems to be followed in practice by some of the companies. I would like to emphasise this point that when I am speaking whatever I have to say I say of some of the companies and not all of them.

Shri Gadgil (Poona Central): Quote the punishment provided by Kautilya.

Shri Feroze Gandhi: Kautilya says in his *Artha Shastra* that there are about 40 ways of embezzlement. The ways mentioned are, I will read out a few: 'what is realised earlier is entered later

on, what is realised later is entered earlier, what ought to be realised is not realised, what is hard to realise is shown as realised, what is collected is shown as not collected, what has not been collected is shown as collected, what is collected in part is entered as collected in full, what is collected in full is entered as collected in part, what is collected is in one part while what is entered is of another part, what is realised from one source is shown as realised from another source....."

An Hon. Member: Kautilya was a great God.

Shri Feroze Gandhi: I have got very little time, Sir, and I would like the House to co-operate with me.

Mr. Deputy-Speaker: Hon. Members are afraid that those who do not know all these 40 ways may learn it hereafter.

Shri Feroze Gandhi: Then, further it is said: 'what is payable is not paid'. The Finance Minister mentioned something about it. Then again 'what is not payable is paid, what is to be paid in time is paid untimely, large gifts made into small gifts, what is gifted is of one sort while what is entered is of another, the real person is one while the person entered in the register is another, what has been taken into the treasury is removed while what has not been credited is credited' and so on. This, Sir, is just to illustrate what was going on in some of our companies.

Yesterday Shri Asoka Mehta and Shri Gurupadaswamy who spoke before me, both emphasised the close linking of insurance companies and banking to industry. Shri Asoka Mehta read one instance and then stopped, I do not know why. I think it would be in the public interest to reveal connections of some of our industrialists, big industrialists, with insurance companies and with banking concerns. We have the Birlas with Ruby General Insurance Company, New Asiatic, Bombay Life and United Commercial Bank; the Singhanias with National Insurance, National Fire and General Insurance, Free India General Insurance and the Hindustan Commercial Bank; Tatas with the New India Insurance Company, the Central Bank of India; Shri Goenka—not the newspaper Goenka, this is another Goenka—with Hercules Standard General and Hind

Bank and Shri Kilachand—Tulsidas Kilachand—with New Great Insurance Company and the Bank of Baroda. Now we come to Dalmia-Jain. I would like to explain something here. I say Dalmia-Jain for a specific reason. I think it is in the public interest that it should be known that Mr. Shanti Prasad Jain was elected a director of the Bharat Insurance Company the day that Shri Dalmia was arrested. Dalmia Jain have got the Bharat Insurance and the Bharat Bank which has been liquidated and now they have another called the Punjab National Bank. Lakhs of persons are insured and pay to these companies a premium of Rs. 55 crores.

The capital required for the functioning and starting of an insurance company is very small. I would give only one example. The Oriental Insurance Company which is the biggest insurance company in this country has a paid-up capital of Rs. 6 lakhs but it has a life fund of about Rs. 79 crores. There are today in our country about 170 insurers, transacting insurance business. What is the condition of these 170 companies? In the last few years—not out of these 170, probably there were more—the Finance Minister has revealed that 25 went into liquidation and, in the words of the Finance Minister, 25 so misapplied their funds that they had to transfer their business to other companies. The only losers were the policyholders. Nobody else lost.

Coming to the existing companies, 66 insurers did not submit their accounts and returns on 7-7-1955 to the Controller of Insurance. This return is required by law, but they did not ask for any extension of time either. 66 out of 170 did not submit their returns. 23 companies did not submit their returns and or valuations for the year 1954 even by October, 1955. That makes a total of 89. 11 companies are in the hands of administrators. That makes it 100. Since the Insurance ordinance was issued, four more companies are in this position, namely, either the securities are missing or the managing directors are missing. This is the picture which I would like to present to the House. *This is management by the private sector!*

Now, the Controller of Insurance has something to say about those companies not submitting their accounts

and returns. He takes a very serious view of it. He says in his last report :

"The list of defaulters published elsewhere in this publication shows that in spite of the repeated appeals made by the Controller of Insurance and the Executive Committee of the Insurance Association of India, the record of insurers in the matter of furnishing their accounts and valuations returns within the statutory time-limit has not shown any improvement. The matter has been carefully considered by the Controller from all angles in the light of past experience, and he has come to the conclusion that the delay in submission of returns is not in most cases due to any unavoidable circumstances but only the efficiency and willingness on the part of the insurers to take all steps concerned have not yet reached desirable standard."

This is what the Controller of Insurance has to say.

In the year 1954, these companies collected a premium of Rs. 54 crores, but they spent nearly Rs. 15½ crores to collect the amount of Rs. 54 crores. This is by the private sector. Much is being made in the press and elsewhere about the big contribution of the private sector towards savings and what not. But for collecting Rs. 54 crores they spent Rs. 15.5 crores!

Let us now look at what the Government has done—what the public sector has done. The small savings scheme of the Government mobilised in 1951-52 Rs. 48.6 crores and the insurance companies collected Rs. 40.7 crores. In 1952-53 the figures are: small savings scheme Rs. 48.7 crores; insurance companies Rs. 45.2 crores. In 1953-54, the figures are: small savings scheme Rs. 43.6 crores; insurance companies Rs. 47.8 crores. This year, I think in the budget, the Finance Minister has said that the small savings have gone up to Rs. 65 crores, and we have done it not by spending Rs. 15½ crores for the mere collection. We have done it mostly by voluntary efforts of some women's organisations and by the few offices set up here and there in the country. This shows what the public sector has done.

[Shri Feroze Gandhi]

In connection with the management of these insurance companies, Shri Asoka Mehta asked why the Controller did not take any action. It is true. I am also puzzled why he did not take action. But when I look at the whole picture I find that it is extremely difficult to take action. The provisions of the law are there, but all sorts of legal difficulties arise. I know a certain situation arose about two years ago when the Government made up their minds to appoint a particular administrator in a particular company, but the legal advisers came in and said this cannot be done. There is hardly anything—there is hardly much which the Controller of Insurance can do to prevent malpractices and prevent bungling of accounts. The returns of investments are supplied, three months after the investments are made, to the Controller of Insurance. The other accounts of expenditure are submitted 18 months after. The Controller is more or less presented with a *fait accompli*, and most of these actions, I think are like murder. A murder cannot be prevented; it can only be detected; and the detection goes on in the usual, legal and democratic way. The Insurance Act has been amended ten times. I am quite sure that this House would have to sit for 365 days in the year and we would one day amend the Insurance Act and the next day amend the Constitution, and the process will continue throughout the whole year and in the meanwhile more ways would have been found by the companies for carrying on the same old looting. The proprietors of insurance companies are after all human beings. They are surrounded by money and temptation. How is the Controller to find out when one of them is going to be corrupt? How is he to find out? It is all right to say that the Controller of Insurance should do this or that. How is he to find out? Again, I will resort to Kautilya who says that it is like fish in water. The fish are surrounded by water and so you cannot tell when the fish will drink water.

This insurance industry has reduced itself in the estimation of every citizen in this country. It is no longer a service to mankind. It has become a criminal conspiracy to defraud policyholders. Let us examine the lapse ratio of some of these companies. I do not know why Members have not referred to it. This is a very important

factor. I have taken the figure out of the report contained in the Indian Insurance Year Book for 1955. I have noted down a few figures. In the All-India General Insurance Company, the lapse ratio is 39 per cent for a period of two years, that is, 0-1 year. That is the figure for 1953. For the same year, and for the same period, that is, 0-1 year, in the Bhaskar Insurance, the lapse ratio was 55 per cent; Bombay Life, 49 per cent; Bombay Mutual, 37 per cent; The Free India General, 31 per cent; Hindustan Co-operative—a very big insurance company, 38 per cent; Lakshmi Insurance Company, 35 per cent; Long Life Insurance Company, 66 per cent; National Insurance, 38 per cent; New Asiatic 47 per cent; New Great Insurance, 37 per cent; New India—it is a big company—40 per cent; Oriental, 20 per cent; Ruby General, 40 per cent; Bharat Insurance—no particulars available for 1952, 1953 and 1954; Commercial Insurance, 100 per cent. I could not get the figures for the other companies.

Now, take the Empire of India Insurance Company which was taken over by the administrator. What is the lapse ratio in this company? It is 14 per cent. It is the lowest lapse ratio amongst all these companies, among the big ones, and it is the administrator who is sitting there. It is the Controller of Insurance who sits there and he has revived the confidence of the insuring public. Partly, this lapse ratio is due to economic reasons. I agree. But partly it is due to the bogus insurance policies. But the biggest single reason is that the policy-holder, the individual who wants to insure, has lost faith in insurance. He does not know whether he will get his money or not.

The Finance Minister has referred to the misapplication of life funds of insurance companies. He has given a few instances. Now, the Lok Sabha can have a few instances from me. I do not know why the Finance Minister has used the word 'misapplication'. Probably it is more decent way of putting it. I would like the House to pay attention to this, because these are the ways in which the policyholders' moneys are being misused by the proprietors for their own purposes. (1) The proprietor of an insurance company had another company. The second company purchased in the state of Bombay, in the district of Thana, in the village of Nahur some land. The

purchase price of this land was Rs. 11,40,077. This land was sold to the insurance company—the proprietors being the same in both the cases—after a few months. The purchase price entered in the balance sheet ending February of a particular year was Rs. 11,40,077. After a few months, in the month of November or December, this land was sold to the insurance company for a staggering sum of Rs. 40,90,654. The loss to the insurance company was Rs. 28,79,587 and the proprietors in both cases are the same. The same proprietor owns these two concerns. This is management by the private sector. (2) This insurance company first took shares in a bank and the bank went into liquidation. I would like to point out that they were purchasing shares of their own concerns at high prices and the insurance company was paying for them. Afterwards, they were selling the shares to themselves at low prices and making money out of these insurance company funds. They purchased shares in a bank. The bank was liquidated and turned into an investment company. The loss which the insurance company incurred on the sale was Rs. 3,92,694. (3) This insurance company purchased shares in a colliery in Bihar and again the shares were sold to their own benamidars. The loss incurred was Rs. 71,443-8-0. (4) This insurance company purchased shares in a big industrial concern again in Bihar. After some time, the shares were sold and the insurance company incurred a loss of Rs. 2,93,726-8-0. (5) This is a peculiar one, which I have not been able to understand. People who know something about it may throw some light. The same insurance company bought shares in a textile mill in Bombay on the 16th June in a particular year for Rs. 26 lakhs. Now, see what they did. The shares were sold on the same day and the insurance company incurred a loss of Rs. 52,000 I cannot understand how this could have benefited the policyholders. The office opens at 10 o'clock and closes at 5 o'clock; the shares are purchased and sold the same day. How can anyone imagine that the policyholders can gain anything by this? The loss due to the sale of these shares was Rs. 52,000. (6) This insurance company purchased shares in another textile mill in Bombay on the 16th June in a particular year for the staggering sum of Rs. 47,70,000. The shares were sold on the same day and the insurance company incurred a loss of Rs. 1,59,000. (7) On the 30th April

in a particular year this insurance company purchased shares in a newspaper concern in Bombay for Rs. 26,10,000. This is an illustration to show how the moneys of insurance companies, the life funds of insurance companies have been misused for the purpose of acquiring industrial undertakings, the proprietors being the same in both cases. The shares were sold a few months later and the insurance company incurred a loss of Rs. 67,500. (8) This is a remarkable case. In a big company—not a small company—the pages in the Directors' Minute Book were not numbered. The proceedings were just typed and pasted in position with no numbering of the pages. (9) The power of attorney was given to a complete stranger who was neither a member of the Board of Directors nor an officer of the company to operate the accounts of this insurance company. This is a remarkable case. I would like to read out something. In the case of some transactions like the Nahur property transaction, valuations are made. The insurance companies do everything in a legal way. I would like to read out an extract from a valuation report which is very interesting. I do not want to name anyone; but I just want to read extracts.

