

Mr. Speaker: That will be circulated and a copy will be sent to all hon. Members.

LIFE INSURANCE CORPORATION BILL

Shri H. G. Vaishnav (Ambad): I was dealing with clause 10 of the Bill and I had shown in my yesterday's speech that whatever assurances are being given in respect of sub-clause (1) appear to have been taken away by sub-clause (2) of clause 10. That is why there is fear in the minds of the employees everywhere as expressed in the various representations that they have made to the authorities concerned. Besides that the provision as regards employees will apply only to those employees who are whole-timers working in the insurance companies. But apart from whole-timers, insurance companies engage various workers, agents, sub-agents and other persons who are not whole-timers who work on a remuneration basis or on a commission basis. But no provision appears to have been made in this Bill in regard to those persons who are part-time workers or who work on agency or commission basis. My submission is that the Select Committee should consider this aspect.

Now, I come to clause 4 regarding the formation of the corporation. Many hon. friends have expressed that clause 4 provides only for the formation of a Corporation consisting of fifteen members. It would have been better if some criteria could have been mentioned as regards this formation, the personnel of fifteen members. It is necessary that the interests especially of policy-holders as well as those of employees should be represented in the Corporation. As has been suggested by many hon. Members, I also think that there should be some proportion reserved for the representation of the interests of the policyholders as well as those of the employees. I think the Select Committee will take this into consideration while discussing this clause.

Now, there is another clause—clause 34. I submit that it is rather a very arbitrary clause, and I think our Constitution does not provide for such a thing as is mentioned in clause 34. Clause 34 reads thus :

"The Central Government, may by notification in the Official Gazette, direct that all or any of the

provisions contained in the Insurance Act shall apply to the Corporation subject to such conditions or modifications as may be specified in the notification; but save as aforesaid nothing contained in that Act shall apply to the Corporation."

This provision says that application of the Insurance Act to the Corporation will wholly depend on the discretion of the Government. If the executive, through the notification, decides that some provisions of the Insurance Act or other statutory laws should be made applicable to the Corporation, then they would be applied. Otherwise, those provisions may not apply. What I submit is that this provision is against the Constitution. The Company Law and the Insurance Act are legislations which have been passed or have been enacted by this Parliament and it should not be left to the Corporation or the executive as to whether they should make the Insurance Act applicable to the Corporation or not. It would be out of order if such a provision is laid down in the Bill. I think the legality of clause 34 will be considered by the Select Committee.

I now come to the other clauses which give the rule-making powers in regard to the Corporation. They are clauses 9 (2), 38 (1) and 39 (1). It is provided in clause 38 (3) that all the rules framed under that clause, that is, clause 38 (1), will be laid before both Houses of Parliament.

But it is not provided in the Bill that the rules made under the other two clauses, clause 9 (2) and clause 39 (1) will be laid before both Houses of Parliament. I think this is not good, because clause 39(1) concerns the powers and functions of the Corporation, the method of recruitment of employees, etc. Similarly, the rules made under clause 9 (2) are not also to be placed before both Houses of Parliament, and those rules relate to the provisions as to composite insurers. I think there should be some provision whereby it could be seen that the rule-making powers may not be absolute, or, whereby it could be seen that the rule-making powers are not absolutely given to the Corporation. Whatever the rules that are framed, it is essential that they should be placed before both Houses of Parliament, and I hope the Select Committee would consider this aspect.

[Shri A. G. Vaishnav]

I then come to the general working of the Corporation, as it has been apprehended by some of my friends here. There is only one Corporation which will deal with the whole insurance business on the life side, throughout the whole of India. I think this is a monopoly and that this monopoly will affect to a certain extent, the insurance business of the country. Business itself means that unless and until there is some competition the business will not progress. To improve business and to do business in the best way, some margin should be there for the private sector, to have competition with this Government Corporation, so that insurance business may increase and may improve in various ways through the competitive method. I think there is no provision to achieve this object. The whole life insurance business of this country is taken over by the Corporation and there is only one Corporation throughout the whole country. This one Corporation alone will be working for this business and I doubt whether one Corporation could control the business and how it could improve matters.

However, there are zonal systems and there are managers for the various areas appointed, but I think a business, and especially a business like that of insurance, will have to be spread more and more in the rural areas. This business in the rural areas especially was being done by the field workers of the companies, by their agents or some other workers, for propagating the cause of the particular company concerned. How will the services of such field workers be made available for the Corporation? After all, the Corporation has become a Government concern. The companies were able to get their agents, sub-agents, etc. who worked in the rural areas, though most of their work was limited to the cities. Now that this business is to be spread over to the villages and the rural areas, I doubt how far such business done by the field workers of companies will be available to the Corporation. If the field workers are not available, I think the persons sitting in the office of the Corporation or in the managers offices in the zonal establishments will not be able to move in the rural areas. Thus, I doubt whether this business could spread over to the rural areas of this country. So, some provision will have to be made for the appointment of agents, who may not be whole-timers but who may be appointed

to work for the Corporation on a commission basis or on an agency basis. When such a provision is made, it can be expected that many workers will come forward from various fields and areas, and they may be able to propagate the cause of insurance and get good business for the Corporation and make it a progressive concern. So, such a provision will have to be made in this Bill, in order that it will be a progressive concern, and the real aims and objects of this Bill will then be achieved.

The main aim is to make small savings, and such savings could be made only after persuasive measures are adopted, and unless such persuasive measures are adopted, I think people will not be able to save as they are accustomed to do otherwise. If such a provision is made, the main purpose of this Bill will be achieved.

With all these apprehensions, I support the Bill, I think the Select Committee will take into consideration the views I have expressed and hope that after proper amendments a suitable measure will come before the House.

Shri N. C. Chatterjee (Hooghly): After the hon. Finance Minister made his broadcast speech on the 19th January last, I find that the businessmen in the insurance industry are making some candid statements which I heartily welcome. Mr. Shroff, who is the head of one of the biggest Insurance companies in India, delivered a speech in Bombay on the 8th February. He said :

"I must also take this opportunity of reiterating what I have said several times before that the Life Assurance Industry as a whole cannot absolve itself completely from its own responsibility in acknowledging the inherent weakness of the Industry and of putting its house in order in good time."

I wish that the disinterested advice of men like Shri Shroff had been listened to and the industry had really put its own house in order.

At the same time there is some justification for the criticism made against the hon. Finance Minister, Shri Deshmukh, who is generally recognised as a person of very balanced views that he is trying to paint the entire insurance world as unscrupulous on the basis of malpractices perpetrated by some persons or by a few companies. It is not

fair either for the Government or for this Parliament to forget the achievements of the insurance industry in India. At the same time, this Parliament should not overlook one important fact. If the Finance Minister's picture is not overdrawn, then he is really attempting to shift the responsibility of the insurance controlling department to the industry itself and thereby he is to some extent clouding his own administrative incompetence. He has failed to make it clear that the volume of funds involved in malpractices was not so colossal and the Governmental machinery's control and inspection was also responsible for the unfortunate state of affairs and unless there was either abetment or connivance these malpractices would not possibly have taken place.

Certain figures have been supplied by very responsible persons and I would request the hon. Finance Minister to verify the same. As a dispassionate student or a person who takes no sides in this matter, I cannot but be impressed by the fact that the insurance business had a very satisfactory progress in India. In 1938 the total new life business underwritten in India was a little over Rs. 43 crores. In 1947, it rose to Rs. 114 crores. In 1954, it rose to Rs. 213 crores and though the final figures for 1955 are not yet available, it still registered a further increase in 1955. The total life business in force for 1938 was Rs. 218 crores, for 1947 Rs. 572 crores, for 1954 Rs. 1,025 crores and it is estimated—you cannot get the actuals—that at the end of 1955 it will reach Rs. 1,150 crores. These figures reflect credit on Indian business. One must remember that this achievement was made in spite of strong competition by foreign companies and our insurance business had to struggle against formidable competition. It is also a fact that about ninety per cent of the new life business is being handled by the Indian companies, 85 per cent of the total life business in force in India stands on the books of the Indian companies. Parliament should not overlook these facts in approaching this important problem.

Since nationalisation of life insurance was announced, there has been a good deal of uncertainty and confusion, both among the workers and the insuring public. Even today that uncertainty continues. As a matter of fact, I am told, in spite of what the Finance Minister has said, that there has been a check

in the regular flow of new business. He has given some figures. I do not controvert them but it is fairly well-known that during the interim period after his broadcast this has been the result really of old proposals which were secured by the companies and their agents. Whatever new business has been underwritten during this period—as stated by him in the Parliament—really means the completion of pending business of the last year. I will be very happy to know how far it is correct but that is what I am assured by many competent people on this subject.

The first point I want to make is whether the establishment of a single monolithic corporation for the whole country will be really suitable for the expansion of insurance business which is the most predominant purpose of nationalisation. Insurance business is a very highly complex one since the insurance cover has to be adapted to different types of risks as well as to the individual needs for potential policyholders. Growth of insurance business depends very much upon the provision of the right type of cover for different kinds of risks, and the capacity to bring within the scope of insurance a wide variety of risks, which at previous periods were beyond the pale of insurance. For these purposes a highly flexible organisation with a good deal of initiative is needed.

In fact one of the most important arguments against rationalisation is that such an organisation would not be available if the State replaced a number of competing private firms or companies and creates a monopoly in its favour. I submit for the consideration of this House that the establishments of a single corporation would impair flexibility as also endanger competitive efficiency. In order to ensure the benefits of competition even under State ownership, the suggestion has been made by competent people who had been actually working in this field that instead of setting up one single agency to take over life insurance business throughout India, a number of corporations should be formed and sufficient autonomy should be given to each one of them so that in practice they would be able to compete with each other. It is only in this way that it would be possible to expand the business and—what is more important—to ensure that the cost to the policyholder is kept at the minimum. Otherwise, when you have got a gigantic

[Shri N. C. Chatterjee]
State monopoly, all competition is weeded out and you never know whether you are really working satisfactorily.

The Bill provides that the corporation will have four zonal offices—one each at Bombay, Calcutta, Delhi and Madras. The Central Government may establish more but the Bill does not specify the place where the Central office of the corporation will be situated. It is only stated—so far as I can find—that the corporation will consist of a body of not more than fifteen persons including a Chairman to be appointed by the Central Government and they will all be called members of the corporation. There is another clause which says that they may entrust the general superintendence and direction of the affairs to an executive committee of not more than five members. There is also provision for a wholtime officer to be called the managing director.

The form of management prescribed for the corporation is somewhat similar to those obtaining in the case of other corporations established by the Government of India. For instance, take the State Bank of India which was set up to take over the former Imperial Bank of India. It has a board of directors consisting of a chairman, *viz.* Chairman, two managing directors and certain number of directors. But, it should be noted that there is no provision in the Bill—I am requesting the Minister to make it—that in the management of the corporation, there should be men who have been running the life insurance business for a number of years. They should be associated with it. There should be some specific provision made in this respect. I am suggesting for the consideration of the hon. Finance Minister that the talent and experience of these men should be utilised by the Corporation and the Bill itself should make provision that at least a certain number of members of the corporation and of the executive committee would be persons with experience in insurance business.

Now, with regard to zonal management, it is doubtful whether the establishment of only four zonal offices would serve the purpose of really having an expansion of life insurance business. If you really want to expand into the rural areas and make a mass appeal it would be advisable to set up more zonal offices at other centres.