Shri U. M. Trivedi (Chittor): On a point of order, Sir, the hon. Member is taking all the time for giving the examples which he has got in his book. He can advance arguments by giving one example, instead of taking the time of the House.

Mr. Deputy-Speaker: The hon. Member started at 12-20 and it is 12-45 Now. He has taken 25 minutes. I propose allowing him 40 minutes in all, because he is supplying information. I am not merely here to measure the rod and ring the bell. This is a major measure and he is supplying information. Changes here and there whether "a" must be added or "d" must be subtracted is a matter for the draftsman. So far as the tightening is concerned, it can be done. Here is a major issue whether the insurance companies must be taken hold of by way of State administration or not. If the hon. Member gives only one instance, other hon. Members who are interested in private enterprises may say, "After all, one swallow does not make a summer". Therefore, I will allow the hon. Member sufficient time.

Shri G. D. Somani (Nagaur-Pali): He is giving one instance and repeating the same thing.

Shri Feroze Gandhi: I accept the challenge; you give the balance sheets of the companies. . . .

Shri G. D. Somani: Balance sheets are available.

Mr. Deputy-Speaker: Order, order. Hon. Members will address the Chair.

Shri Feroze Gandhi: The other companies have been referred to by Mr. Deshmukh, Mr. Asoka Mehta, Mr. Gurupadaswamy and so on. I only refer to one type of company in which I specialise.

I was about to read from the valuation report. When I used the words "organised criminal conspiracy" this is what I meant. This is the valuation report of the same property by another valuer in Calcutta. One is from Bombay and this one is from Calcutta :

"On account of War and its after effects the cost of construction has gone up three to four times above the pre-War cost. On account of this rise in cost of construction the value of these buildings had been increased over three times."

Except for a few valuation figures, it is exactly the same word for word. This is the kind of valuation which insurance companies, at least some of them, used to put through.

I now come to the agents. Mr. Asoka Mehta has given us detailed information about the percentage of men, percentage of women, where these women come from, who hide behind them etc. Everything he has explained. I do not want to say anything about that. The only thing I would like to mention with regard to these agents is that a very large number of them were kept only for one purpose, that is passing back payments to the proprietor. The agent will not get much. Probably he will get about Rs. 150 a month. They are used for purposes of paying back to the proprietor or manager, whoever they might be, this money which they get.

Now I would like to say a few words about the employees. The Government should assure the employees of the insurance companies that there is no intention of doing away with their services

and all the employees will be utilized and kept in service. There is no reason why we should get rid of anyone of them. In fact this scheme is going to expand. If in another year or two we find that the total insurance premia goes up, say to about 100 or 150 crores of rupees, there is no reason why we should get rid of any of these employees. They should be given an assurance that there is no danger of their losing job. Some complaints have come that employees of some of these companies have not been paid their salaries. This is rather sad and we hope that the Finance Minister will do something about this and put things right.

This business of insurance requires a very small amount to begin with. I have given two figures to show how the paid-up capital is insignificant when compared to the other companies. All that is required is to collect some money, spread a few offices here and there and appoint a few agents and begin business. Then money starts flowing in. It is all a matter of luck and pluck, luck in finding enough people to pluck. This is not mine. This is a quotation from a big American magnate who said about insurance that it is only a matter of luck and pluck, luck in finding enough people to pluck.

Now the State has taken over the management of these companies and very soon insurance will be nationalised. I think that the policyholders as well as the public in general will come forth and extend their co-operation to the State enterprise.

I am in agreement with my friend Mr. Gurupadaswamy that there should be an element of competition. There is no reason why we should have only one corporation. Let us have four corporations and let there be competition amongst these four corporations and let each corporation show what it can do. I support the suggestion of my friend Mr. Gurupadaswamy.

In the end I would like to suggest to my friend the Finance Minister that the principle and basis of all insurance should be that which was very well put by one of our great poets, Rahim. Rahim had something to say about it.

Mr. Deputy-Speaker: But was it about insurance?

Shri Feroze Gandhi: This is the principle and basis.

Shri Veeraswamy: Some hon. Members take a major portion of the time of the House with the result that several Members are not able to get a chance to speak. Therefore I would appeal to you to enforce the time-limit.

Mr. Deputy-Speaker: Very good. But, after all, if I allow one hon. Member to take some more time then I will try to reduce it from the time that may be allotted to that group. So this will not interfere with the time allotted to the other group.

Shri Feroze Gandhi: Life insurance should be conducted on the principles laid down by this great poet. He said :

तस्वर फल नहिं खात है,
सरवर पिये न पान ।

This should be inscribed on all the doors of the corporation. Translated it means : a tree does not eat its own fruit and a river does not drink its own water. The tragedy of the private sector is : leave alone the fruit, they swallow up the whole tree. I would not like to take more time of the House. I support the Bill.

Shri G. D. Soman: At the very outset I should like to congratulate the Ministry of Finance for keeping this decision a top secret and I must admit that the issue of the Ordinance really came as a bomb-shell to those who were in-charge of the management of insurance companies and, as the hon. Finance Minister explained, the way in which the arrangement was completed really does credit to the Ministry of Finance.

It is true that the entire issue of nationalising the life insurance was under enquiry and scrutiny for a pretty long time. But nobody was expecting that the decision of the Government will be announced so soon and so precipitately and specially in the manner in which it was done. I would like to submit, as my hon. friend Shri Asoka Mehta submitted yesterday, that there was absolutely justification for issuing an Ordinance in regard to this far-reaching issue. It was only fair, and I submit that constitutional propriety and democratic traditions required, that an issue of such far-reaching consequences should have been first placed before the House and the final decision should have been approved by Parliament. I have heard with full attention what the hon. Finance Minister had to say and what the preceding speaker also just had

to say about the risks involved in putting a Bill before the House and the risks involved in the interim period of getting the Bill approved by the House. I can only say that the hon. Finance Minister has under-estimated the capacity and the competence of his own Department in its ability to cope effectively with those who may have indulged in frittering away the resources of the companies in the interim period. Sir, I can hardly believe that it is beyond the capacity of any vigilant and efficient administrative machinery to deal and deal effectively with those who would have been found guilty of frittering away the resources, or in indulging in any irregular tactics after the Bill had been introduced in the House. They could certainly have been taught a very good lesson, which would have done much more benefit to the community at large than the promulgation of an ordinance and the presentation of a *fait accompli* to the House.

1 P.M.

Now, Sir, coming to this major question of malpractices which has been given as the chief reason for taking this drastic step of nationalisation, I would like to make a few submissions. I have just heard attentively what the preceding speaker had to say by way of quoting example after example about the various irregularities perpetrated by the same insurance company. But first of all let it be realised at the very outset that the entire picture of these irregularities is being painted in a manner which is out of all proportion to the real situation as it exists. Now, let us face the facts.

The entire life insurance fund of all the insurance companies today stands at about Rs. 390 crores. Now the Finance Minister has given us figures of government securities that were missing from certain companies in Calcutta, Bombay and Kanpur. From those figures I think it is safe to assume—and I hope the hon. Minister sitting on the Treasury Benches will correct me if I am wrong in my interpretation—that the Government of India have been able to account for each and every single pie of this Rs. 390 crores, except the securities of Rs. 30 lakhs in Bombay, Rs. 30 lakhs in Calcutta and Rs. 15 lakhs in Kanpur. Now, Sir, if out of a total life insurance fund of Rs. 390 crores particularly the way in which this surprising decision was taken, a sum of only Rs. 75 lakhs worth of securities could not be accounted for, then, one must realise

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the disproportionate and the exaggerated interpretation that is being placed on the manner and the extent of irregularities that were prevalent in the insurance industry. The total figure is even less than one-quarter per cent of the amount involved.

Sir, much is being made of a number of irresponsible people who may have indulged here and there in irregular practices. Why cannot the facts be placed before the public? Let it be admitted that it was only a quarter per cent of the entire amount involved that was the subject of certain irregularities and the Government of India were able to locate each and every single pie of the colossal amount of Rs. 390 crores of the various companies. Is it seriously contended that if a Bill had been presented to Parliament, anything serious would have happened to this entire colossal amount of Rs. 390 crores in the interim period? I submit that this allegation, or this insinuation about the irregularity of the dealings of insurance companies is being carried to absolutely disproportionate levels.

Now, coming to the question of these irregularities, the hon. Finance Minister referred and the preceding speaker gave, example after example of the irregularities committed by a particular insurance company.

Mr. Deputy-Speaker: Do all of them relate to only one company?

Shri G. D. Somani: Yes. He himself admitted it. He specialised in the accounts of one company, from the accounts of which he quoted figures. He did not refer to any other company, but he scrutinised the accounts, the balance-sheets and the reports of only one company from which he quoted example after example. That is what he admitted.

Mr. Deputy-Speaker: He referred to shares being purchased in the morning and sold in the afternoon.

Shri G. D. Somani: He referred to only one company's transactions.

Dr. Lanka Sundaram (Visakhapatnam): The example of 1, 2, 3 and 4 are from one company.

Shri G. D. Somani: My submission is that the example he gave referred to one company alone and he himself admitted that he had specialised in it.

Shri Bhagwat Jha Azad: (Purnea cum Santal Parganas): He said that if the balance sheets of other companies are scrutinised similar irregularities could be found out.

Shri G. D. Somani: In reply to my non-friend, I might say that the hon. Member himself confessed to me in the lobby that he was looking and searching for certain irregularities in a certain company but he was disappointed that he could not find anything in the accounts of that company.

Shri Bhagwat Jha Azad: That shows the efficiency of that company in hiding it!

Shri G. D. Somani: That shows that the hon. Member was quite vigilant and active during all these days to find out the irregularities of the various companies, and except the one company about which he has given so many examples, he could not find a single act of irregularity in the accounts of other big companies. Otherwise, it is safe to assume, that he would not have failed to give an interesting account of the irregularities committed by those companies.

Therefore, I would submit that Government have been less than fair and just in presenting the case of the entire insurance industry. I would like to be enlightened whether certain facts are still to be disclosed and whether out of this life insurance fund of Rs. 390 crores any other amount excepting Rs. 75 lakhs are involved? If not, let the hon. Finance Minister admit to the credit of the insurance industry that 99½ per cent of this fund were safely accounted for.

The Minister of Revenue and Civil Expenditure (Shri M. C. Shah): These Rs. 90 lakhs are the securities missing.

Shri T. N. Singh (Banaras Distt.—East): They have not referred to other irregularities committed by them.

Shri G. D. Somani: Before I pass on to other topic, I would first like to say that no words are strong enough to condemn the activities of those who misused public funds to suit their own selfish ends. Let it also be noted by hon. Members even in the case of that particular company that he was a party who had substantial means at his disposal, and that the entire amount of Rs. 2 crores, a colossal amount indeed, was recovered by Government within a few weeks the irregularity came to notice. Here you are dealing with a group of

persons who have a stake in the country and who have got certain business organisations in the country. Naturally nobody can safely doubt the logic of the statement that a person having a stake, and having vast business organisations will be much more afraid in indulging in all these anti-social activities than an officer who has very little stake; and even when an irregularity committed is detected, the chances of recovering anything from that officer will be far more remote.

I am not in any way defending the action of anybody who indulged in any kind of irregular activity, but what I want to point out is this. Here the Government were able to recover the full amount, because the party had substantial stake in the country; the very fact that he has so grievously suffered for that mistake is itself a lesson to other people. Therefore, I submit that this charge of irregularities in the administration of insurance companies has been exaggerated out of all proportion to the gravity of the problem.

Then, Sir, the question of liquidation was also referred to by the preceding speaker as well as by the Finance Minister. Here I would like to give certain statistics as to what has happened in the United Kingdom. We are told that the standard of morality in the United Kingdom was the highest and in spite of the fact that there were no stringent regulations, the administration of the companies was quite efficient. But even in the United Kingdom, 96 insurance companies have been wound up against 25 in India and 850 companies have been absorbed by other companies as against 25 in India. This is the period for which figures in India have been quoted. During the same period 96 insurance companies had gone into liquidation in the United Kingdom and 850 companies were amalgamated with other companies.

Some Hon. Members: What are the total number of companies there?

Shri G. D. Somani: I have not got the total number of companies. But what I want to submit is that the figures of liquidation do not give a clear picture. In the year 1949, two insurance companies went into liquidation. A sum of Rs. 52 lakhs was involved as against a total business of Rs. 547.5 crores, that is, outstanding in that year. In 1951, two companies again went into

liquidation. A sum of Rs. 27 lakhs was involved as against a total business of Rs. 637.6 crores. In 1952, three insurance companies went into liquidation. A sum of Rs. 25 lakhs was involved against a total business of Rs. 638.6 crores. In 1953, 4 companies went into liquidation. A sum of Rs. 90 lakhs was involved as against a total business of Rs. 707.5 crores. My submission is that, after all, in the ordinary course of business, in any business, certain failures, certain liquidation may take place. But, it is very relevant to remember the percentage of liquidation involved in comparison with the total business that the insurance companies have been doing. We were also told what the achievements of the Government companies were. Here, I cannot do better than quote a little from the speech of Shri A. D. Shroff, who had devoted a considerable part of his speech last year to this aspect. He says :

"The case against nationalisation is strengthened by achievements of Indian insurers which were most encouraging. Their business turnover, since the war, compared favourably with that in the U.K. and the U.S.A., Canada and other highly developed countries. On the other hand, the Indian Postal Life Assurance had increased its business only by 16 per cent during the decade ended 1952 as against an increase of 214 per cent in the life insurance business of Indian insurers. Further, the resources at the disposal of the insurance industry, during the period 1948 to 1953 had expanded by more than 60 per cent as against an actual decline in the demand and time liabilities of Scheduled banks. In this respect, Indian insurance compares very favourably with similar financial or similar institutions in India."

My point in quoting this is only to show that on the one hand, the achievement of the Indian insurance industry is being belittled or is being forgotten in the face of certain charges or malpractices or irregularities—during the entire period, the Indian insurance companies had to struggle against heavy odds and they have placed so many companies on such a sound basis—and on the other hand, the positive side of achievement has been totally ignored. I think the attention of the hon. Finance Minister must also have been drawn to this. Neither in his broadcast, nor in

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his speech the other day, he had not one word of appreciation for the achievement of the various insurance companies, for the sacrifice, perseverance, initiative and enterprise that these companies have shown throughout a difficult period in achieving the position which they enjoy today, and which are now being handed over to the Government.

I would also like to say something about how the nationalisation of insurance has been done in various foreign countries and with what results. We are all aware that in the U.K. the Labour Party made this an election issue in 1949. They wanted to nationalise the life insurance business when they were returned to power. But, after the issue was properly debated and a poll of the policy-holders was taken, this programme of nationalisation was dropped by the Labour Government themselves. The problem of nationalisation of insurance was also comprehensively studied for 3 years by a Royal Commission in Socialist Sweden in 1949, and it gave a categorical decision against nationalisation. In Norway also, a special committee appointed to consider this issue was unanimously against nationalisation. A Committee appointed in Holland as early as 1917 to consider the feasibility of nationalisation of insurance came to the conclusion that nationalisation was neither necessary nor desirable. Attempts have been made in some European and South American countries to run life insurance as a State enterprise; but the results shown by public enterprise in this field have not been favourable. In Mexico and other countries, life insurance was nationalised and made into a State monopoly mainly because the business was exclusively in the hands of foreign countries. In the case of Mexico, the business was handed over to private companies. In France, Denmark, Australia, New Zealand, etc., life insurance is being run as a public enterprise side by side with private enterprise. In all those countries, the private sector is showing better results.

The hon. Finance Minister in his broadcast said that wherever this question of nationalisation and working of nationalised insurance companies was taken wholeheartedly by any country, success was achieved. But, he has not indicated as to which country he referred. From what one knows, the history of nationalisation of insurance in various countries gives a different picture. It will be interesting to know from the Finance Minister as to the success of

nationalised insurance in any country where it was wholeheartedly tried and where it was found that it was a grand success.

I would like to refer to the assurances that have been given by the hon. Finance Minister to the private sector in regard to nationalisation of insurance. He said in his broadcast that, so far as the use of the life insurance companies' funds is concerned, to the extent to which the private sector's industrial concerns were securing funds from these insurance companies, this would be continued to be allowed. He has not said anything about this in his speech the other day while introducing this Bill.

Shri M. C. Shah: The qualifying phrase you have not stated.

Shri G. D. Somani: The information from the Calcutta market is that instructions have been issued by the Controller of Insurance that 85 per cent of the available funds must be invested in Government securities and only 15 per cent in any other approved securities, preference shares, debentures, etc. These instructions do not seem to be in conformity with the assurances that were given by the Finance Minister. I would like to know categorically as to how the private sector stands now in regard to the life funds of the various insurance companies, whether the assurance given by the Finance Minister in his broadcast would be fulfilled and whether the private industrial sector would continue, of course, on the merits of each and every case, to get the financial assistance which they have been getting from the insurance companies all along.

It was said that one of the reasons for nationalisation is the Second Five Year Plan. It is quite relevant to point out that since the private sector has been assured the same quantum of money from the life funds as it was getting all along, naturally, there will be no further increase in the percentage of availability to the Second Five Year Plan in the public sector. What I want to draw attention to is this. From the funds of the life insurance companies, the public sector or the Government will continue to get the same quantum as they were getting. That reason cannot stand or justify nationalisation or the taking of such a drastic step. Life insurance business is of a highly complex nature and it requires a lot of flexibility, initiative and a vast organisation. It remains to be seen how far the assurances

given about delivering the goods will be fulfilled. But so far as experience of the public sector undertakings goes, one can really doubt whether the public sector or the bureaucratic Central Government machinery would really be able to function so smoothly and economically as it has been so far functioning.

Shri M. C. Shah: Perhaps better.

Shri G. D. Somani: That would be quite welcome. I would also like to have an assurance from the Central Government that if it does not function better, then, there will be no hesitation in denationalising the insurance business.

Some Hon. Members: Never.

Shri G. D. Somani: The Government of the U.K. have taken the bold step of denationalisation of steel and other things when they found that things were not moving well. Hon. Members are persisting in saying never. Whether the business is done efficiently or otherwise, this decision has been taken on doctrinaire or ideological considerations.

Mr. Deputy-Speaker: Did the same Government do so there?

Shri G. D. Somani: Whatever the Government in power.

Shri Asoka Mehta: On ideological grounds.

Shri G. D. Somani: The experience of nationalisation in the United Kingdom has convinced even the leftist party about its inability to deliver the goods.

Here, the alleged irregularities in the private sector have been given as the reason for nationalisation. I do not think any hon. Member in this House will entertain in the least any assertion from the private sector that if there are irregularities in the public sector on that account the public sector should not be allowed to expand. It is after all the competence and vigilance of the administrative machinery which could have done a lot in avoiding these irregularities about which references have been made. Government enjoyed vast powers. Even in the various reports of the Insurance Controller a reference was made, but no specific instance of irregularity was pointed out. The powers enjoyed by the Government were not utilised properly. My submission is this that if the department concerned had been more vigilant and careful and efficient, most of the irregularities would not have been committed at all. After all,

whether it is the businessman in the private sector or whether it is the official in the public sector, we are members of the same community. We have got these human weaknesses everywhere. The standard of morality is not high for a member of the public sector and low for a member of the business community. It is a question of tightening the vigilance of the administrative machinery. I do not think it is right to claim that the officials of the public sector are supermen. They also have human failings. As I had occasion to point out, the risk of abuse being perpetrated by an official who has no stake in the country is much more greater than the risk of any irregularity committed by somebody who has got a vast business organisation and who will not only suffer in his reputation but whose entire business organisation will collapse the moment the irregularities come to the notice of the Government and the public. Therefore, even from the practical point of view, when the hands of the public sector are too full when there are so many things to be done by one Government, they are over-straining their resources in administrative and technical personnel to take risks which might land the country into difficulties rather than accelerate the pace of development for which it is being done.

So far as these irregularities are concerned, I would also like to make a last submission, and that is this that the private sector will welcome if an impartial commission is appointed to go into the entire question of the growth and development of the insurance industry. Let an impartial verdict be given as to whether the industry played the game, whether the industry, in spite of all the handicaps and obstacles, executed its task with initiative, with enterprise, with efficiency, with economy on the whole, and whether the irregularities or bad investments are of the order they are imagined to be.