There is one clause—clause 18 of the Bill—which provides :

“In the discharge of its functions under this Act, the Corporation shall be guided by such directions in matters of policy involving public interest as the Central Government may give to it; and if any question arises whether a direction relates to a matter of policy involving public interest the decision of the Central Government thereon shall be final.”

Sir, I am very unhappy with this clause. This clause gives what Mr. Justice Cardozo has condemned. The ‘uncanalised’ powers of the Central Government in its relation with the Corporation would continue the unfortunate trend, which has already been established, of progressive governmental control which impairs the autonomy of so-called independent corporations functioning in the public sector. Therefore, I am suggesting that the power of the Central Government to give direction should be restricted to a few matters, *e.g.*, the pattern of investment or the disposal of surplus. If you retain clause 18 in this form I am afraid the Parliament would condemn this proposed Corporation to the status of a mere wing of the bureaucracy of a mere Governmental department.

Now, there is another clause. Along with that you compare clause 6 (3) which says :

“In the discharge of any of its functions the Corporation shall act so far as may be on business principles.”

I do not know whether it will be merely treated as a platitude or whether it will be actually given effect to. But you know, Sir, the experience of various corporations set up under governmental auspices shows that although similar provision had been made in their cases they do not pay sufficient regard to business principles in the day-to-day discharge of their functions. The ideas on financial control by Parliament over nationalised undertakings have not yet crystallised in our country. You know, Sir, we had a very important discussion the other day in the symposium. Unfortunately, it is not effective. It often happens that the Ministry in their enthusiasm to exercise detailed vigilance over the affairs of such undertakings interfere too much with the day-to-day running of the corporations. Sir, in spite of

the Budget leakage and other things I have confidence in the Finance Minister. There is no leakage in the integrity of the people at the highest level. But the personnel of the various private limited companies in the public sector, such as the Sindry Fertilizer Factory, Indian Telephone Industries etc., is such that although in form these undertakings are autonomous units, in practice they are running more or less on the same lines as mere departmental undertakings. Business principles would dictate that the costs of production must be kept to the minimum consistent with the scale of operation. But we do not know how these principles would be achieved. Therefore I would like to have some indication in the statute itself that the Corporation will have the requisite degree of autonomy. Otherwise it will be difficult in practice to ensure that it is meant really to run on commercial lines.

Now I want to say a few words with regard to employees. Clause 10 (1) of the Bill provides that every whole-time employee of the existing insurers will continue to remain an employee of the Corporation. The remuneration and the terms and conditions of service will also remain the same until his employment in the Corporation is terminated or until his remuneration, terms and conditions are altered by the Corporation itself. But, if you look at clause 10 (2) I am afraid that has created a good deal of uneasiness. That provides that the Government may for the purpose of rationalising the pay scales of the employees or for the purpose of reducing the remuneration payable to them, alter the terms of service of these employees. There has been a good deal of criticism made and I am afraid there is some justification because, you know, that may hit thousands of workers who have put in efficient and hard work for years in building up the respective companies.

The one main argument for nationalisation has been that a large number of canvassers and agents were employed in the business with the result that the cost of insurance to the policyholder was put up to a large extent. It is stated that with nationalisation this vast army of canvassers and agents would be reduced and the benefit of economy would be made available to the policyholders. Now, I take it that the Bill is intended to enable the Government to make retrenchment. At the same time it may affect and have a very deleterious effect on the entire business as a whole.

There is a vast unexplored field of life insurance in this country and it has got to be exploited by the newly set up Corporation. Therefore we should see that the trained canvassers, agents and field workers who have been working for years are not thrown out and their services should be utilised.

I am told—the hon. Minister will know better—that some people have been given notices of termination of service because they could not keep up their quota during the interim period. That is not fair because that may be due to lack of certainty and complete confusion caused by the sudden announcement of the policy of nationalisation. The inherent difficulties in organising insurance business in one of the poor and undeveloped countries of the world have got to be realised and we should try to help these poor people and not penalise them because they have not been able, during this difficult period when you are passing through a crisis, to complete their quota.

I have been reading the experience of some of the countries and I honestly feel that if the hon. Minister had accepted the suggestion of having partial monopoly allowing nationalisation along with private sector to flourish side by side then it would have been better, and possibly it would have done greater service to the country.

Shri S. S. More: (Sholapur): What is partial monopoly?

Shri N. C. Chatterjee: If you read the history of France you will know. The British Labour Party was considering it; that is weeding out the inefficient and unscrupulous and nationalising them and allowing good companies to function. Those who have done good work and have a fairly good record to their credit should be allowed to function. The British Labour Party consulted some of the biggest men in British insurance and they submitted a report to the Labour Party Conference. There they said:

“These considerations lead us to believe that nationalisation would convert a thriving organisation, which is the greatest single factor in national thrift amongst the masses in this country into a bureaucratic institution, bereft of the stimulating effects of competition amongst companies and agents alike; an institution which would

[Shri N. C. Chatterjee]
rapidly deteriorate and diminish, becoming first unprofitable to the policyholders, and later, even a burden on the taxpayer."

I am quite sure the Finance Minister does not want that. But we cannot possibly legislate on the basis of the capacity of the present incumbents of high offices. We must at the same time see that our Corporation does not degenerate into a mere bureaucratic institution.

I wish we could ensure there will be the stimulating effect of competition. Otherwise it may be ultimately not profitable to the policyholders and it may be a burden on the tax-payer because, after all the State is guaranteeing every single policy and, therefore, they will have to be paid in any event.

I have to say a few words with regard to compensation. That is a very important point. I am not quite satisfied with the very lucid explanation given by the hon. the Finance Minister. It seems that according to the scheme given in the First Schedule—it is rather complicated, but I have tried to follow it—the principles for determining compensation have been prescribed. In respect of the first class, compensation payable will be determined with reference to the share of surplus allocated to the shareholder. Two methods have been provided and whichever is more advantageous to the insurer will prevail.

According to the first method the compensation will be equal to twenty times the annual average of the share of the surplus allocated to the shareholders. But the explanation says that it must not be more than 5 per cent and not less than 3 per cent of the surplus, which have been allocated to the shareholders at the two last actuarial investigations.

The second method provides for multiplying the annual average—that is the principle—of the share of the surplus allocated to the shareholders up to ten. Added to it will be the paid-up capital of the business less capitalized expenditure.

Now, in the case of one of the biggest companies—Oriental—it has been worked out. In the year of valuation, that is, 1951, the surplus was Rs. 357.89 lakhs. The fund allocated to shareholders was Rs. 15.75 lakhs. The annual average of share of surplus was

Rs. 5.25 lakhs. In the 1954 valuation the surplus was Rs. 623.32 lakhs. The allocation to shareholders was Rs. 21.57 lakhs. In that year the average of share of surplus allocated to shareholders was Rs. 7.19 lakhs. So, if you total the 1951 average of Rs. 5.25 lakhs and the 1954 average of Rs. 7.19 lakhs, the total will be Rs. 12.44 lakhs and the average on the basis of which compensation would be paid, would be Rs. 6.22 lakhs. So, according to the first method the compensation will be 20 times of Rs. 6.22 lakhs, that is, Rs. 124.4 lakhs. But the paid-up capital continues to be constant, namely, Rs. 6 lakhs. According to the second method, the compensation will be 10 times of Rs. 6.22 lakhs, that is, Rs. 62.2 lakhs plus paid-up capital of Rs. 6 lakhs, that is, Rs. 68.2 lakhs.

So I am pointing out that what the hon. the Finance Minister is doing is not fair and I am asking him and the Select Committee to consider whether it is fair to have the upper limit of 5 per cent for determining the multiplier and whether the provision that the share of surplus will be calculated by taking into account the annual average of the surplus at the last two valuations should not be changed. I am submitting that is not fair because, as you know, the maximum of 7½ per cent for the shareholders is itself low as compared to other countries. It was first of all 10 per cent so far as I remember. In 1950 it was reduced to 7½ per cent. Therefore, the provision in the Bill that for purposes of calculating the compensation payable to the insurance company only 5 per cent of the share of the surplus will be taken into account is not either in consonance with the Insurance Act or with the practice in other countries. It may, in effect, penalise people who have been conducting business in a prudent and cautious manner. I submit, therefore, that this is not fair.

Also, it is not fair that you should make it on the basis of the date of the valuation earlier than the 1st of January 1955. There are two reasons for my saying so. The period from 1945-51 was an abnormal period on account of the partition of the country and also because of the changes in the economic and monetary policy of the Government of India. Secondly, it is only in the last two years or so that the insurance business has recovered from the disruptions which were caused in the immediate post-war period.

I have not the time to go into all the figures but I only want to tell you that in 1950 the increase of new life business was 2 per cent. In 1953 it was 6 per cent. In 1954 it jumped up to 54 per cent. Therefore, if you take the figures, in 1954 the business has increased by 54 per cent as compared to only 6 per cent in 1953. The method of compensation which takes into account the valuation of dates much earlier, say in 1951, would therefore, be under-estimating the earning capacity of the existing assets of the life business which have been built up in the last two years or so.

I have got some other points. I would submit that the valuation of the assets of the life insurance companies should be made on the 31st December 1955 and then the amount of compensation should be determined as provided in Part A of the First Schedule with the exception that the share of surplus allotted to the shareholders should be taken to be equal to 7½ per cent of the surplus as disclosed by such valuation. I submit that such a procedure would have the advantage of covering profits or loss accruing to the shareholders during the period since the last valuation and will also take account of the present market value of the assets of the insurance business.

I have some other points. But I do not think I will be justified in taking more time of the House. But I would request the hon. the Finance Minister to consider whether something should not be put down in this Bill so that the representatives of the policyholders may have a voice in the Corporation, at least in some advisory capacity.

I also want that provision should be made for annual reports and accounts and balance sheets being placed before this House. The Insurance Act had certain safeguards. Those safeguards should not be given up simply because we are nationalising. I am also suggesting that compensation should be fair and equitable.

I doubt whether in some cases we would not be encroaching upon the provisions of the Constitution.

For the purpose of working out the average surplus allocated to the shareholders you would take into account the 1951 figure. That would not be fair. The insurance business is just now showing all round improvement. I ask the hon.

the Finance Minister to take that into account. I request the Select Committee also to consider these points so as to put this industry on a perfect commercial footing so that it may not be a burden on the tax-payer but will retain flexibility and efficiency and a certain amount of competition.

Shri A. K. Gopalan (Cannanore): The nationalisation of insurance is a step in the right direction and so this is a welcome measure. The shareholders or the management do not bear any risk. In other industries they bear the risk; but in this industry they do not. So it is different from the other industries. So it is only in the fitness of things that such an industry should be put under public ownership.

Mr. Speaker: The debate will go on till 4 o'clock. I propose to call in the Finance Minister at 3-15 p.m. so that it may be concluded by 4 p.m. Hon. Members may take note of this.

Shri A. K. Gopalan: The capital of the insurance company is unlike the capital of other joint stock companies. There the risk of the fixed capital or the working capital is borne by the shareholder.

1 P.M.

But here the shareholder has no risk and even if it is said that there is risk, there is only very little risk at the initial stages. Even the excess premium paid by the policy-holders, which yield profits for the company, evaporates. 75 companies declared no bonus. Rs. 6 lakhs share capital of Oriental directly controls Rs. 72 crores of life fund. If one invests Rs. 50 lakhs in Oriental shares, he can control Rs. 72 crores of life fund. Rs. 22 lakhs of National Insurance controls Rs. 377 crores of life fund. By an investment of Rs. 1,46,00,000 in the share capital of the National Life Insurance Company one can control Rs. 377 crores of life fund. They buy at inflated prices to get control of these funds for investment in the industries. They might get 6 per cent, or 10 per cent or 20 per cent in the other industries, but the main object is that they want to control because of the benefit of the fund.

Sir, is the private sector benefiting the country by this? I would say 'no', because in the national interest some industry may be more important. It is the management that invests the money and for the sake of getting more dividend

[Shri A. K. Gopalan]
they may not be interested in certain industries, which may be important from the national point of view, and would like to invest the money in industries which are directly owned by them.

While I welcome the Government decision that it will lay down the principles for investment even in the private sector, I think there are several proposals of Government and several measures proposed in this Bill that are obnoxious. I wish to point this out, so that the Select Committee may go into them. The four points which require the attention of the Select Committee are: the decision of the Government that the existing investment in the private sector proportionate to investment in the private sector will be kept intact; leaving the responsibility for investments to the Life Insurance Corporation; the scheme of a very high rate of compensation; the decision to reduce the policy value where the assets of the company fall short of the liabilities.

Why is it that the Government nationalised the insurance industry? It is because they wanted to augment the resources for development purposes and to mobilise savings by the expansion of insurance. Now which are the industries by the development of which we can overcome our economic backwardness? It is heavy industries. The heavy industries are mainly in the public sector. The programme for the development of many of them are curtailed in the Plan. They are curtailed because there is no money. Why is it then that an assurance is given that the present proportion will be kept intact? Government must take the entire amount in the investment pool and when the private sector should get some money, you give it preferably in the form of share capital. That is our suggestion.

We suggest this because, we have already curtailed the resources of the heavy industries, and we are particular that this money must be spent on them. So, it must be the responsibility of the Government, and when they find that the private sector requires some help it must be given preferably in the form of share capital.

We have been suggesting to Government that they should create an investment pool. There was a recommendation for setting up of an investment pool in 1946. We said that Government should take the surplus of the reserves of the joint stock companies in a pool,

guarantee a fixed reasonable rate of interest to the owners and then invest the money in the most desirable channels according to the priority programme so that any share of the depositors will have a prior claim from the national standpoint. Similarly in regard to insurance we say: let the entire fund be taken by the Central Government—by the Development Wing, in liaison with the Planning Commission—so that Government will be able to see how best they could use that money in the national interest.

Giving to the Corporation, the power of investment also means nothing but this—taking the men from the four known groups, Tatas, Birlas, J. K. Group and Dalmias.

[MR. DEPUTY-SPEAKER in the Chair]

The whole of this money will be placed in their hands. The position will be that instead of 200 men in whose hands the money at present is, there will be 25 men representing the same groups who will utilise their position and spend the money to invest it in the industries in which they would be interested. We are totally opposed to this. Government might perhaps say that they will formulate an investment policy within the four corners of which investment will be made by the corporation. But this is only a poor consolation, because we know that they will not be able to use the money for industries in the national interest.

The Corporation must not be given any power of investment: only some funds to meet the claims according to the actuarial calculations for carrying on the day-to-day work and also the business of the corporation, making payment to its employees and such other contingencies, should be at their disposal. Only the money that is necessary for these purposes must be kept at their disposal.

We have genuine apprehensions that some people with some antiquated ideas will be put in the Corporation. We say this because in the debate on the Life Insurance (Emergency) Bill, the Minister gave us to understand that a gentleman, a Superintendent of Insurance, wrote an article in the official publication (*Insurance Year Book of 1955*) in which he vehemently opposed nationalisation. It was said that now he is in favour of nationalisation. He also

wrote an article one month before nationalisation and in that article he talked about the threat of nationalisation. Immediately after one month if the Minister thinks that he has turned to be an enthusiastic supporter of nationalisation, then it is very difficult for us to understand his sincerity. If the whole responsibility of running this industry is put in the hands of a man who only a month back had pronounced that nationalisation was bad. We do not think that the industry will prosper. The same person has now been appointed as the Custodian of not only the biggest Indian company, the Oriental, but also of the foreign companies of Bombay, including the great Sun Life. When a man is in principle against the very idea of nationalisation, we do not know how he can fulfil the State's programme. Can he put a new life and create a new spirit into the enterprise? We think he certainly cannot.

Then there is another gentleman who is now the Custodian of the Hindustan Co-operative Insurance Society. He also a few days before nationalisation, wrote an article and he is connected with the liquidated Light of Asia Insurance Company. That man is entrusted with the responsibility of expanding insurance business. The present Controller of Insurance has displayed a signal failure and incompetence in supervising the work of insurance companies. It has been admitted implicitly by the Finance Minister also. He left the misbehaving companies with what is called theoretical 'beating of the pillow'. Will you appoint such a man in the Corporation? I suggest that the names must be endorsed by the Parliament, because if such people who are against nationalisation, and who have said so openly, are appointed, I am sure that this industry will never develop and they will always be trying to see that Government is not able to manage this.

Next, I have to speak about compensation. In my opinion the compensation that is proposed is very high. The Bill proposes twenty times the annual average of surplus allocated to shareholders as disclosed in the two actuarial valuations prior to January 1955, or ten times the annual average of surplus plus the paid-up capital, whichever is higher. And it has also been said that the insurance companies might say which formula they would prefer. I have already said that the share capital plays only a very insignificant role in insurance business.

It might have played some role, and a little role, and that too, I say, in the initial stages of the business. It is the money of one set of policyholders that goes into the hands of another set of policyholders. And how did they spend this money? 25 per cent of the total premium income, minus the agents' commission and the expenditure on clerical staff and other things, they are taking in order to feed themselves, their dummies and others. Not only that. They invest the huge life funds in their own concerns and reap profits on them. I do not say that all the insurance companies did it. But it is an admitted fact that with the five per cent limit, under the insurance Act, the insurance magnates have the controlling share in the insurance business, and so the major portion of the compensation will be swallowed by them. That is the reason why I say that the role of share capital, whatever it may be, it must be remembered, is different from that of other industries. It plays only a very insignificant role. According to the scheme, Oriental, Industrial Prudential, Lakshmi, Bombay Life, Bharat Life, Empire of India, Hindusthan Co-operative, National India, United India, Western India, and among the composite companies New India, General Assurance and National Insurance and Andhra will get twenty times the average surplus. It has been calculated on this basis that since the shareholders' portion of the average annual surplus was a little over Rs. 6 lakhs, twenty times the average works out to Rs. 120 lakhs in the case of Oriental alone. Oriental, at the end of 1951 and 1954, distributed 4½ per cent and 3½ per cent respectively of the annual surplus. It means that each share of Rs. 200 will get a compensation of Rs. 4,000. It should be noted that the Oriental share was being quoted in Bombay market at Rs. 3,960 after the promulgation of the Ordinance. It had been calculated by some actuaries that the Empire of India share, having a face value of Rs. 100, was quoted in the market on the 24th December at Rs. 600. And the compensation today under the Schedule will work out to Rs. 1,200. Industrial and Prudential shares, having a face value of Rs. 10 were quoted in the market at Rs. 47 in December 1955. They will now under this provision fetch Rs. 80. That means the Government is paying much more than the market value of the shares in the case of some big companies. So we say that the compensation is very high.

[Shri A. K. Gopalan]

And let me also say why the compensation is so high. The journal *Commerce* that was against nationalisation said that the proposed rate of compensation is reasonable. Why did the *Commerce* say that the proposed rate of compensation is reasonable when it was against nationalisation? We say it is because the compensation was far higher than we thought it should be. Ordinarily it did not compliment any proposal as reasonable.

At the time of the discussion also, when there was the nationalisation of the Imperial Bank, we were told by the Government that it was an exceptional case and when next the nationalisation of any other industry came the Government would not do it. Now comes the nationalisation of insurance. Here also the compensation paid is more than the market value, and I do not know where we shall land ourselves if the compensation that is paid even after the nationalisation of the Imperial Bank is more than the market value.

Then I want to emphasise another point. That is about the annual average of the surplus and the basis for compensation. What is the annual surplus? How does it arise? Firstly, it arises from the excess loading of premiums, what is called profit premium, and reduced mortality rate. Both these depend upon the society, the State and also the policyholder. So, for the profit loading the policyholder is responsible. And mortality rate depends upon the society and the State where the health of the people may be better. I do not know how credit for it can be taken by the insurance company and how the annual average of surplus can be made the basis, because they have nothing to do with it.

Then the next point, and the most important thing in the whole business, is the treatment meted out to foreign insurance companies. After the Ordinance was published a powerful delegation of foreign insurance companies came containing representatives of Sun Life, Prudential, Norwich, Gresham and other companies. It is quite evident that the provisions in the Bill relating to foreign companies have been discussed with that delegation and an understanding arrived at. They were happy with the compensation provided for, and on the day

this Ordinance was promulgated they left this country. In clause 27 of the Bill the foreign companies are allowed certain assets on the ground that the insurers brought them into this country for the purpose of building up this industry. I understand that this amount is to be computed at Rs. 40 for every thousand rupees insured by these companies. This is a most atrocious provision. Because, the average annual provision for a thousand rupees insured by these foreign companies comes to Rs. 35. We know that the first year's premium had been spent by them for the building up of this industry. Everybody knows that as far as insurance is concerned it is the first year's premium that is spent for this purpose. It is also known that the life insurance companies built their entire business by spending this first year's premium. If that is the case we do not know why so much compensation is to be paid to them. In fact the question of paying compensation to these foreign companies does not arise, because they are registered outside India and none of the shares is held in India. And Government also does not back them, that is these shares. Not only that. Under section 27 of the Insurance Act of 1938, foreign insurance companies are required to hold in India assets fairly equivalent to their liabilities in India. That is according to the Insurance Act, 1938. Now, under this Bill Government only proposes to take over these assets and liabilities. So the question of compensation does not arise, for there is no question of taking over any investment. That is another reason why I say that as far as foreign companies are concerned no question of compensation arises.

Another important question is that under clause 14 (2) of the Bill they have been conferred the right that over the question of compensation they could go to a tribunal if they do not choose to accept the compensation offered. In this House we had passed an amendment to the Constitution, and that says that the question of compensation shall not be justiciable. But they have given the right to go to a tribunal, that means a court, where they can question the amount of compensation offered. So it goes against the Constitution amendment itself where it is said that it is not justiciable. If it is not justiciable as for as other cases are concerned, I do not know how it is made justiciable in this case.

The next point I want to touch is about policy values. Government propose to reduce the policy values if the assets of the company of which the policies were contracted do not equal the liabilities. This is punishing the policyholders. The task of the Government was to see that the life funds and trust funds are not misappropriated. Government failed in that respect, why should the poor policyholders suffer for this and why should the value be cut? The management either bungled or misappropriated. Let those people be hauled up. Let the deficits in the assets be made up from their properties. Even if that cannot be done, let the shareholders forego a part or the whole of the compensation. But the policy values must not be reduced. The policy values being reduced means that the policyholders are being punished for no mistake of theirs.

General insurance has not been nationalised. This point has been mentioned by so many hon. Members. We say, certainly this also must be nationalised. There are two reasons. We want money. Nationalising general insurance is a way by which we will be able to get more money. Unless you take it over, the non-life department of some composite companies will find it difficult to function. They will have to wind up, thereby making way for further concentration. These are the reasons why we say that there must also be nationalisation of general insurance.