Mr. Deputy-Speaker: Is it contended that it is because of mismanagement and irregularities nationalisation is resorted to? Or, is it a matter of policy and in addition there are irregularities also?

Shri G. D. Somani: As I was submitting, as far as the Plan is concerned, this policy is not going to make any difference, because the Government say they will continue to make available to the same extent as before the resources of the insurance companies to the private sector. Therefore, there is no question of any difference being made by

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nationalisation to the resources of the Second Five Year Plan. Therefore, the only thing that is being repeated is these irregularities. Examples have been given. Here, my submission is that it is not out of all proportion when Rs. 400 crores are involved, when so much business is involved. I would like to have a categorical statement as to what is the percentage of these irregularities and whether they are not quite insignificant compared to the volume of business that has been prevailing and compared to the total investment involved. My whole interpretation of this is that it is only ¼ per cent of the funds which was missing. Of course, the question of bad investments remains separately. Government may not have yet been able to examine the nature of the investments which the insurance companies have made, in respect of which the shares and securities may be lying with the companies. That is another matter.

Shri T. N. Singh: Temporary misuse of funds may have been covered up at this stage, but what about misuse in the course of the year!

Shri G. D. Somani: As I said, let an impartial enquiry be made. Let a commission go into the question of the achievements and drawbacks of the industry, because it is a very serious thing that when the industry is nationalised, something is being put on record as if, except for a very microscopic minority, the entire industry has misbehaved, has failed in efficiency, in management, to act on business lines. I submit this is a very serious charge which has not been substantiated, and in fairness to those who are in charge of the industry I submit that much more information should be given to the public and to this House if this charge has to be substantiated. Otherwise, it is only fair that there should be appreciation of what has already been achieved by this industry. If it is the State policy to resort to nationalisation now, it is only fair that at the time of nationalisation the achievements of those who have made the industry what it is and brought it to its present position against heavy odds, should be acknowledged.

Shri B. S. Murthy (Eluru): That will be done now.

Shri T. N. Singh: Will you agree to an enquiry by a committee of this House into the conduct of the private sector generally in all its branches, not only insurance?

Shri G. D. Somani: In every branch. I accept the principle of an impartial enquiry whether by the hon. Members of this House or by persons outside. Let that commission go into the entire question as to how private industry has behaved in the matter of insurance before such a wild charge is levelled against it that it is an absolute misfit, that it is inefficient, that it has no integrity, and that except for a microscopic minority everybody has misbehaved. It is too sweeping, and I think the private sector deserves at least this treatment that before such a decision is announced, justice should be done to it so that the situation in its proper perspective may come before the House and before the Members. My submission is that this question of irregularity has been stressed out of all proportion and therefore much damage has been done, because it is not a question of the insurance industry alone. So far as I am concerned, I hold no brief for the insurance industry, but because of the effect that this will have, because of the very wild repercussions that it will have on the entire functioning of the private sector in the Second Five Year Plan, let this charge be gone into and let a commission be appointed to go into the matter, and find out if the charges levelled are true or not. As it is the argument is based on certain examples given by the Finance Minister or by the different speakers, but I seriously challenge the validity of the argument that most of them have misbehaved. I say this is far from true. Only a microscopic minority has misbehaved in relation to the total amount involved. The industry as a whole has played the game, has placed the insurance business on a sound basis and is handing over to the Government and the community at large something of which the country can really be proud.

Shri Gadgil: I should first like to congratulate my friend Shri Feroze Gandhi on his very brilliant speech. A more powerful charge sheet against private enterprise in the insurance industry cannot be imagined. I am also glad that some attempt, however apologetic, to meet some of the main heads in the charge sheet has been made by Shri Somani. His plea that there should be an enquiry into what the private sector did in this particular industry is welcome. I always stand for enquiry when wild allegations are made—for example, so far as the Bombay riots are concerned. Therefore, it is only fair that no man should be condemned

unless he is given an adequate opportunity and proper facility for whatever he has to say.

Dr. Lanka Sundaram (Visakhapatnam) : Enough rope to hang himself?

Shri Gadgil: But that appointment of an enquiry commission need not delay nationalisation which has been already decided upon by the Government. The first step in implementing that decision has been the issuance of the ordinance.

I find from the various criticism made in the press and by other men interested in this industry that some say the decision has been too sudden, some say that this is too soon. *The Hindu*, one of the most prominent papers in South India has stated that this is being done for the inauguration of a socialistic society, for which the country has not given the mandate yet. So far as this point is concerned, I would like to meet the argument of *The Hindu* by saying that the ideal of a socialistic society is not a fad of the Congress Party, but it is something which was accepted by the Lok Sabha on 22nd December 1954, the full constitutional implication of that being that it is the verdict of the country to the extent that this House represents the country. Interests may change in the next general elections, but that policy stands. Therefore, whatever be the colour of the Government, they are bound to give effect to this policy.

So far as the Congress Party is concerned, as early as 1938—at least you and I were there in the Central Legislative Assembly at that time—when the consolidation Bill was brought before the House, some of us even then pleaded for nationalisation.

In 1950, another amending Bill was brought before the House, which I had the honour of piloting. In the report of the Select Committee on that Bill, the arguments advanced by the Congress Party Members were as follows :

“We hope that the present Bill will not only safeguard the interests of the policyholders and place the insurance business on a sound footing, but giving larger powers of control to the State, it will add to the experience of the public administration in handling insurance business and habituate the private enterprise to accept public control in the larger interests of the community, and thus pave the way for nationalisation.”

Speaking later, I said :

“A regulatory economy is from one point of view in the larger interests of the community; and from the other point of view, the capitalist with justification, strong enough according to Mr. Masani, can say that this is an authoritarian doctrine. But so far as the economy of this country is concerned, it is evident that we have accepted a sort of regulation in the matter of industry and business, and it is now no longer valid to raise this question either in the sphere of insurance business or any other. The fact must be accepted that the progress of this country is on the lines of regulation. The stages by which ultimately the capitalist economy can be turned into an economy of the people may be slowed down or quickened according to the colour of the Government that may be in power at that particular moment.”

Therefore, to say that the decision has been too soon or too sudden is not keeping pace with the facts.

Apart from this, I think it was in the month of November or December last that a question was asked in this House, “What about nationalisation of insurance”, and the reply given by my hon. friend Shri M. C. Shah was that the matter was under consideration. So, it is not as if the decision has been taken suddenly.

I agree that the regulatory realm and the mechanism of the Controller that was visualised in 1950 in the amending Act has not worked, according to some, satisfactorily. But crime does not cease to be a crime because it is not detected. The crime consists in the act itself; therefore, it does not become a crime only because it is detected. You may condemn the department of the Controller of Insurance, or what he did or what he did not do. But that is no justification for pleading that what was done by certain insurance companies was just or fair.

The whole thing has now to be viewed in a different context. Now, we have a planned economy. In a planned economy, with certain economic objectives well defined in our Constitution and also adopted in our First Five Year Plan and Second Five Year Plan, it is obvious that the State must have full control over the economic field in the country. And institutions of finance as

[Shri Gadgil]

well as individual concerns must be regulated in the matter of investment, according to the plan that has been accepted.

My submission is that when we are accepting a socialist pattern, the responsibility for capital formation should not be put on the private sector, however big or small it may be. It is a responsibility of the community, and in order to discharge it satisfactorily, the community must have full control over the economic surplus in that community. Leaving any economic surplus in the hands of the private sector would lead to many undesirable effects, for economic power virtually means power to command the labour, and when such a power is there, it is bound to be exercised in a manner which will not be in the best interests of the country.

Take, for example, the various agents, sub-agents and branch managers that are appointed. Just a little while ago, the criticism was made that appointments were made not on the basis of merit but on other considerations. Nationalisation, apart from its economic aspect, is a moral strategy as well. And since we are wedded in this country to give every man equality of opportunity, we can secure that objective only when there is a general system of nationalisation working in the whole country.

So, We have to look at this question from the point of view of whether nationalisation of this particular industry is in the best interests of the country or not. Any other test or any other criterion will not be correct. In this connection, the tests laid down by the Finance Minister in his speech are : the premium maximum yield, the employment opportunities, the character of the whole thing and the business being managed as a trust.

In this connection, I would like to invite the attention of the House to what Mr. A. D. Shroff said on 29th June 1955, when he addressed the annual general meeting of the shareholders of the New India Assurance Co. Ltd., In such a proposal, he said :

"The main facets of this problem which need to be considered in arriving at balanced and informed conclusions are :

(i) the social and economic purposes underlying the proposal to nationalise;

(ii) the character of the industry and its adaptability to nationalisation;

(iii) the performance of the industry under free enterprise;

(iv) the ability of the industry as a free enterprise as compared to a State-owned one, to develop ultimately fulfil the national objective of obtaining optimum production capacity within the shortest possible period; and

(v) the experience of other countries in regard to nationalisation of the insurance industry."

These are the tests in the light of which we must consider the question of nationalisation of this particular industry. I am not referring to those general tests regarding nationalisation, such as that the cost of production should be less, the service should be cheaper and more efficient, there should be full employment, there should be an equitable distribution of the wealth and so on. I am referring here to certain specific tests so far as the nationalisation of the insurance industry is concerned. I agree that the five tests suggested by Shri A. D. Shroff should be applied to what is being done now.

The first test is the social and economic purposes underlying the proposal to nationalise. The economic purpose obviously is that we must have a complete control, that is to say, the State must have a complete control, over the economic surplus functioning or available in the country. I think for that purpose, institutional finance and individual finance must be so integrated in this system that no one will have an opportunity to invest it in a manner which will not promote the best interests of the country; for in a planned economy, everything must function according to certain well-defined and well-understood ideas.

Then I come to the character of the industry and its adaptability to nationalisation. I appreciate that this industry has a peculiar significance, because it has been said by one of their experts that insurance is not brought but sold, and if it is sold, it requires a special type of canvassing. I agree that it is necessary, I also concede that in certain circumstances private enterprise in this field may do. But the test now is that we have to balance this advantage against the advantages which we think

will flow from nationalisation of this particular industry, and if we come to the conclusion that the advantages of nationalisation far outweigh the advantages of the private sector being allowed to function, then surely it will be our duty to take it over.

Now, a reference was made to the Labour Party reconsidering their socialism so far as nationalisation was concerned. I may assure my hon. friend, Shri G. D. Somani that there is sometimes some vacillation; just as in the mind of an individual, it is also in the mind of the Party. But you will find from the latest trend in the Labour Party—he must have read articles written by Mr. Bevan—that there is no socialism if there is no nationalisation of industry. He is, therefore, trying to inject new vigour in the body thought, so to speak, of the Labour Party, and I shall not be surprised if that issue once more figures prominently in their next election manifesto.