As far as the misapplication of funds, mismanagement and extravagance of some companies are concerned, in cases of suspicion, we propose that the accounts of at least the past three years should be examined, and serious action must be taken against those found guilty. Some proposals have been put forward with regard to the control and management of business. We say that the representatives of the All-India Insurance Employees' Association, both the staff as well as field workers should certainly be associated. It is their enthusiasm that counts more. It is they who are responsible for whatever development there is in the industry. It is they who can find out the loopholes. They must also be associated.

Coming to the future structure, it is said that there will be four zones. Our proposal is that there must be more zones and the number of zones must

be increased. As far as the Travancore-Cochin and Mysore States are concerned, it is said that the State insurance also will be incorporated in this. My proposal is that there must be competition. All these States must be made separate zones. There should be as many zones as there are States, so that there may be competition. I consider that 75 per cent of the premium must be allowed to be spent for the development of that State. More people from the States will insure and the State also will have some interest.

I wish to put forward a few points with regard to the employees. It has already been said that there should be no retrenchment. It has come to my notice that even after the promulgation of the Ordinance, in Nagpur, the Andhra Insurance company and some other companies have given notice of retrenchment and some people have been sent away. All these people must be taken back. Yesterday, the Finance Minister also said that there is a kind of anarchy in respect of salary and conditions of service of the employees. This must be done away with and standardised progressive conditions of service should be introduced on the basis of the demands that had been given by the employees' Association. In the transitional period, there have been some agreements between the employees and the companies. In some cases, talks are going on. All these agreements that are there must be implemented. I say this because, there is a report that the Custodians are refusing to finalise the agreements entered into and that some of the Custodians do not want to continue the talks that were going on, and some do not want to accept the agreements. This fact must be taken into consideration. All the agreements arrived at between the employees and the management should be honoured without putting any legal or technical difficulties. In the transitional period, the Government should give increments to the employees of these concerns where there are no fixed scales. In some other concerns, the employees get increments in a certain month. Government must see that these increments are given. Whatever benefits the employees were getting in the shape of valuation bonus, etc., they should be continued.

In the nationalised industry, when the question of personnel comes up, the existing employees should be given preference. During the last 10 years, it

[Shri A. K. Gopalan]

had been said, that there had been huge work in the insurance companies. Even now, therefore, there is work load. The persons who are there now are not able to do the work. This question must be gone into. If more persons are needed on account of increased work, more men should be appointed. When new appointments are made, those persons who had been retrenched and sent back during the last 5 years should get preference. The staff employed by the private actuaries should also be absorbed by the Government. I say this because there is some staff with the Chief Agents and they fear whether they would be absorbed or not. These people should also be absorbed. The Industrial Disputes Act and the other Acts should also be made applicable to these employees. There should be recognition of the All-India Insurance Employees' Association and there should be bi-partite conferences of representatives of the employees and the Government. By mutual discussion, they should decide wherever there are any disputes, whatever has happened after the Ordinance or before. The employees should have all the benefits of the Trade Union Act.

I want to sound a note of warning against the bureaucratic methods that would be coming. These are the biggest obstacles in the business. I have already pointed out that those who are Custodians today are not at all interested in and are against nationalisation. If they are to be at the head of the institutions, the industry cannot be developed. Take the workers into confidence. You should get their advice in order to develop the industry and get more money. You should fight against bureaucratic methods.

I have already referred to the zonal system. As far as Travancore-Cochin and Mysore are concerned, I again remind the hon. Minister that because it is insurance business, there must be competition. If there is some competition and if there is some interest for the State, then only, there will be more business. In this respect, if 75 per cent of the premium income can be spent by the State, in order to help the State, the people in the State will insure themselves and the State also will have an interest and the industry will be developed. I request the Select Committee to take all these points into consideration, without forgetting the employees. It has been admitted by the Finance Minister that in some companies there

are not even scales of pay and that the working conditions are bad. If the workers are taken into confidence, the industry will develop and the purpose for which Government wanted to nationalise the industry, that is, to augment the resources for the development of the country, will be fulfilled. We welcome this measure and we hope that it will be enforced in such a way that it will be more useful for the development of the country under the next Five Year Plan.

Shri G. H. Deshpande (Nasik Central): I rise to support the Bill before us. I support it wholeheartedly. It is a step in the right direction. It has been very well received throughout the country. I am receiving a number of letters from my constituency in which people have expressed their deep satisfaction at the measure that has been brought before the House. I am very glad to place here before the House the contents of a letter sent to me by two of my friends who started an insurance company 20 years before in Nasik, and who have worked for the last 20 years for its development. They have wholeheartedly supported this nationalisation. There are many friends who are working in this field who have supported it. Nobody has opposed it. But, we in this House have seen that a few representatives of big business have rendered their half-hearted support. They have expressed suspicions whether this measure will work successfully. I have no doubt that the measure that we have before this House will give complete satisfaction and that there will be more and more business attracted. There is no doubt about this.

Much was said about the way in which generally this business was carried on in a satisfactory manner by some business people. Here I read out with your permission a few lines in which one field worker in this field who has been working for the last 30 years has said :

"Thus, these companies were more or less jagirs of about 150 persons. All sorts of corruption, nepotism, etc., were there. We were working under these jagirs. Life of a field worker was worst and so many of these Agents, Inspectors, Branch Managers, etc., would hover round a single client and all sorts of dirty tricks were adopted to secure business and bidding was resorted to. Thus, a lot of useful energy was dissipated. Above all, these capitalists use their influence

for all kinds of anti-national activities and thus were a sort of hurdles in the smooth running of a young democracy. Now these accumulated savings of a poor nation will be utilised properly for national reconstruction, to eliminate poverty, unemployment and disease."

This is how generally this business was going on. Middlemen were exploiting the field workers and the competition was not a fair competition. In the rural areas no work was done. I have no doubt that under the new circumstances the expansion of the business will be more and more in the rural areas. We are now embarking on the Second Five Year Plan and we will have better mobilisation of our national savings for a national purpose. So, on the whole, this Bill will serve a better purpose and those who have expressed suspicion have done so because they do not visualise the future. This House has several times adopted the socialist pattern of society, and this is a step in furtherance of it.

No doubt we have to take into account the experience of other nations about matters like this, but we can have our own policies, and I have no doubt that we will succeed.

Shri Mulchand Dube (Farrukhabad Dist.—North) : I rise to support the Bill whole-heartedly. Some doubts have been expressed by hon. Members as to whether it was at all advisable to nationalise this industry. They have said that a certain number of insurers have maintained standards and there was no reason to nationalise the whole industry, that those insurers who had behaved well and had maintained standards should have been allowed to continue if for nothing else, at least for the sake of some competition. In regard to this my submission is that insurance business is one which does not ordinarily fail and which need not have gone into liquidation at all, but we find from the figures that 25 companies have gone into liquidation during the last 10 years and another 25 are in a bad way. This is out of a total of 111 companies that do life business. In this state of affairs, it was not possible to leave out some and nationalise only the rest. My submission, therefore, is that the measure that is before the House is the proper measure because it safeguards the interests of the policyholders whose number runs into lakhs, and I think the poor people who have invested their

savings by taking out a policy have to be protected against those who did not behave well in respect of the charge that they had undertaken.

But there are one or two points which I do not quite understand. The first point is about the compensation and the manner in which it will be calculated. The Schedule attached to the Bill is couched in involved language and is of a highly technical character. In spite of the lucid exposition of the hon. Finance Minister I have not quite been able to understand it. I find from the figures that are published in the *Insurance Year Book* that only 11 companies have declared dividends and the dividends vary from 87½ per cent to 1 per cent, and the rest, that is 100 companies who do life business have not declared any dividends at all. I do not quite understand how the compensation is to be allocated as between those that have declared dividends and those that have not declared any dividends at all. In the case of Oriental for instance which has declared a dividend of 87½ per cent, I suppose it will be scaled down to 5 and the shareholders will get 20 times according to that as compensation.

Shri Mohiuddin (Hyderabad City): It is 7½ per cent.

Shri Mulchand Dube: It was 7½ per cent, and has been reduced to 5. There are others who have declared a dividend of one per cent only. What will happen in this case? Are we going to follow the same principle that was followed in the case of zamindari abolition? There the poor people were paid at a higher rate while those with large holdings were paid less. The payment was in inverse proportion to the holdings of the particular persons, that is the higher the holding the lesser the compensation, the smaller the holding the greater the compensation. I wonder if the same principle is going to be followed in the allocation of compensation in nationalising this industry. I expect the Finance Minister to clear this point.

There is another aspect of the question which I have not been quite able to understand. One of the clauses in the Bill clearly lays down that the contracts entered into by the companies will be honoured except those that are *mala fide*. In regard to this point also, my submission is that every company has entered into a contract with the agents

[Shri Mulchand Dube]

that is the field workers. The contract is said to be in writing. The question is whether these contracts will also be honoured, or whether they will be scaled down or modified according to the sweet will of the Corporation. For instance, if an agent under a contract with the company is entitled to 30 per cent or 25 per cent, will it be scaled down to 20, and if so, what happens to the clause that lays down that the contracts entered into by the companies will be honoured? My submission is, it will not be possible for the Corporation to alter the contracts that the company has entered into with the agents or field workers.

There is also another difficulty which is likely to provide a major headache to the Corporation, that is, the rationalisation of the scales of pay of the various employees of the different companies. Their number is numerous and the rates of payment do also vary from one company to another. A person doing the same kind of work may be getting Rs. 50 a month in one company and another may be getting Rs. 200 in another. In that case how will these questions be solved by the Corporation? That is another difficulty that seems to crop up in this matter of rationalisation. My hon. friend Shri Altekhar has suggested a method, appointment of a Pay Commission. I do not know whether that Pay Commission is likely to succeed and reach a satisfactory solution for the difficult problem that is likely to crop up in this matter of rationalisation.

This is all I wish to submit, and I hope the hon. Finance Minister will clarify the position when he speaks on these points.

Shri Mohiuddin: Nationalisation of life insurance is a great step forward, and I congratulate the Government on taking this bold step. It is a well-known fact, and a daily experience that insurance companies, like banks, deal with a large number of people. They are not like the Sindri factory or the ship-building yard. In the insurance business at present there is a dealing with nearly 45 lakhs of policyholders whose names stand on the books today. I hope, that in course of time this number will go up to crores. When this organisation has to deal with a large number of persons who might have insured their lives for Rs. 2,000, Rs. 3,000 or Rs. 4,000 and

so on,—and I hope very shortly we shall have a large number of people who will insure for small amounts—the difficulties are bound to increase.

My hon. friend Shri Asoka Mehta had mentioned so many solutions yesterday, on the organisational side, and I hope the Select Committee will take into account all the suggestions that have been made with a view to increasing the efficiency, and to make the organisation more effective.

The Bill proposes a central organisation with zonal and divisional offices. The Railway Minister is also here, and perhaps he has given his own views at other places that the zonal system of railways has miserably failed and that is why the railways had to adopt....

Shri B. S. Murthy (Eluru): It has failed, but not miserably.

Shri Mohiuddin: I think I might use a stronger expression.

Shri B. D. Pande (Almora Distt.—North-East): It is working.

Mr. Deputy-Speaker: Let not these differences of opinion be resolved just now.

Shri Mohiuddin: The hon. Member says it is working. Indeed, it is working but it has been reformed to this extent namely that there is divisionalisation today, and large powers have been delegated as far as the public and the business interests are concerned, to the divisional officers. They are not concentrated in the zones.

Dr. Suresh Chandra (Aurangabad): How has it failed?

Shri Mohiuddin: The zonal system has failed, for after four years, the Railway Ministry had to introduce the system of divisionalisation by which the powers that were exercised by the zonal general managers are now exercised by the divisional superintendents.

Shri B. D. Pande: That is because the work has increased to that extent.

Mr. Deputy-Speaker: I would request hon. Members to allow the speaker to proceed as he likes. The Railway Minister is here, and if he feels that there is something that he should answer to, perhaps he will take note of that.

The Minister of Railways and transport (Shri L. B. Shastri): I should merely like to say....

Mr. Deputy-Speaker: I have not asked the Minister to answer just now. If he feels that it is necessary, he can answer at his leisure.

Shri Mohiuddin: If you kindly examine in detail, you will find that there were complaints in regard to the allotment of wagons.

Mr. Deputy-Speaker: Does the hon. Member feel that that is a subject that should be pursued still?

Shri Mohiuddin: I was just trying to introduce a comparison. I am only suggesting to the Finance Ministry that they should take a lesson from the reform that has been carried out in the railways.

Shri M. D. Joshi (Ratnagiri South): On a point of information. Could the hon. Member kindly make it clear whether there is anything in common between the railway zones and the insurance zones, except the word 'zones'?

Shri Mohiuddin: Both deal with organisation. The common thing is the organisational side.

Mr. Deputy-Speaker: The hon. Member might continue in his own way.

Shri Mohiuddin: I would emphasise that the Select Committee may consider how to strengthen the regional organisation of the corporation. The zonal organisation may or may not be there. But I do suggest that there must be a large delegation of powers to the divisional managers, so that the responsibility and the initiative rest in the local areas.

The Leader of the Opposition has asked the question why compensation should be paid to the foreign companies.

Dr. Suresh Chandra: Who is the Leader of the Opposition?

Shri Mohiuddin: Shri A. K. Gopalan.

Dr. Suresh Chandra: He is not the Leader of the Opposition. He is only the Leader of the Communist Party.

Shri Mohiuddin: I really do not understand how the question at all arises. I am not supporting the proposal that compensation should not be paid. But I should like to understand how the question of compensation to foreign companies arises here. The shares of the foreign companies are not being taken over. Government are not taking over the shares of the foreign companies.

Provision has already been made in the Bill that if they had brought funds over and above what they collected here for the purpose of building up business, then those funds could be repatriated. That provision is already there. As the buildings and other equipment have been purchased from the local collections of insurance premia, and as the surplus that they might have brought is being repatriated, and as we are not also taking over their shares, I really do not understand the reason for payment of compensation for the shares.

The question of the employees is of very great importance. Unfortunately, we have had some experience of this in the Airlines Corporation. As soon as the airlines were taken over, a retired judge of the High Court was appointed to prepare schemes for rationalisation of salaries. The scheme has already been prepared, what we find is that practically all the employees have been upgraded. I do not mind, if salaries of lower staff are raised, and if the minimum salary which is not sufficient for economic living is raised. I really do not mind that. But an all-round increase must be avoided. I am afraid that if due to the pressure from the employees, there is an all-round increase, then the insurance finances will be weakened, and it will not be in the interests of the general policyholders.

It is not clear from the Bill whether the insurance schemes of States like Hyderabad and Mysore and so on are being taken over. The Finance Minister did say that as it has been decided that life insurance should be a monopoly of the corporation, they will be taken over. I do not know whether the Finance Ministry has gone into the details of the insurance schemes that have been prevalent in the States for the last thirty or thirty-five years. In Hyderabad, for example, every Government servant has to insure himself compulsorily to the extent of 5 per cent. of his salary. Of course, insurance at a higher rate is optional for him. If this organisation is taken over, will the compulsory character of the insurance remain? And what will be the bonus—I am using the term 'bonus'; I do not know whether it is correct or not—, what will be the additional amount that will be paid to the policyholders, because there are no shares? That is one important thing which we have not been able to understand fully.

[Shri Mohiuddin]

I am not a lawyer, but there is one point which I hope the Select Committee will examine. There is one clause in the Bill which says :

"If any person wilfully withholds or fails to deliver to the Corporation.....any property or any books, documents or other papershe shall, on the complaint of the Corporation, be punishable with imprisonment which may extend to six months, or with fine which may extend to one thousand rupees or with both."

If there have been defalcations before vesting the insurance business in the Government, they can be dealt with under the Criminal Procedure Code, but if after the vesting of the insurance business in the Corporation it is found that there is defalcation of securities and so on, I do not know whether it will be dealt with under this clause or under the ordinary law. I hope this clause will not create complications in this respect.

I wish to mention only one more point, and that is that policyholders are very sensitive about two points. These have been stressed already, but I wish to repeat them. One is prompt payment on maturity and the other is, granting of loan on the surrender value of the policy as early as possible. Unless the Corporation fully adopts business principles and delegates the power, as I have suggested, to divisional organisations, there may be, and there will be, a great deal of discontent amongst policyholders. I hope that will not happen and I am sure Government and the Corporation will take due care to see that the business is carried on on really business principles.

Dr. Suresh Chandra : This Bill is welcome. It is a further step towards the nationalisation of insurance business in this country. When Government enter into the business field, with the organisation of these undertakings should be combined public ownership, public accountability and business management for public ends. Various forms of organisation have been adopted in other countries for similar undertakings, but in India development has taken place along two lines, that is, through corporations and joint stock companies. We are lucky that we have not attempted

to run such undertakings on a departmental basis. We have tried the departmental basis only in a limited sphere, that is, in the railways and the posts and telegraphs.

My hon. friend, Shri Mohiuddin, mentioned in this connection about the railways. He also referred to the zones. As one hon. Member then pointed out, there is nothing in common between the railways and the Corporation with regard to zones, except the word 'zones'. I take it that his assertion that the zonal system on the railways has failed does not bear any truth.

With regards to zones, I think it is now becoming a matter of fashion to talk of zones—probably it is also a matter of necessity. We have also heard that when our Prime Minister was talking to the French Foreign Minister on the question of Algeria, he suggested the establishment of zones as between the French population and others. So the idea of zones is becoming more popular. In this Bill, they have said in clause 19 :

"The Corporation may entrust the superintendence and direction of the affairs of a zonal office to a person, whether a member or not, who shall be known as the Zonal Manager and the Zonal Manager shall perform all such functions of the Corporation... as may be delegated to him...."

I feel that more freedom should be given to these Zonal Managers and zonal officers so that they may be able to function with proper autonomy and without much restrictions from the Government.

One point was mentioned by Shri N. C. Chatterjee, that there should be more freedom and autonomy given to the Corporation. I agree that there should be some kind of autonomy given to these corporations. But our experience with these autonomous corporations in India—of course, in Sindri it is a different matter, but we have the DVC and other corporations—is that when we give powers to a few people who run these corporations without much control by Parliament, there is a tendency on the part of these corporations to become almost autocratic. We have seen that Parliament had not been able to have much control over some of these autonomous corporations. We receive reports very rarely and we cannot devote much attention and examine in detail the

working of these corporations. Therefore, I feel very strongly that though it is a good thing to have a corporation, we may insert a new clause here providing for more control by Parliament. In the clause relating to rule-making powers, we have said that 'all rules made under this section shall be laid before both Houses of Parliament as soon as may be after they are made'. Clause 38(1) says:

"The Central Government may, by notification in the official Gazette, make rules to carry out the purposes of this Act."

I would suggest that these rule-making powers should be given to Parliament. These rules should be laid before Parliament and Parliament should be given the power to finally make all these rules. Then only we shall be able to have greater control over all these corporations,—much greater control than we have at the moment in the case of the DVC and other corporations which exist today. We shall also be able to avoid great waste of expenditure and giving too much of power to a few persons.

2 P.M.

I would also like to repeat what has been emphasised before with regard to the security of service of the field workers. In clause 10, it has been stated that all the employees of the insurers will, on the appointed date, become the employees of the Corporation and hold office therein on the same tenure, on the same remuneration and on the same terms and conditions etc. Even though this clause is here, there is a great deal of misapprehension in the minds of the workers who have built up this business with great zeal for the last so many years. It is true that lots of things have happened in this business and we have known how money was not properly utilised and utilised for personal ends etc. But, apart from that, it is a fact that this business has been built up by the field workers and they are still continuing to do so. Therefore we must all take note of this.

I have received a large number of letters from so many insurance workers from different parts of India, especially from the part which I represent. They do not know what is going to happen to them; they do not know what is going to happen about their salaries—whether they are going to be transferred from

one place to another, whether they are going to get the same salaries and whether their work will be appreciated. Some of these people do not possess the qualifications which are required by Government for Government service; they are not graduates or M.As., and all that. They are probably matriculates; and some of them are not even that. They have entered this line and done good work. There is fear in the minds of these people. I think that, when the Select Committee goes into the matter in detail, it will see to it that no injustice is done to these field workers who have built up this organisation and snatched the business from the hands of foreigners.

There were some very useful suggestions made the other day by my hon. friend Shri More. He said that when we are nationalising the insurance business and when we are having a Corporation, the idea is to spread this insurance more and more in the rural areas. So far, this insurance business has been only in the urban areas but the idea now is to take it more and more into the rural areas. When we have got this idea, we should utilise this opportunity to provide more facilities to the common people in the rural areas—as well as urban areas—in regard to loans or other facilities so that they can construct houses, they can get some money for the marriages of their children and also—as pointed out by him—if somebody wants to contest an election and become a Member of Parliament, he may also have that facility; they may also have some facilities with regard to health. These facilities are being provided in many other countries, where a man by way of insurance can construct houses, can have the benefits of health and get money for his other social purposes. I would, therefore, submit for the consideration of this House as also the Select Committee these points and I hope the Select Committee would insert some of these suggestions in the Bill which will come up before the House after consideration by the Select Committee.

I again suggest that this Corporation should not have autocratic powers. There must be some control by Parliament. So far, in the case of the DVC and other statutory corporations, we have not got sufficient control, sufficient power to examine the working details etc. though there are some committees like the Estimates Committee and the Public Accounts Committee. We do not

[Dr. Suresh Chandra]

examine them: we do not even discuss the reports of these corporations and others in great detail. Crores and crores of rupees have been invested in these public undertakings. I would, therefore, suggest that when we are going to take over this kind of business, Parliament must have the rule-making powers and, furthermore control over these things.

We have suggested only 5 people on the managerial side. We should not make these 5 people—or even 10 people—have dictatorial powers. Therefore, there is a great necessity for more and more Parliamentary control. As I have said before, we should also consider the interests of the employees who have built up this business after very hard work for so many years.