The point is that we have to take into consideration the experience of other countries. There is no doubt about it. But the experience of other countries is to be interpreted in the context of the social, economic and ideological conditions of the country and the community concerned. We have now seen that we want so much more money for financing our Second Five Year Plan, and unless we have complete control, as I said, of institutional finance, it is not possible successfully to achieve the targets contemplated in that Plan.

Now, I do not want to belittle the achievement of the private enterprise in this field. I am sufficiently fairminded. I have no doubt that if this industry had not done good work, life business would have continued the monopoly of foreign companies. But that monopoly has been broken. If you take the figures of our companies doing life work for the last twenty years, they have practically ousted the foreigners from the field so far as life insurance is concerned. If you want a certificate that you have done something, in spite of a powerful indictment by Shri Feroze Gandhi, I am quite prepared to give you a good certificate and ask you to sacrifice your overall interest in the national interest.

Shri G. D. Somani: Agreed.

Shri Gadgil: The verdict of the House is there. The establishment of a

socialist society is binding on you, is binding on me, because at that time it was passed unanimously and there was no division challenged. Even Shri G. D. Somani or Shri Tulsidas cannot escape from the implications of that parliamentary decision.

The other aspect is this. You have done. But have done enough? That is the test. From the speech delivered by Shri C. D. Deshmukh, it is obvious that more could have been done. You could have lessened the rate of premium. Something was being attempted a few days ago. But you could have done it much earlier. You could have made it more popular. You could have mopped up considerable savings from the rural side, this that and the other. No doubt, some idea of what private enterprise wanted to do in the next ten years was given by Shri A. D. Shroff and I find that if that is taken over by the Government, according to the scheme propounded by Shri A. D. Shroff, it will mean employment for another half a million people. This is what he says :

“It must be fully realised that to tap this immense potential, a huge field organisation, properly equipped and initiated into the science and art of selling insurance, is a prime necessity. Our calculations show that to service India's 5,655,000 villages with a population of approximately 30 crores and 4,544 towns and cities with a population of about 6 crores, the industry will need a field force of about 4,55,000 agents for the villages and 60,000 for the towns and cities, making a total of 5,15,000. More important is the need for equipping this huge field force with the most effective and scientific training in salesmanship. The task of inducing training and harnessing an agency force of this magnitude will necessitate an inspectorate force of 20,000 and about 2,500 executives of high order.”

This is the prospect for the future, and I should say with all the responsibility I can command that if this prospect is not realised by the Government, not in a period of ten years—that is what private enterprise has already promised—but in a much shorter period, ~~then the general public will be justified in the criticism that the public sector, namely, the State, has failed to give the result.~~

Shri M. C. Shah: I won't fail.

Shri Gadgil: But I hope this will be done and the targets contemplated achieved. I hope that every little farthing that a man has over and above what his necessities require will come into the hands of the public for the purpose of financing the Second Five Year Plan. My own feeling is that this nationalisation is going to help us immensely and is not going to affect the financing of the private sector much. Today out of the total assets of Rs. 390 crores, one-sixth or roughly Rs. 55 crores are, so to say, invested in the private sector. But left to myself, I would have liquidated the private sector much earlier. You have in Shri C. D. Deshmukh a man liberal in his instinct and outlook—a fairminded man. But he has put you on trial. So many offenders at the first offence are put on probation. So in the light of the indictment made, you are on a sort of probation.

Mr. Deputy-Speaker: The hon. Member will address the Chair.

Dr. Lanka Sundaram: I hope he is not putting the Chair on probation.

Shri Gadgil: Objection was taken to the method, the whole thing being done by Ordinance. I have got here an issue of the *Bombay Samachar*, a Gujarati paper of 29th February, in which it is stated that Ahmedabad millowners knew much earlier that excise duty on cloth was going to be increased, and whereas the normal stock would be about 93,000 bales or thereabouts, on the day on which the enhanced duty was to be operative, there were just only 42,000 bales. They built special godowns...

Shri G. D. Somani: That was intelligent anticipation.

Shri Gadgil: Next time when the Budget is presented, it will not merely be enough to have a notification on the last day of February, but power should be taken to see that transactions done before, should come under it, that is to say, it should have retrospective effect. This is a testament to the character of private enterprise.

This is all I have to say. I welcome this nationalisation and, like Oliver Twist, I ask for more.

Shri Bhagwat Jha Azad: In this House I get very rare chances to congratulate the Ministers of the Central Government wholeheartedly and unfortunately this is

not also one such chance because it has done work half-heartedly in the sense that it has, in spite of the persistent and general demand in the country for nationalising the whole of the insurance business, nationalised only life insurance business and not others. But I hope, now that the current is flowing faster and faster against the private sector, we will rejoice in this House once more at the nationalisation of the other insurance business as well. The fight that has been put up by Shri Somani was indeed only half-hearted.

I think much has been said in the House regarding nationalisation, and the case has been very aptly argued by my friends, Shri Feroze Gandhi and Shri Gadgil just now. There are instances in abundance of the irregularities and various types of fraud committed by insurance companies. Of course, a defence has been put up by Shri Somani in this regard, but when he was stating that the officers attached to the public sector may not be able to do the work and that there are also wrongs on that side, I was reminded of the devil quoting scriptures. These are the friends and clerks who have defrauded the poor policyholders—and I am one of those poor persons who have got a small policy for long long years with a private industry—and drained the resources and money of the poor policyholders into their own pockets.

Shri Trivedi stated: "Why do you quote instances? Give us the book." There is plenty of literature on the subject. Let him read a small book just published by the A.I.C.C. Reserach Section—by Shri H. Malaviya—on insurance, and he will find examples of these misdoings.

We are at the start of the Second Five Year Plan, which is a very ambitious plan. We want to complete it and implement it fully. The success that we have achieved with our First Five Year Plan is marvellous. Whereas it took about 200 years for the countries of Western Europe to bring into being their magnificent industrial achievement, it has taken only a few years, five to seven years, to put up such an economic development in this country for our Government. At the offing of the Second Five Year Plan this is a good step towards financing it. I say it is more due to the misdoings of the insurance companies that we have been forced to nationalise life insurance and we should

have done it much earlier, and nationalisation of other forms of insurance should be done immediately. We feel that on account of these two factors—first, for removing misdoings and secondly, for widening and deepening the channel of resources to finance the Second Five Year Plan—we had to take this step and a very right step.

We know that the value of life insurance assets at present in the country is about Rs. 380 crores, from which the earnings are about Rs. 12 crores. The total business that it is carrying on in the country is Rs. 1050 crores.

It has been stated that nationalisation of life insurance business will mar the formation of capital. The Taxation Enquiry Committee has stated that for the net domestic capital formed of Rs. 719 crores, the increase in all insurance funds is about Rs. 22 crores. I am quoting that portion from the Report of the Taxation Enquiry Committee. Let those friends who are saying that nationalisation will mar the formation of capital contradict these figures, and it is for them to say about their doings for the past so many years. We know that the ratio of premium to national income will come to $\frac{1}{2}$ per cent. That is what they have been able up till now to mobilise in the country, whereas in the U.K. it is 2.8 per cent. My friend Shri Tulsidas is laughing at his failure and I must say that a man who laughs at his own failure must indeed be a bold man. But the things are there.

When we have nationalised insurance, we will achieve good results. There are two important defects in insurance in the private sector. One is that it is limited to a very small scale. By nationalisation it will spread to the rural areas, and a small or a reasonable part of the amount that we will be getting thereby will be spent for spreading the business in rural areas who will also contribute to the financing of the Second Five Year Plan. We have been told that the Finance Minister expects to raise about Rs. 500 crores out of small savings in the country. I feel that if we take proper care after nationalisation, we will be able to enhance this small circle to cover our friends in the rural areas and we will be able to raise much more than what we have been doing up till now.

It has been said that there will be extravagant expenditure in the public sector. Let those friends explain what they have done up till now. The expense

ratio in India is 29 per cent, whereas in U.K. it is only 12 per cent, and in U.S.A. 17 per cent only. Compared to the figures of other countries, what we are spending is much more than what is required to finance or manage a reasonably good life insurance business. Where does this money go? It goes into the pockets of those friends—in the name of agents, special agents, chief agents, principal agents and what not. For agents they give 40 per cent. The special agents get to the tune of 64 per cent of the premium paid. The special agents are friends and relatives. The principal agents get 32 per cent and the chief agents get 48 per cent. The dummy gets 32.4 per cent. What are dummies? The dummies are in the name of the womenfolk who are their relatives. For example, agency is given to the family members of insurance field officer. It is given to the wives of police officers so that the police officers may let them go scot-free if they are caught in any crime. It is given to the family members of revenue officers. It is given to the family members of employment exchange officers. In this form 32.44 per cent of the premium is given to dummies. That is how this expense ratio in the country has gone up to 29 per cent, whereas it is only 12 per cent in U.K.

In my view life insurance business in this country must have been nationalised long ago. All the provisions that are there regarding this business are observed more in the form of breach than in the form of obedience to law. Therefore, it has been stated by my friend Shri Somani that there will be no difference in utilising the resources out of the insurance companies even if it has been nationalised now. I say it is far from the truth. There will be difference. The resources are now being utilised not for the public good but for the good of a few individuals in the different undertakings I am not an expert in this business as my friend Shri Feroze Gandhi to relate instances of companies one after another. He mentioned to you about the insurance business of Dalmia.

2 P.M.

Shri Tulsidas (Mehsana West): He always talks of one company.

Shri Bhagwat Jha Azad: When Shri Tulsidas Kilachand was not in the House, he has said that if balance sheets of other companies are available, he will point out the same defects. If you have got the courage and guts to put before him papers relating to other companies with which your friends are concerned,

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it will be very nice of you and it will then enable us to plead against nationalisation. Do you accept that challenge? Here are the other companies. Have a little patience and he will get one after another and then you will know. The majority are like that. A minority may be there. . . .

Shri B. S. Murthy: Shri Tulsidas is one of them.

Shri Bhagwat Jha Azad: Under the Second Five Year Plan, we will have to see that the resources that we get from the insurance business are put in proper quarters in proper perspective. But what did the private companies do? Their motive for investing the funds of the life insurance business would be the personal profit motive whereas Government will spend the money according to the priority laid down. The contention of Shri Somani that this fund will not be used in ways different from the ways in which it was used by the private companies is cent per cent—even 105 per cent—wrong. It has been said that the Government of India could not locate mismanagement anywhere. I must thank him if it is due to the efficiency of the insurance business. How efficient they are in fraud; how efficient they are in hiding their balance sheets and how efficient they are in observing all the forty-eight principles which my hon. friend quoted from Chanakya! They are great experts and we must give them this credit. Now that it is under the control of the Government, things will be found out and corrected.