श्री बी० डी० पांडे : मैं जनाब को बधाई देता हूँ कि आप इस तख्ताऊस पर बैठे। इस रोजे चमन में से कमल को निकाल कर अच्छी जगह रख दिया गया है इस के लिये मैं आप को बधाई देता हूँ। और अपने आप को भी बधाई देता हूँ।

उपाध्यक्ष महोदय : यह आप की मेहरबानी है लेकिन इस वक्त तो आप इस बिल पर बोलने के लिये खड़े हुए हैं।

श्री बी० डी० पांडे : उस वक्त मुझे बोलने का मौका नहीं मिला था इसलिये इस वक्त हुजूर की खिदमत में मैंने अपने स्थालात का इजहार कर दिया।

मैं इस बात के खिलाफ हूँ कि सरकार को बनिया होना चाहिये। सरकार को तो राजा होना चाहिये। गेहूँ भी हम खरीदते हैं, लोहा भी हम खरीदते हैं, सीमेंट भी खरीदते हैं और इस में छीजन होता है तो सरकार की बदनामी होती है और देशमुख साहब कसकस कर टैक्स लगा रहे हैं। लेकिन उस से भी पूरा नहीं पड़ता क्योंकि जो काम है वह बहुत बड़ा है। इस हिन्दुस्तान को जो कि एक उजड़ा हुआ चमन है उस को फिर से बसाने का काम बहुत कठिन है। उस के वास्ते खपया नहीं है। अब यह कहा जा रहा है कि इंस्योरेंस को लो, बैंकों को लो। तो मैं यह कहना चाहता हूँ कि इस में जो मुनाफे की बनिया वृत्ति आती है वह राजा के वास्ते ठीक नहीं है। राजा को तो राज्य ही करना चाहिये। 'असंतुष्टा द्विजा नष्टा संतुष्टा च महीपति।' जो राजा है उस को तो असंतुष्ट ही रहना

चाहिये और ब्राम्हण को संतुष्ट रहना चाहिये। राजा को बनिया नहीं बनना चाहिये। राजा के लिये बनिया वृत्ति खराब है। हम जो इस वक्त जीवन बीमा को जो छीन रहे हैं वह इसी लिये कि उन्होंने बेईमानी से नफा कमाया है। यदि हम भी वंसा ही करने लगेंगे तो हम में और बनियों में क्या फर्क रह जायेगा।

उपाध्यक्ष महोदय : अगर माननीय मंत्री अपनी तबज्जह इस तरफ रखें तो ज्यादा बेहतर होगा।

श्री० बी० डी० पांडे : हुजूर में मित्रों द्वारा कुछ गड़बड़ा गया।

इस विषय में बहुत ी बातें कही गई हैं। मैंने इस विषय पर पहले भी कुछ कहा था। कुछ थोड़ी सी बातें और कहना चाहता हूँ। मैं कुछ मोके के अनुसार बातें कहना चाहता हूँ। इस में सब से बड़ी बात तो एजेंटों की है। बीमाका एजेंट मक्खन सा मुलायम होता है। जब मिलता है तो नमस्ते करता है। कभी पान खिलाता है, कभी चाय पिलाता है। आप के पास घर पर आता है, कचहरी में आता है। वह कैसा अच्छा आदमी होता है। सरकार का जो एजेंट होगा वह तो ऐसा होगा या नहीं कह नहीं सकते। उसके दिल में तो अपना रोब होगा। वह तो कहेगा कि मैं तो सरकारी आदमी हूँ, मैं इस को क्यों नमस्ते करूँ। ये बिजनेस टैक्टिस (व्यवसायिक युक्तियाँ) सरकार के पास नहीं है। मैं देखता हूँ कि हमारे यहाँ रोडवेज की, गवर्नमेंट की मोटरें चलती हैं और निजी कम्पनियों की भी मोटरें चलती हैं। निजी कम्पनियों की मोटरों को हम अपने घर ले जाते हैं और उन से काम लेते हैं। जो काम हम चाहते हैं वे कर देते हैं। लेकिन सरकारी रोडवेज वाले बात नहीं करते। वे तो रोब दिखाते हैं। तो राजा के तो राजमद होता ही है। राजा को बनिया नहीं होना चाहिये। राजा में डांट-डपट होनी चाहिये। उस का जो एजेंट होगा, जो जनरल मैनेजर होगा वह डांटडपट दिखायेगा। लेकिन इस से तो यह काम चलेगा नहीं। मैं ने देखा है कि जो लोग अपनी मोटरें चलाते हैं वे उन को अहत्तियात से चलाते हैं। उन को उस का दर्द रहता है। उस को डर रहता है कि अगर मैं इसको ब्रेकके बगैर चलाऊंगा या जल्दी में चलाऊंगा तो यह टूट जायेगी। लेकिन जो सरकारी ड्रायवर है उस के रोब को देखिये, वह कैसी शान से आता है। कंडक्टर को देखिये कि कितनी शान दिखाता है। निजी आदमी शान नहीं दिखाता। मेरे

कहने का मतलब यह है कि इस काम में बनिया वृत्ति जरूर होनी चाहिये उस के बिना काम नहीं चलेगा, और राजा में बनिया वृत्ति हो नहीं सकती। राजा तो रोब ही दिखाता है और डांटडपट ही दिखाता है। उस में तो राजमद होता है।

श्री श्रीनारायण दास (दरभंगा मध्य) : वेलफेयर स्टेट (लोक कल्याण राज्य) में वैसा रोब नहीं होगा।

श्री श्री० डी० पांडे : वेलफेयर स्टेट के माने क्या हैं ? गांधी जी ने रामराज्य कहा था, हम वेलफेयर स्टेट कहते हैं और अब सोशलिस्टिक पैटर्न (समाजवादी ढांचा) है। लेकिन मैं तो अब बुढ़ापे में बदलूँ या नहीं, कह नहीं सकता। मैं तो सन् १९०५ से कांग्रेसमैन हूँ और जैसा हूँ वैसा ही रहूँगा। मैं बदल नहीं सकता। मैं सरकार का समर्थक रहा हूँ और मरते दम तक रहूँगा। मैं यह नहीं कहता हूँ कि मैं सोशलिस्ट हूँ या नहीं। और न मैं उस ढंग की सोशलिज्म ठीक समझता हूँ। उड़ीसा के जो गर्वनर महोदय हैं उन्होंने इस सम्बन्ध में जो कहा है उस को आप सब लोगों ने सुना होगा। उन्होंने यह कहा है कि

We are not going to make the richer class poor, but we are going to lead the poor to the riches. इस को तो बहुत कहते हैं कि एक व्यक्ति की अधिक से अधिक आमदनी पर सीलिंग (ऊपर सीमा) रखी जानी चाहिये, आप सीलिंग रखते हैं, तो रखिये लेकिन भेरा कहना है कि यह जो आप निरन्तर टैक्स लगाते जाते हैं, तो इस टैक्सेशन (करारोपण) की भी कोई सीलिंग होनी चाहिये कि इस से ज्यादा टैक्स नहीं लगेगा। टैक्स तो आप लोगों से अनाप-शनाप वसूल करते चले जायें और उनकी आमदनी पर आप सीलिंग मुकर्रर कर दें और टैक्सों से होने वाली अपनी आय पर आप कोई सीलिंग न रखें, यह ठीक नहीं है और ऐसा नहीं होना चाहिये। सीलिंग अगर हो तो सब जगह होनी चाहिये। जिस तरह से आज आप चल रहे हैं इस को मैं सोशलिज्म (समाजवाद) नहीं मानता और यह सोशलिज्म मैं समझ ही नहीं पाता हूँ....

उपाध्यक्ष महोदय : मेम्बर महोदय को तीन चार बातें अभी कहनी हैं और उनको न कह कर वे सोशलिज्म में चले गये हैं।

श्री श्री० डी० पांडे : मैं अभी बहुत थोड़े मैं जो कुछ मुझे इस विषयक के बारे में कहना है कह दुंगा। मैं एक बात बिलकल स्पष्ट कर

देना चाहता हूँ कि छिना झपटी का राज्य मैं ठीक नहीं समझता हूँ। अलबत्ता रजामंदी से आप उन चीजों को अगर प्राइवेट लोगों के हाथ से लेकर सरकार द्वारा चलाये तो मुझे उसमें कोई आपत्ति नहीं होगी। गांधी जी का रजामंदी का जो नियम था उसके अनुसार अगर आप चलकर इन चीजों को अपने हाथ में लेते हैं तो मुझे शिकायत नहीं है। अब उपाय यह महोदय आपक इस कुर्सी पर बैठने से हमको यह लाभ होगा कि अब मास्टर तारासिंह की कृपाण नहीं चलेगी बल्कि अब जबान चलेगी और आपसी बातचीत और वादविवाद के जरिए हम अपने मसले और सबालात हल कर सकेंगे। छिना झपटी का राज्य नहीं होगा, डराने घमकाने का राज्य नहीं होगा, बल्कि बहस से और कर्माविस (समाधान) करा के उनको अपनी तरफ ले आयेंगे।

मैं उन सज्जन का नाम नहीं लेना चाहता लेकिन वे ९ करोड़ की हैसियत रखने वाली कम्पनी के जनरल मैनेजर थे, उन को उन के ऊंची जगह से हटा कर उन के हाथ में लगभग ८० लाख रुपये की हैसियत की कम्पनी दे दी गई और मैं समझता हूँ कि इस तरह की तबदीली कर के उन का अपमान ही हुआ कि एक करोड़पति की लखपति की जगह ले जाकर आपने बैठ दिया और लखपति को करोड़पति की जगह आपने बैठाल दिया है और इसी में दिलशिकनी (मनमुटाव) होती है। मैं समझता हूँ कि इस तरह की गड़बड़ी नहीं करनी चाहिये और उन के पद और प्रतिष्ठा को हमें कायम रखना चाहिये उन का हमें विश्वास करना चाहिये और हम लोगों को उन को किसी तरह से डराना और घमकाना नहीं चाहिये बल्कि उन को पुचकार कर अपनी तरफ करना चाहिये।

इसी तरह मुझे एजेंटों के बारे में कहना है कि सरकार को यह देखना चाहिये कि वे अपनी जगह पर कायम बने रहें और वे अपना काम जिस खूबी से अभी तक करते आये हैं आगे भी करते रहें।

इस इन्श्योरेंस के व्यवसाय के बारे में इस हाउस में सब से कम अगर कोई जानने वाला है तो सायद वह मैं हूँ। मैं ने अपना बीमा नहीं कराया और बाप-दादा की जायदाद पर अपनी गजर करता था और वह भी उत्तर प्रदेश में जमींदारी प्रथा के विनाश के साथ खत्म हो गई। आज मुझे अफसोस इस बात का हो रहा है कि मैं ने अपने जीवन का बीमा क्यों नहीं

[श्री. बी. डी. पांडे]

कवाया जो कि इस बुढ़ापे की अवस्था में मेरे लिये सहायक सिद्ध होता। इस बीमे के व्यवसाय के बारे में मुझे विशेष जानकारी नहीं है लेकिन मैं इतना ही कहूंगा कि मैनजरो के ऊपर आप नियंत्रण अवश्य रखें और देखें कि वे ठीक प्रकार से अपने कर्तव्य का पालन कर रहे हैं या नहीं लेकिन साथ ही उन की अप्रतिष्ठा भी नहीं होनी चाहिये। एजेंटो के काम पर हमारे वही नम्र स्वभाव वाले व्यक्ति रखे जाय जो इस काम को कुशलतापूर्वक और योग्यतापूर्वक निभा सकें और इस काम पर बलडोग कृते के समान काटने वाले आदमी नहीं रखे जाय चाहिये, नहीं तो हमारा काम ठीक से नहीं चलेगा।

मैं सरकार को एक चेतावनी भी इस सम्बन्ध में देना चाहता हूँ कि जो दोष हम पूंजीपतियों पर लगाते हैं और जिस पूंजीवादी मनोवृत्ति को समाप्त करने के लिये हम यह और इस प्रकार के अन्य कदम उठा रहे हैं, तो हमें देखना है और सावधान रहना है कि वह पूंजीवादी मनोवृत्ति और सब कुछ स्वयं ही हड़प जाने और दूसरों से छीन कर खा जाने की मनोवृत्ति कहीं शासक वर्ग में न घुस जाय और इस तरह की खराब और दूषित मनोवृत्ति यदि हमारे शासक वर्ग में आ गयी तो यह प्रजातन्त्रवाद के लिये महितकर होगा। वह दूषित मनोवृत्ति हम में नहीं आनी चाहिये।

Shri Gidwani (Thana): I rise to support the Bill. In doing so, I wish to emphasise one point.

Yesterday some representatives of displaced insurance companies met me and they have brought certain grievances of theirs in regard to this Bill to my notice. They have sent me a representation which I wish to place on record so that the Select Committee may carefully consider it. This is what they say about their difficulties:

"The principles for determining compensation under the Life Insurance Corporation Bill do a great injustice to a displaced insurance company, that is, a company which had its head office in Pakistan and had to migrate to India on account of the partition of the country. The Corporation Bill has taken the past experience of the insurance company as the basis for its compensation. In the case of a displaced insurance company the past experience has been a very abnormal one

which has resulted in the reduction of his capital assets by the loss of his immovable property left in Pakistan, excess claims paid on account of massacres and the excess expenses it had to incur for rehabilitating itself."

"These were abnormal losses and it cannot be said that they are likely to be repeated in the future for displaced companies alone. Therefore, these companies deserve special consideration in order to place them at par with non-displaced companies.

The above losses suffered are of three categories :

(1) Losses on account of immovable property left in Pakistan and which was a *bona fide* investment.

(2) Excess claims above normal mortality provision which arose on account of massacres of the policyholders in the riots occurring in Pakistan.

(3) Excess expenses that the displaced company had to incur to rehabilitate itself.

The plea is that all these losses which the displaced company can prove to the satisfaction of the Government may be added back to the deficit or surplus when the valuation of the company is done. The reason is that these were abnormal losses and there is no chance of their repetition in the future for displaced companies alone. If the business had not been nationalised then these displaced companies would have in course of normal functioning in future written off those losses. By nationalisation this has been taken away and it is only fair that these losses should be fully accounted for.

The investments of these companies which fall under the category of approved investment under the Insurance Act and which were left in Pakistan should be treated at market value as at the date of partition. If the Government is not willing to give credit to these companies then it is only fair that their valuation should be done under a closed fund basis, *i.e.*, a basis whereby it is assumed that they

shall not be transacting any new business but shall be only carrying their existing business. By adopting this procedure, relief will be available to these companies by reduction of their liabilities.

In making the above suggestion, it is not intended to place displaced companies at an advantageous position compared to non-displaced companies but only an effort is made to remove these abnormal factors so that their compensation is also just and fair."

This applies both to the shareholders and the policy holders. I believe everybody knows how the displaced companies had suffered and the representation which I read before the House just now fully explains their case. I am sure Government will give due consideration to this representation and will give relief to the displaced companies as suggested by those companies. I am not an expert in this matter, but I do hope and believe that Government will take all these facts that have been brought before them, into consideration and do whatever is possible to help them out of the difficulty. Otherwise, there is every likelihood of their suffering immensely.

There are two or three other matters to which I shall now refer. They are of a general nature. I wish to say that we should be very careful in the appointment of the members of the Advisory Board, the managers and the other authorities that we propose to create in regard to the implementation of this scheme. When the Life Insurance (Emergency Provisions) Bill was being discussed, Shri Tulsidas and others always felt doubtful about our successful implementation of the scheme. They were doubtful whether we will be able to be very economical, whether we will be able to run our industry efficiently and whether we will be able to satisfy our clients as the private sector has done.

I have also a little experience of this matter. I had been a Member of the Public Accounts Committee and also of the two organisations which were partly connected with the Finance Ministry. One was the Industrial Finance Corporation and the other was the Rehabilitation Finance Administration. As regards the Industrial Finance Corporation, I need not repeat how it worked.

Shrimati Sucheta Kripalani was appointed as Chairman of the Committee to investigate into the affairs of the Industrial Finance Corporation and the report of that Committee was placed before the House. We discussed it in full detail. Even in the Public Accounts Committee many things were brought to our notice, and they really showed that the institution was not working satisfactorily, that there was over-expenditure, that the members who were supposed to be impartial in running the administration were themselves interested and that the manager was acting like an autocrat and spending money which was sanctioned only after it had been spent. Thus, the machinery that was run was more expensive than the one in the private sector.

Similar was the case with the Rehabilitation Finance Administration. I have experience of that administration for the last four years. I find that retired officers are appointed as Chairmen. Then, they monopolise the whole power to themselves. Of course, the Government appoints some hon. Members of this House as members of that body, but as you know, they have to attend to so many other duties as members of various committees and they rarely find time to go into the detailed working of the institution. The result is that things do not go on efficiently. Things do not go on economically; and exposures are made in the Public Accounts Committee. Then the Government stands on its own prestige and does not wish to change or make substantial modifications. The result is that we get discredited. While the private sector runs its institutions more efficiently and more economically, Government institution are run more expensively. There is a lot of inefficiency, corruption, favouritism and nepotism in the Government running these institutions. Therefore, I would urge upon the Government to be very careful. We are embarking on a venture. We are making a new experiment. The people in the country as well as our capitalist friends are watching the activities. They will be surely watching our progress. Therefore, we should be very vigilant and very careful to see that every pie that we spend is spent well, that our organisation is more efficient, that our people do not complain about the administrative set-up and that they are given every consideration while we deal with them. With these words, I support the Bill heartily.

Shri Keshavaiengar (Bangalore North) : I am very happy that I have been able to participate in this debate on the very first day when you have been pleased to accept the office of Deputy-Speaker. Insurance field, in my opinion, has not been developed to the extent it ought to, in our country. Almost every country in the free world—Norway, Sweden, Canada, Australia, Denmark—during the past few decades have brought this field of activity under State control. In our country, apart from the fact that there are a few private companies—about 210 or so in number—we have only three Governments who are dealing with this matter by themselves. I am proud to submit to this House that the State I come from, Mysore, was one of the earliest State to start insurance on Government lines. It took up this business as far back as 1891, about 65 years ago. Originally the scheme was restricted to the servants of Government, but subsequently, after some years, the scope of its activities has been enlarged to the public sector as well and it has been working quite nicely. I am not one of those who feel—and have any grievance—that this Act has been brought about mainly on account of the reason of mismanagement of some of the insurance companies in our country. Far from it. The general trend, as I have already submitted, is towards nationalisation of this very useful industry; and the public interest rightly demands it. This is one other step in the right direction on the part of our Government.

So many hon. Members who were pleased to participate in the debate—some of them—made a reference to this fact that the mismanagement of so many companies was to a great extent due to the not proper functioning of the Controller of Insurance. I do not accept that statement wholesale. Perhaps it may be due to the fact that he has not been invested with sufficient powers to effectively control these. Anyway, I think that this is a right step in the proper direction and I am one of those who welcome this measure.

Apart from the fact that the field of activity will become wide and it will spread to the villages, when these activities are taken over and conducted on the Government side, it will have a very salutary and good effect and will form an adjunct to the warehousing corporations that we are likely to have

and will carry the relief to the distant villages in our country. I am sure that this activity will very conveniently supplement the activities of the warehousing corporation and its benefits will easily reach the villagers in the countryside.

Comparing ourselves with other foreign countries in this field, I have very great apprehensions that the Government has taken a very onerous responsibility on itself of widening the scope and activities in this regard.

So far as the regular provisions are concerned, I have some suggestions to make. It has already been said in this House that the measure has been most welcome from every quarter except for the fact that some persons on the boards of directors of some companies were not among the people who sent telegrams to the Finance Minister. Every other section of the society welcomed the measure. I am very anxious that the large number of employees engaged in this useful endeavour should have some representation. They should certainly be represented in every level of the administration and I am very anxious that their interests must be well safeguarded. Their co-operation should be enlisted at every level of our activities. Inasmuch as we have had two hundred and odd companies, it is worthwhile to have as many as twenty zonal committees instead of one big corporation; they may be constituted almost analogous to the territorial jurisdiction of the several States. They can promote a sort of a healthy competition among the various activities in this field. That, I think, would be a point for the consideration of the Select Committee and necessary provisions in this regard may have to be made.

I find one other omission in clause 10 of this Bill. We have left out of consideration one particular clause or branch in this insurance field. They are the chief agencies. I think there are some cases of *bona fide* chief agents who are working their concerns almost on the same lines as a regular branch office. Many of them have been rendering a very good account of themselves and they have been conducting themselves very honestly. They have a good number of employees as well. Those persons ought not to be left in the lurch on account of this measure. I am very anxious that clause 10 of the enactment must be suitably amended in order to bring into its fold the *bona*

fide chief agencies and their employees. The matter may be studied and such of those chief agents whose *bona fides* could not be questioned and who are doing good work may also be brought within its fold.

One other feature which I would like to point out is this. The State committees may also take into consideration the enlarged scope of activities in the insurance field and they may take this almost to every one of our countrymen. From the reports we find that it is only a very small percentage of people—negligible percentage—who are insured. Our country is a very vast one and crores of people are there and only a few lakhs of people have been brought under this fold. I am very anxious that this enlarged scope must be very effectively worked out and, as I said, it should spread to everyone in our country.

Shri Bansilal (Jaipur): The Bill under consideration is a very important one—I should say, of historic importance. For the last few days, it has been the burning topic in the country. Different opinions had been expressed as to whether this venture of nationalisation of insurance would be beneficial to the country and to the persons insured or not. Doubts are there even in the minds of those who are for the nationalisation of this business.

I say it is of historic importance because on the success or failure of this venture, the future of our country depends. It is a very big venture. If unfortunately this fails, then the spread of nationalisation to other spheres would have to be stopped and the aim that we cherish could not be achieved. The atmosphere in which all these things have happened—the issue of the ordinance, the passing of the measure, etc.—is not, unfortunately, what it should have been. This type of nationalisation work affects so many persons and such a large scale of activity and there should be no worry in any quarter. It is only with the goodwill and co-operation of all concerned that this venture can be successful. Our motto should be: from wealth to service. On these two words, the whole scheme depends. If the whole idea is only the honest utilisation of funds of the various insurers, then it is not correct.

Much of the insurance business in the country was in the hands of foreign capitalists and foreign companies. After

all, there was a stage when we all encouraged setting up of insurance companies all over the country. Some of them have done wonderful work. There is no doubt that lot of funds that the insurance companies had was not properly utilised. But that is only one aspect of the thing.

The aim for which this Bill has been introduced, as stated in the Statement of Objects and Reasons, is:

“To ensure absolute security to the policyholder in the matter of his life insurance protection, to spread insurance much more widely and in particular to the rural areas, and as a further step in the direction of more effective mobilisation of public savings, Government have decided to nationalise life insurance business in India.”

If we look to the Objects and Reasons for which the Bill is introduced I think much is contained therein, but there are some practical difficulties.

This Bill relates to the formation of a Corporation. My experience is that if the Corporation is not formed with proper care then its fate will be the same as that of—as we see—the Industrial Finance Corporations in many of the States. I would like to draw the attention of the hon. Finance Minister to examine how far these Industrial Finance Corporations have worked in the different States. What had been their personnel? I should like to say that in the State from which I am coming—Rajasthan—it was with very great hope that we were looking to the establishment of an Industrial Finance Corporation in that State. But, what is the personnel? All multi-millionaires and capitalists are there. They move in their own way. They have got their own ideologies and the requirements, the ambition of the masses, the poor people, are not satisfied. So, I would, with all stress at my command, surely like to say that every care has to be taken in the composition of the Corporation lest it may be a corrupt corporation. There are various dangers connected with it. This Corporation can put the whole country backward, the whole scheme of nationalisation backward. Of course, it is not an easy go. I may say there will be huge opposition. The other day we were informed that after this nationalisation, after the Ordinance was issued the work has increased. I do not know whether this has increased in all parts of the country. I cannot

[Shri Bansilal]

say whether the policies that have been procured during this period are comparatively much more. That is for the Government to say as they have got better information in their hands. But at least many great doubts are expressed in many quarters and in many places that this insurance business depends on so many things like persuasion and so on. If that is lacking then there would be a great set-back.