Shri Somani quoted instances from U.K. In England the winding up figures are comparatively high. In the balance sheets, amounts not accounted for are very big. What does that mean? It means that our friends associated with that business are the same everywhere whether it is England or America or any other country. So, let us be more cautious and nationalise earlier. Shri Somani was pleading against himself by quoting the case of U.K.

It had been wrongly stated that Government had breached democratic principles by issuing the ordinance. My friend Shri Asoka Mehta is a great economist and I have high regard for him since my student days for his knowledge of economics. But how did he fall into this trap and say that it was a very bad thing? The insurance companies are clever enough. But now they have established how clever they are in this insu-

rance business—interlocking, buying a landed property for fifty lakhs but selling for ninety lakhs. If the Government had not issued the ordinance and it had come before the Parliament, then everything with them would have been all right. They would be glad to send their accounts, etc. to the Finance Ministry. I must congratulate the Finance Ministry on the very fine job they have done by issuing an ordinance and taking over the administration overnight. I wonder how they could keep the training of officers, a secret, so that even Shri Somani could not know it. It is really a wonder. I hope that the Finance Ministry will show some more wonders when they nationalise banks and general insurance; they must train their officers in this wonder-land so that Shri Tulsidas and Shri Somani may not know it. It will be very fine.

Shri M. C. Shah: 54 people were sent in advance to take their positions on the 20th morning. The broadcast was at 8-30 p.m. on the 19th night and those officers were authorised to take up their positions all over the country by 10-20 next morning before the managers etc., arrived in their offices.

Shri Bhagwat Jha Azad: All these details show that our efficiency has gone up and there is no ground for the fear of my friend, Shri Somani, that they will not be efficiently managed. It is a fine example of how the public sector is able to perform certain functions much more efficiently than my friends in the private sector have done.

I can say one thing. A commission has been demanded to enquire into this. If the public sector fails to manage it properly, it should be de-nationalised. I say—young India speaks so—I am prepared to go wrong in four industries in the public sector rather than cast my lot with these private industrialists who are managing the industries in this country for their pockets and for their profits and not for the social good of our country. I am sure that there will be nothing wrong but even if there is something wrong, there is no case for de-nationalisation. The Conservative Government in UK may do it but not the Congress Government in India. There is ample evidence and sufficient justification to nationalise this and it has been done, though late, marvellously. We will trust that another Bill will come before this House for the nationalisation of other aspects of insurance and banking.

Shri Tulsidas (Mehsana West): I hope you will give a little more time.

Mr. Deputy-Speaker: He has not even started.

Shri Tulsidas: I may have to reply to a number of questions. First of all, I would like to refer to the Statement of Objects and Reasons. Why has this Bill been brought forward? It has been mentioned here that it is entirely due to the fact that funds are required for the Second Plan. Some persons have said so. The Statement of Objects and Reasons says :

"As a result of such study the present management of the industry has been found wanting in several respects In the short period that has elapsed since then a number of companies had to be put under administrators as investigation into their affairs revealed gross mismanagement—even embezzlement—very often resulting in insolvency. It has been observed that with a few exceptions, the Indian Life Insurers are virtually controlled by individuals who are prone to utilise the funds of these companies to subsidise or prop up their investments in other ventures to the detriment of the industry and the policy holder who is its backbone."

So, that is why this Bill has been brought forward.

I have been listening to a number of speeches here. I must confess that the Finance Minister has presented a most damaging case against the sector which has, in the First Plan, proved that it can achieve much better results than the public sector. To me it seems more like a confession of the failure of the insurance control administration. On the basis of malpractices perpetrated by a few insurance companies which could have been prevented by the administration if it had been more vigilant he has tried to blame the entire business world as unscrupulous. In this, I am sorry to say, the Finance Minister—I have always got the greatest respect and reverence for him; he has a very stable and balanced mind—has lost his excellent sense of proportion. The few cases of malpractices that he has cited either involve only an insignificant proportion of the total volume of business and the total amount of life funds or are of a trivial nature and anyway cannot by the widest stretch of imagination be said to justify the extreme step that he has

taken. For all the good that the Indian insurers have done he has nothing but bitter words. There is no reference in his speech to the excellent work done by the great majority of companies many of whom are models of integrity and efficiency. They command respect and enjoy an excellent reputation not only in this country but also in foreign countries. There is not a word of praise for them. All through his speech there was a sort of complete bitter reference made that the entire business world is of an unscrupulous type excepting a very few. Sir, in my opinion he has failed to place the whole matter in its proper perspective. By making a mountain out of a mole hill, by harping all the time on the lapses of a few companies involving a negligible proportion of funds he has unjustifiably tarnished the good name of not only the entire insurance world but also of trade and all Indian business men at home and abroad.

Sir, do you expect these business people to go abroad and get the foreign exchange which you want them to get when you malign and condemn the entire business community just because you have a very few examples of lack of integrity? I have often said that I am not for giving any support whatsoever to the malpractices which have been there. I condemn them. I have no sympathy for the people who have done anything wrong. Let them meet their fate. Let the Government do whatever they like with regard to these people. But, because a few examples are there, by giving those illustrative examples the entire picture that has been given is such that the entire business community of the country has been unscrupulous.

At the very outset let me make it quite clear that I condemn these malpractices. All I wish to say is that the proportion of funds involved in the malpractices is particularly negligible and, secondly, that the Government policy and administrative machinery of control and inspection is also responsible for the malpractices that have occurred. I would like to tell you how even the Government machinery is also responsible for the malpractices that have occurred. In any case nationalisation is neither necessary nor desirable to attain the objective the Government has in view.

Shri B. S. Murthy: "Not essential" I suppose?

Shri Tulsidas: The Finance Minister, however, has said that the companies have done much but not enough. I am glad to say that at least he admits that the companies have done something. He has not referred at all to the question of fine performance of Indian insurers against heavy odds such as, the unsympathetic attitude of the foreigners. Sir, you must not forget—and I am sure the House does not forget—that we have achieved independence only in 1947. It is now only 7 or 8 years and the amount of handicap which this industry had to put up with has been completely forgotten. What happened? Firstly, we had partition of Burma. After that we had this partition here. We had all this trouble and the insurance industry had to go through a great ordeal on account of this partition. The industry was not responsible for the partition but all the same they had to go through the ordeal. It is only since 1950 that the industry has shown that they can do a certain amount of work. It is only during the last five years that this industry has established itself not only on the map of India but on the map of the world. That is the achievement of this industry. The total business done by the companies increased from Rs. 42 crores in 1941 to Rs. 247 crores and the business in force of Indian insurers increased from Rs. 219 crores in 1938 to Rs. 1150 crores in 1955. The premium income of Indian insurers increased from Rs. 11.5 crores in 1938 to 47.5 crores in 1954. The life insurance funds of Indian insurers increased from Rs. 50.6 crores in 1938 to Rs. 280 crores in 1954. I have not got the latest figure but it comes to now nearly Rs. 356 crores.

Sir, imagine the amount of progress this industry has been able to make and you just simply flog the industry which has really done, in my opinion, most excellent work and which has got a lot of integrity excepting a very few cases. These examples have been illustrated as if the whole industry has been completely mismanaged.

My point is that in India only 19 companies or 20 companies do 85 per cent of the business. The entire business which was formerly with the foreign companies is today—90 per cent of it—controlled by these companies. That is not a small achievement. Then mind you, Sir, apart from what has been said, these companies have also gone and taken business from outside India not of a small nature but of a substantial

nature. If the insurance industry had been something like what the hon. Finance Minister described they could not have been placed in that position.

I would also like to point out to you that in Asia the only country which puts insurance outside its own area is India and that is this industry. No other Asian country has got companies which function outside its own territory. That is another achievement of this industry. Here the Finance Minister has completely condemned this industry as if it is the most worstly managed one and as if it is the most inefficient and dishonest. If that is so, could they have achieved this, I would like to ask? Sir, I would like you to bear this in mind.

Now, I would like to go into a number of points which the Finance Minister and several other hon. Members have raised with regard to this question. It is a very technical matter but I would like to go into it. As regards the reference that Indian insurers have done much but not enough he has implicitly drawn attention to certain inadequacies in insurance. For this there is no reason to blame Indian insurers as such. In so far as overall inadequacy is concerned Rs. 25 *per capita* is the insurance in force as against much larger amount in the United States, of America and other countries. I can only say that this reflects not only the poor state of savings in this country but refer to the fact that there are very few persons in India who have means to save and invest in insurance. What is the number of income-tax payers in this country? How many people pay income-tax? How does the percentage of income-tax payers to the total population in India compare with the corresponding percentage in the United States of America or in other countries? In India out of 36 crores of people less than 3 lakhs of people pay income-tax. That is the position in our country.

Shri M. C. Shah: From where have you got these figures?

Shri Tulsidas: I have got the figures . . . I am sorry, it is not less than a million. 3 is the percentage.

Shri Feroze Gandhi: Are all the figures like this?

Shri Tulsidas: Anyway, we just come to this.

If you say that the *per capita* insurance in force in India is just Rs. 25, what is the percentage of tax-payers in this country? It is less than one million out of the total population of 36 crores. What is the percentage of tax-payers in America? It is 40 per cent of the population.

Shri Feroze Gandhi: How many evade income-tax in India?

Shri Tulsidas: You can ask the same question in other places. If we are to carry Shri Deshmukh's argument to its logical conclusion it would mean that the small proportion of income-tax payers is an inadequacy of the Finance Ministry.

Moreover, I may point out that against less than one million tax-payers, there are as many as three million policy-holders in India. I am sure that in the United States the number of policy-holders cannot be thrice as much as the income-tax payers there. To that extent, the industry here has reached the people who can afford to take insurance policies and invest in insurance. I would like to know what the Finance Minister has got to say about this proportion. The overall paucity of insurance in India, as I said before, reflects the poverty, the illiteracy and the underdeveloped nature of this country itself and not any inadequacy on the part of the insurers themselves. The Finance Minister has tried to show that the insurance companies have not attempted to approach the small men and to effect insurance of the type known as industrial assurance as in the United States, where identical insurance is effected on a very vast scale particularly amongst the industrial workers. This is probably a most absurd allegation of inadequacy that a Finance Minister has made against Indian insurers. In the first place, what is the total population of industrial workers in India? How many of them are literate and how many of them have sufficient income to be able to save in the form of insurance policies? In the second place, the Government have themselves statutorily laid down that an insurance policy cannot be issued for less than thousand rupees. This is a statutory thing, namely, that an insurance policy cannot be issued for less than thousand rupees. This provision automatically disables the insurance companies from selling insurance to industrial workers, agricultural as well as industrial, and to other workers as well.

Therefore these workers also cannot take out insurance policy because they cannot have savings to take a policy of thousand rupees or more. Therefore, the absurdity of this allegation is quite clear. I think the Finance Minister must have been misinformed and misled into making such an untenable allegation.

The Finance Minister has also referred to the weakness in a large measure of the insurance companies such as inability of 70 companies to pay bonus, the failure of 25 companies for amalgamation and another 25 companies in respect of some other defects. I do not want to say to what extent this has happened in other countries. As I pointed out earlier, we are still in the question of development of the country. The foreign rule has ended only about eight years ago. It is only after eight years that the insurance has come forward and this readjustment has taken place. For the existing state of affairs, the Government is also principally to be blamed. In spite of the fact that the machinery of control has been working for the last 15 years, the Government have hardly ever cared to examine the credentials of prospective insurers; they have hardly ever tried to lend strength to these small insurers either by encouraging them to amalgamate, as has been done in the case of some smaller banks or in any other way; and they have hardly ever taken the industry into confidence or to discuss with them the ways and means either to strengthen these companies or of combining them into bigger units. On the contrary, the administration has always had a soft corner for such inefficient uneconomic units and has tried to sustain them by methods such as frowning upon the lowering of the rates by the better companies. Everytime, whenever the insurance industry wanted to lower the rates, it is Government who said, "No". This is the way in which the Government have encouraged the small companies. How can the small economic units then function? It will be seen that most of the lapses reported have occurred in the case of small companies.....

Shri Feroze Gandhi: No, Sir.

Shri Tulsidas: Shri Feroze Gandhi has got particularly a friendly relation with this particular company and he must have got all sorts of information from this company. He must be having friendly relations in order to get that

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information. Otherwise, he cannot get the information. He must have really very friendly relations with that company in order to get all this information.

Pandit K. C. Sharma (Meerut Distt.-South) : He can have intimacies with you.

Shri Tulsidas: He is still friendly, but he cannot get information from me. Now, attempts at amalgamation have been misinterpreted as attempts at forming monopolies. When they wanted to amalgamate, the Government said, "You want to form monopolies". You do not want to allow the small companies to amalgamate really. This was the reason why the small companies had given a bad name to the entire industry. These were the uneconomic and inefficient units which have given bad name to the industry. The preponderance of large-scale units may be illustrated by pointing out that the leading 19 companies, who have funds of over Rs. 2 crores, control about 80 per cent of the funds. As far as these companies are concerned, there has been a much smaller percentage of lapses.

The Finance Minister has alleged that malpractices are common among the majority of Indian insurers. For instance, he has given four cases of misappropriation of funds. I do not want to go into what he has stated further, but my friend, Shri Somani, said that it works out to less than one per cent. I do not like even that one per cent. I do not like even one rupee of the policy-holder's money to be lost. It must remain as the sacred trust. I do not like anybody saying that it is only half-per cent or quarter-per cent. But there again, my friend Shri Feroze Gandhi, while speaking the other day also, said that this mismanagement of embezzlement was known to the Government in 1951, and that no action was taken.

Shri Feroze Gandhi: In 1952.

Shri Tulsidas: Yes, in 1952. But who is responsible for this.

Shri M. C. Shah: What he said was that an administrator was to be appointed by the Government of India, but because of the legal advice, the administrator could not be appointed at that time. That is what he said.

Shri Tulsidas: No. I am sorry to say that again there is a misinterpretation. Did not the Government come to know about the misbehaviour or embezzlement a long time back. Did the Government take any action?

Shri M. C. Shah: No, Sir, The fact is, the case that was referred to here was about the Times of India building and some Nahur property which were purchased. That fact came to the notice of the Government of India in the shape of information that more amount of money was paid for the purchase and all that. Therefore, immediately, investigation was taken on hand and at that time the Government of India wanted to appoint an administrator to take over the administration of the company, but they were advised by the legal advisers that it was not possible, because then there was one case in the Supreme Court. Therefore, Government went in for an amendment of the Constitution to avoid such cases and to get powers.

Mr. Deputy-Speaker: The hon. Member's point may be replied to at the end, when the hon. Member does not want to be interrupted.

Shri M. C. Shah: There was a misrepresentation of facts. Therefore, I replied. Otherwise, I will not. For each point of his, I have got a reply.

Shri Tulsidas: When the Insurance Act was amended in the last session, I pointed out that the powers Government were taking under the Act were so extraordinary that in no other country the Government has taken such powers under such an Act.

The hon. Finance Minister said that the Insurance Act was amended ten times. Shall I ask the hon. Finance Minister who was responsible to amend this Act? It was the initiative of the industrialists themselves who came and said to the Government, "Please amend the Act and take these powers". But nothing was done; no administrative action was taken. I do agree with the Finance Minister when he mentions the criteria of insurance, namely, that we should be able to provide cover at low cost. He has also said that the insurance premiums charged in India are higher than those in other countries. He knows that this is due to causes which are beyond the control of the companies themselves. Mortality experience in India is much less favourable to the companies in India than in Europe or North America. The expectancy of life in India

is about half of that in the United States or other advanced countries. Secondly, the attitude and control of the administration has been such as to discourage the lowering of premium rates. For instance, in 1954, when the leading companies decreased the premium rates, the administration frowned upon them, brought pressure upon them and asked them not to decrease the rates for the purpose of preventing smaller and inefficient units from closing down. This action on the part of the leading insurance companies which was for the benefit of the policy-holders was misinterpreted in many quarters as cut-throat competition and a hue and cry was raised in the name of small units.

The Finance Minister has pointed out that many companies have failed to declare bonuses. I would bring it to the notice of this House that this was due to the inability of the smaller companies to keep pace with the larger companies. Companies having funds of Rs. 50 lakhs or above, with very few exceptions, have declared bonuses. It is only those companies which have funds less than Rs. 50 lakhs that have not declared bonuses.

Then, the Finance Minister pointed out that he received 1,000 complaints during 1954 and number of them were referred to the Controller under Section 47-A of the Insurance Act. The Insurance Year Book, 1955 gives at page 65 the statistics of the disputes referred to the Controller. According to their statistics, the total number of disputes referred to the Controller in 1954 was 98; it was 108 in 1955. The total number of disputes for the five years beginning from 1951 and ending with 1955 was 287.

Shri Venkataraman (Tanjore): That relates only to policies less than Rs. 2,000.

Shri Tulsidas: Out of these, 38 disputes were not entertained because they were frivolous; 125 were withdrawn or allowed to be dropped and only 40 were decided in favour of the claimants. 70 disputes are still not decided. According to the Year Book, 1954, the Controller decided only 6 disputes in favour of the claimants. Therefore, the figure of 1,000 mentioned by the Finance Minister gives an exaggerated idea of the actual position.

The Finance Minister has also referred to other irregularities which I shall consider one by one. One of the irregularities was about bogus agents. He

says that there are a large number of bogus agents. Granting for the sake of argument that his contention is correct, I wish to ask him whether the Government itself is not responsible for this state of affairs. The Government have never laid down any adequate qualification for appointment as agents. On the contrary, they have encouraged any Tom, Dick and Harry to become agent by obtaining a licence on the payment of a fee of Rs. 5 for a period of three years. If the Government allows such indiscriminate appointment of agents, they should only thank themselves if many of them are either incompetent or bogus. There is an amendment of the Finance Minister which says, "Prevention of disqualification for membership of Parliament". Many Members of this House are agents and that is the reason why this amendment has been brought in. When the insurance companies become Government-owned, no Member of this House can become an agent, because it will be an office of profit.

Dr. Suresh Chandra (Aurangabad): What is the harm?

Shri Tulsidas: I do not say that there is any harm. I am only pointing out the facts.

Mr. Deputy-Speaker : How many Members are agents?

Shri Tulsidas: I do not know, but there is a large number. I would like to say that with this amendment, they can still continue to be agents. That is all that I want to say.

Shri M. C. Shah: That was the correct procedure....

Shri Tulsidas: The hon. Minister can reply afterwards.

I do not deny that there are a number of bogus agents; but it is only the Government which is responsible for this. Why do you allow agents to be approved merely by paying Rs. 5? There is no qualification for the agent. That is the type of administration we have.

Another allegation is about the investment of controlled funds. Here also, the Finance Minister is indulging in gross exaggerations. He says, "loans have been given on every type of securities, good bad and indifferent and often on no security at all; loans on shares on agri-

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cultural land, on barges—we might call it a floating security—on standing crop and on libraries.” This was before the amendments of 1950. Even after the tightening up of provisions, he says this is the position. It is not correct. It was so before 1950, but not after that. Mr. Asoka Mehta yesterday referred to the Cowasjee Committee's recommendations. The companies themselves were responsible for the amendments made in 1950. This is another allegation made by the Finance Minister, which gives a misleading picture to the House. He has failed to mention that such spurious investment has been on a negligible scale compared to the funds of the companies. I am prepared to challenge the Finance Minister; what is the percentage taking the total funds of the companies? It is not as if out of Rs. 500 crores, only Rs. 50,000 are in Government securities. That is a bad picture. From the Insurance Year Book, we find that 55 per cent of the funds are invested in Government securities and 8 per cent on loans of policies and about 16 per cent in industrial securities. According to the Insurance Act, the proportion of funds that can be invested in what are known as unapproved securities is 15 per cent. Under the Act, the insurer can invest up to 15 per cent in unapproved securities. As against this maximum limit of 15 per cent, the proportion of funds actually invested in unapproved securities works out to only 2 per cent. Even this 2 per cent unapproved securities are not really unapproved. It should be remembered that even unapproved investments might be thoroughly sound. Investments that are technically unapproved include shares and debentures of first class companies commanding a good price on the stock market. Here I will again point out that 80 per cent of the life funds are controlled by 20 companies and there the appreciation is very large on those investments. If that appreciation is to be calculated then the investment that has been made by that industry is very sound. As a banker or investor I can tell you that if in an investment 90 per cent of the investment turns out to be good, it is good business and not bad. The total investment has shown a considerable appreciation in these companies. What does that mean? That shows that investment has been made on a very sound basis by 80 per cent of the companies. I am not talking of the 20 per cent of the life funds which are man-

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aged by more than 155 companies. 80 per cent life fund is managed by 20 companies.

Another allegation he made is about expenses. In India it is 27 per cent as against 15 per cent in the United Kingdom and 17 per cent in the U.S.A. Again it is misleading. It is wrong to compare the overall average ratio in an under-developed country like India with that in some of the most developed countries of the world like U.S.A. and U.K. There are good reasons for this difference. First of all, it is well-known that the expense ratio is always high on first year's premium, the statutory limit being 90 per cent in India, and lower on renewals, the statutory limit being 15 per cent in India. If the proportion of new business to the total business in force is high—in India it is about 25 per cent—then the average will naturally be higher in India than in U.K. and U.S.A. This ratio of new business to total business in force is only a fraction of that in India which accounts for the high overall average. There are two other valid reasons for this high expense ratio. The average amount of policy written in India is about Rs. 3,000 as against Rs. 8,000 or so in U.S.A. It is well-known that for a smaller turnover the overheads always work out to a higher proportion and what is true of all other business is also true of the insurance business. The other important reason for this expense ratio is the fact that in India the insurance industry is not as old and well-established as in the U.K. and U.S.A. You will appreciate that if this industry has been functioning in England and America for nearly 75 years or 100 years, here this industry has come into being only some five or eight years back. The people are not saving conscious and the total savings in the country are difficult to tap.

There is another reason and that is the payment of commission. In India the amount is statutorily allowed is much higher than what it is in other countries. Here even on renewal statutory commission has to be paid so much. In England and America the Commission is much less than what it is here.

I hope I have convinced the Finance Minister that he has lost his perspective in failing to evaluate the role of the insurance industry in mobilising the savings of the people. By the allegations which have been made against this industry, an industry against which it

should not have been made, you have not only damaged the business community but you have damaged the entire country because the character of the nation is not judged by one sector alone but by all sectors.

If you want to nationalise, certainly do it but you say so. Why do you want to condemn the other sector? By condemning this one sector you are condemning the whole country in the eyes of this country as well as in the eyes of the world.

Several Hon. Members: No, no.

Shri Tulsidas: It is absolutely so. The character of the nation is reflected in every sphere. You know that you read about Public Administration or any of the report of the Public Accounts Committee. You will find it in plenty. About politicians the less is said the better.

Mr. Deputy-Speaker: The hon. Member is indirectly supporting what he has opposed.

Shri Tulsidas: Am I not entitled to say that when you are condemning a whole community without reason?

An Hon. Member: We are trying to improve.

Mr. Deputy-Speaker: The hon. Member is condemning one thing. If the hon. Member says : that all those who work in one sector are bad then it will reflect on other sectors also. Saying in one breath that other members of the community are also bad is only repeating the mistake that he has suggested that somebody else has done.

Shri Tulsidas: May I point out again that this is not done on any ideological basis? The reasons given here are ample. In the Statement of Objects and Reasons it is stated that they are doing this because there is complete mismanagement. That is stated as the reason why this is nationalised and not for any ideological reasons if they say to one: we want it for nationalisation purpose, I will say : all right, let us have it. I will not say another word. But I do not want this sort of thing to be said : we want nationalisation because the industry has done something and has let down the country.

An Hon. Member: Because of mismanagement.

Shri Tulsidas: It is no use saying that it has been entirely mismanaged. This exaggeration only shows the complete lack of perspective.

Now I would like to refer to one or two other points. So much has been said of this and so much maligning has been done by several hon. Members. They have said that this industry is doing nothing else but exploiting. All sorts of bad motives have been imputed. All are unscrupulous except very very few.

Now I would like to say another thing. You know very well that under the Act a number of companies have now been put under administrators. I would like to know from them what is the result of their administration of those companies. How much progress have they been able to attain? Now they want to bring the entire industry under one management after nationalisation. I would like to know the progress of the administration's work in those companies where they have been put. If you will see the progress of those companies where administrators have been appointed, you will find that it has gone down as compared to other companies. I had asked that question last time and the hon. Finance Minister has not even cared to reply that question because he knows fully well that the administration and progress of those companies have been entirely bad. Then I am prepared to challenge the Finance Minister. Let him take over the companies which are bad. Let him form a corporation and let those companies remain in the private sector and compete against each other. I am prepared to challenge that the public corporation will not be able to cope up with the problem. That will be the only computation which will show the progress of insurance in this country. Let him not put everything under a public corporation. But nationalisation can function only as a monopoly and nothing else because then there is none to compete. I am prepared to challenge the Finance Minister. Let him put the corporation under the public sector. Let those companies function. I am prepared to give any handicap they want.

An Hon. Member: Handicap ?

Shri Tulsidas: My friend Mr. Asoka Mehta says : we will not change, whatever happens; we will not change it even if it is against the country; no matter what happens, the country may suffer, but we will continue the nationalisation work.

An Hon. Member: Socialistic pattern.

Shri Tulsidas: I am sorry that is not the socialistic pattern. In socialism also you must have democracy and in democracy you must have complete diversification and not centralisation. Centralisation means there is no democratisation but bureaucratisation and complete dictatorship.

That is what we are driving at. What I fear is, after this nationalisation, Government cannot wait any further. They have got to nationalise other things. It will definitely mean that nationalisation must come now. We have said from the housetops that the public sector must function much more than the private sector. But, here is a tendency to create complete centralisation in the hands of the Government; bureaucratisation; nothing else.

Shri S. S. More (Sholapur): You can join the services.

Shri Tulsidas: That is what you want. My friend Shri S. S. More is quite right. In this process, I am quite sure that in 25 years, there will be only one employer and everybody else will be an employee, that is, the State. That is what my hon. friends to my right want. My friends on my right are clamouring for that. They want this Government to do as they like. They want this and so they would encourage this Government. The Government is wedded to democracy. My hon. friends will support everything that this Government brings in achieving the objectives that they have.

As I said before, this industry has shown the best results, better than in any other industry in the country and has shown a much better achievement. In spite of all that, a complete condemnation of this industry has shown a complete unreality on the part of the Finance Minister. What is the reason? Why do you damn this industry, which has done so much work? If you want to nationalise do nationalise. We do not care. Say that we want to nationalise; it does not matter what it is; it is a matter of ideology. Do so. My hon. friend says, we want nationalisation of insurance. Somebody says banking. There is no end to it. If you want to nationalise, go ahead. The steam roller goes on. You have only to start the roller; the snow ball proceeds. You start nationalisation for this reason which I really fail to understand. Say openly, we want nationalisation. That would be honest and straightforward. Don't be dishonest in these things.

An Hon. Member: It is not motiveless.

Shri Tulsidas: It is not motiveless. Say honestly that you want nationalisation. That would be proper.

An Hon. Member: How can you justify the ideals?

Shri Tulsidas: I have given all the facts. I do not want to go into the arguments put forward by Shri Asoka Mehta. He has also given a bit of his mind to the Government with regard to the way it has been working. The administration is taking every day more and more powers. In every legislation you can see the amount of powers that they want to take. You just give a bad name. . . .

An Hon. Member: And hang it.

Shri Tulsidas: That is what it is. Give a bad name, call Acharya Kripalani something, say we want to finish Acharya Kripalani and take powers.

Acharya Kripalani: I am already finished.

Shri Tulsidas: If this is the way, I could not understand it. If we want to have complete domination over every sphere, there is no freedom in this country we do not want to have any freedom in this country. We are doing what my friends on my right want. Both these gentlemen are very happy. I am sure they would welcome this measure much more, and they will pay a floral tribute to the Finance Minister. He has done exactly what they want. He has fallen a prey to my friends here.

Mr. Deputy-Speaker: Naturally, the debate will have to go on tomorrow. After, Shri Venkataraman, I shall call Dr. Lanka Sundaram.

Shri Venkataraman (Tanjore): It was very difficult to follow the very able speech delivered by my hon. friend Shri Tulsidas. It was surcharged with emotion. He was trying to pick out, like a lawyer—I think he has missed his profession—sentence after sentence of the Finance Minister and controvert each one of them. I am afraid if he had intended to convert this House to his way of thinking, he should have miserably failed.

An Hon. Member: He did not expect that.

Shri Venkataraman: The race between the legislature and the insurance magnates of the type of Shri Tulsidas has just now ended. From 1938 onwards, the legislature has been trying to regulate and control an industry which has always been giving the slip both to the executive and to the legislature. Whatever legislation was passed in the field of insurance, it was found very soon thereafter that the evasions under that law were far too numerous to be tolerated any longer. The fact that we have had to introduce so many amendments itself proves the need that has arisen for tightening up the legislation from time to time.

In this connection, I may correct one mis-statement of Shri Tulsidas. He wanted to make it appear that all these amendments to the Insurance Act were done at the instance of the companies. I may assure him that we were in the House when, in 1950, the consolidating Bill was brought before this House and the insurance interests fought against it tooth and nail. At every stage in which the legislature tried to amend the law relating to insurance, tightening up the control over investments or trying to protect the interests of the policy-holders the business interests have always come forward and bitterly complained that it was an infringement of their individual right of freedom of action, their right to control the business of which they are the proprietors. You may kindly look back on your own experience. When the 1938 Bill was under discussion, you, Sir, then a Member, said that if policy-holders' directors were appointed to the board of directors, they would be able to control the activities of the board of directors. Then, much against the opposition of the Members representing the industry, that suggestion of yours was adopted. What happened after that? It was not one of the true representatives of the policy-holders that could ever get into the directorate. It was always a stooge of the companies that could be elected as the policy-holders' director. I shall explain to you the *modus operandi*. All elections to the policy-holders' directorate are done by means of proxies. These companies collect all the proxies, true and false, and keep them in their hands. When they find that somebody who will not be amenable to their control has been put up as a member for the board of directors, they use these proxies and defeat him and get their own man elected. I am saying that to

Shri Tulsidas that if he will stop revealing on his own success hand, hear one or two things that go hard against him, it will do him and his industry a little good. I ask Shri Tulsidas whether in the insurance company which he controls it is really the representative of the policy-holders or his nominee who is the director.

Shri Tulsidas: Policy-holders. I challenge.

Shri Venkataraman: How? They are all elected by proxies which you control.

Shri Tulsidas: What do you mean? I do not hold them. The policy-holders give proxies. What are you talking about? How do you say proxies? You do not understand the election of policy-holders' director.

Shri Venkataraman: I know it very well. I have myself been a candidate. I know it to my cost. I have known it to my cost what it is not to be a stooge of the company.

Mr. Deputy-Speaker: Others have their fortunate experience.

An Hon. Member: I hope he is not an agent.

Mr. Deputy-Speaker: It is now Three o'clock. This matter will stand adjourned to tomorrow. Now, we take up Private Members' Resolutions.

COMMITTEE ON PRIVATE MEMBERS' BILLS AND RESOLUTIONS

FORTY-FIFTH REPORT

3 P.M.

Shri Altekar (North Satara): I beg to move :

"That this House agrees with the Forty-fifth Report of the Committee on Private Members' Bills and Resolutions presented to the House on the 29th February, 1956."

This is in connection with the allotment of time. The time available for the unfinished resolution on Community Projects is 2 hours and 24 minutes, and during the six minutes that remain, Shri C. R. Narasimhan will be able to move the resolution in connection with Prohibition for which 3½ hours have been allotted. The time for other resolutions, if they come up, is stated there in the report itself.

I commend this report for the acceptance of the House.