Another point I would like to stress is this. Take the case of Rajasthan. We have not got very good insurance companies in that State. One or two, of course, are there. All the business of insurance there is taken up by other States like Bombay or Calcutta. We give the money and the money they take from us is invested elsewhere. I think something definite should be laid down in this Bill—and I would like to draw the attention of the Select Committee to this point—to see that the investment should be *pro rata*, in proportion to the funds that is coming in from a particular State lest it may happen that the money which comes in the hands of the Corporation is invested in big ventures. No doubt that will be invested in good things—I do not for a moment doubt that—but at the same time it will not be satisfactory. After all it is for the good of the people who have insured that this money should be utilised. For instance if there is any amount at the disposal of the Corporation that should be spent in proportion to the amount that is coming from a particular State.

That depends upon the proposal for the establishment of zonal councils. There is a proposal for the establishment of zonal councils at 3 or 4 places. I wish the name of Ajmer had been included therein. In the first instance I know in the whole of Rajasthan, Ajmer is a place where every insurance company has got an office. There are certain insurance companies like the General Insurance Company which are flourishing in that State. I do not know why this place has been left out when places like Delhi, Calcutta, Bombay and others have been mentioned. I think Ajmer is a fit place where, to start with, we can have a zonal council. Of course my friends from Ajmer would have much more information on this point but I know that it is from Ajmer that the whole of business in Rajasthan is controlled.

Regarding formation of zonal councils I would like to say—it is my suggestion; I do not know how far this would appeal to the hon. Minister—that so far as nationalisation of insurance business is concerned it should be completely kept out of politics. This is my suggestion lest it may go in the same rut as other things and a finger may be raised against this policy of nationalisation of insurance business saying that this is also in the hands of Congressmen, this party or that party. This should be completely avoided. My suggestion is that the whole country must share in this Corporation.

How we can start is like this. There should be a zonal council in every State and every Member of this House and the Rajya Sabha should be a member of the zonal council of the State to which he belongs. It is in this way that we can really make this insurance business a national business in the true sense of it. The management should not be in the hands of any particular class of people. When the question of formation comes up I may frankly admit that the Government will select some 15 persons who will form the Corporation. I take it that every care will be taken to select the persons who are well-versed in this art. It is an art. It is not an ordinary thing.

This management of insurance was in the hands of so many companies having corporate bodies always trying to increase their business. The Government will now vest this job in the hands of 15 persons. It will be a very difficult job and therefore in the selection of these persons great care has to be taken.

I think from the very start great care and precaution should be taken if after nationalisation it is really to control the whole insurance business. Our countrymen should feel that this business is completely devoid of any political atmosphere. It is in this respect that I suggest that zonal councils should be formed State-wise immediately the Bill comes into force. The Select Committee should very carefully consider this suggestion and irrespective of whether a Member belongs to this House or the Rajya Sabha every Member should be *ex-officio* member of the zonal council of his State so that the zonal council will represent all shades of opinion. That will serve as a check too. In the beginning

if this check is not there, as I have said in the opening words of my speech, there will be a great set-back.

The whole scheme is, as my friend just now said, to take the insurance into the rural areas which is a very big task. Of course the Corporation will not consist of those persons who can really feel for the rural side. They will not take the business into the rural side. We are feeling that in so many ventures and schemes of the Government they did not carry home to the countrymen our aim because the mentality of the people at the helm of affairs is not rural in character. Without that kind of mentality we cannot take the business to the rural side. A lot of effort has to be made. At present there is not much charm for the rural side people to get themselves insured. It is not because they have not got the finances but there are so many other factors—the matter of payment and other things. As soon as the policy matures I have very grave doubts whether one will get the money. Today the insurance companies for the sake of prestige and getting more business make immediate arrangements for the payment. Of course, in some cases it is not done and the Government has already secured them. But if the same rut sets in and the money is not paid to the wife or heir of a policyholder and for six months, ten months or an year the same kind of petitions have to go from here to there and so on then the insurance business will very much suffer.

So, great precaution has to be taken regarding how this is put into practice. I want the Select Committee also to look into these matters very carefully.

Another point is about the insurance agents. I think most of us are insured in one company or the other and we know how the insurance agents approach us and secure business and how the doctors help them. If there is rigidity, the greater the rigidity the lesser will be the business. Now, of course, most of the companies have their own doctors. I do not know how, but in 99 per cent of the cases they give good reports. Only in very few cases they give adverse reports. I do not mean to say that there should be laxity. At the same time, greater rigidity will ruin the whole of the insurance business.

Besides, very soon Government will have to consider the nationalisation of

other forms of insurance also. At present we have started with life insurance. I think it would have been much better if other insurance work also had been taken up in hand because without that there will be duplication of work and the ratio of expenditure will be much more. The hon. the Finance Minister can look into whether the ratio of expenditure will not increase because in clause 10 we have provided that all those employees who are employed today as whole-time servants in the insurance company will continue on the same terms. I think this is a very harmful clause which will defeat the socialist aim because I find huge salaries are paid to the existing managers and secretaries of the insurance companies. There is a provision that they will continue even after the Corporation comes into existence on the same terms. I do not know why they should be continued because this is not to be the aim. The managers and secretaries are getting huge salaries—5,000 and 6,000 rupees a month. I do not know what is the maximum amount, but it is a huge sum.

Mr. Deputy-Speaker: The hon. Member need not have any fears. The Corporation has powers to reduce that.

Shri Bansilal: I submit that as far as clause 10 is concerned, security has been given and there is a guarantee that they will be retained on the same terms and conditions.

Mr. Deputy-Speaker: Not for all times. The Corporation will absorb them and will subsequently see what is the proper salary that is to be given.

Shri Bansilal: My submission is that there are no provisions. So far as temporary personnel is concerned, in clause 11 there is provision. Clause 10 reads :

“ shall, on and from the appointed day, become an employee of the Corporation, and shall hold his office therein by the same tenure, at the same remuneration and upon the same terms and conditions and with the same rights and privileges as to pension and gratuity and other matters as he would have held the same on the appointed day if this Act had not been passed, and shall continue to do so unless and until his employment in the Corporation is terminated or until his remuneration, terms and conditions are duly altered by the Corporation.”

[Shri Bansilal]

My submission is that this particular provision is there. In practice many difficulties will arise. If you want to save the money of the people, that is, insured, from going to the hands of some of these managers and secretaries and those persons then something should be done. You have to look at this aspect also. But, at the same time, we cannot forget the part-time workers like agents etc. They are the real backbone of the industry and there must be some policy to encourage them as much as possible.

I have not gone into the question minutely but I think in some ways we can take the help of the gram panchayats for getting insurance business. It will increase the finances of the panchayat also for they will be getting remuneration for it. For instance, take the realisation of revenues. If the gram panchayat collects the revenue, it gets 10 per cent of it. If the gram panchayat undertakes this work of insurance, apart from it giving them some money, they can convince the people from the rural side and make them insure.

Of course, the minimum amount should be reduced from Rs. 1,000. But that is a matter of detail. So the services of the gram panchayats could be utilized for securing more business in the rural side.

I hope the Select Committee will look into these matters. While I have apprehension about the salaries that are being paid to the higher cadre, the salaries of the insurance agents and subordinate staff should be protected in the Act.

On the whole I congratulate the Finance Minister who has brought in this Bill with speed. The provisions of the Ordinance, which has now become an Act, are all there. But, at the same time, precaution should be the watch-word.

श्री विगंबर सिंह (जिला एटा—पश्चिम व जिला मेनपुरी—पश्चिम व जिला मथुरा—पूर्व) : उपाध्यक्ष महोदय, मैं हाउस के सामने प्रस्तुत विधेयक का समर्थन करता हूँ। मुझे इस बात की खुशी है कि हमारी इस लोक-सभा में हमारे वित्त मन्त्री महोदय ने इस विधेयक को रखा और उस से अधिक खुशी मुझे उस समय हुई जब कि एक अध्यादेश के द्वारा इस बीमा व्यवसाय के ऊपर अधिकार किया गया था।

उपाध्यक्ष महोदय, मैं यह जानता हूँ कि बहुत से लोग जिन में कि कुछ हमारे साथी भी

है, इस की कुछ बातों का विरोध करते ह लकिन यदि हम देश की उन्नति चाहते हैं, यदि हम देश को आगे बढ़ाना चाहते हैं और विशेष कर आपने उस सोशलिस्टिक पेटर्न (समाजवादी ढांचे) के आधार पर जिस को कि कांग्रेस ने देश के लिये निश्चित किया है, पर इस देश की व्यवस्था करना चाहते हैं तो हमारे लिये आवश्यक है कि हम इस तरह के कदम उठाएँ। इस सरकार ने जो यह एक साहसपूर्ण कदम उठाया है और देश को आगे बढ़ाने का प्रयत्न किया है, मैं समझता हूँ कि सरकार इस महत्वपूर्ण और प्रगतिशील कार्य के लिये सब से अधिक बधाई की पात्र है। जो लोग यह उम्मीद करते हैं कि हर एक काम उस ढंग से होना चाहिये जिस के लिये कि गांधी जी हम से कहा करते थे और जैसा कि अभी हमारे एक साथी कह रहे थे कि जिस तरह से सरकार ने इस सम्बन्ध में व्यवहार किया है वह गांधी जी की नीति के अनुसार नहीं था और यही नहीं उन्होंने तो एक तरह से कांग्रेस ने जो सोशलिस्टिक पेटर्न पर समाज की व्यवस्था करने की नीति अपनाई है, उस का विरोध किया और भेरी तो समझ में उन की बात आती नहीं कि एक तरफ तो वह कांग्रेस दल के अन्दर हैं और दूसरी तरफ कांग्रेस द्वारा स्वीकृत नीति का इस तरह पर विरोध करते हैं। मैं समझता हूँ कि वह इस बात को भी जानते होंगे कि कांग्रेस द्वारा इस नीति को स्वीकृत कराने वालों में अधिकतर वही लोग हैं जो गांधी जी के अनुयायी हैं और उन के सिद्धांतों में विश्वास रखते हैं, ऐसी भूत में उन की यह बात समझ में नहीं आती कि आज कांग्रेस गवर्नमेंट प्रजातन्त्र और गांधी जी के बताये हुए नियमों के अनुसार आचरण नहीं कर रही है। मैं अपने उन मित्रों से पूछना चाहता हूँ कि क्या हमारा संविधान हम को इस तरह के विधेयक को पारित करने की अनुमति नहीं देता ? और क्या जो अध्यादेश इस के पहले इस सम्बन्ध में सरकार द्वारा लाया गया वह संविधान के अनुकूल नहीं था ? मैं समझता हूँ कि यह दोनों ही चीजें संविधान और प्रजातन्त्रवाद के अनुकूल हैं और हमारा यह कदम हम को प्रजातन्त्रवाद की ओर ले जाने वाला है ऐसी हालत में भेरी समझ में नहीं आता कि भेरे वे साथी प्रजातन्त्रवाद के लिये इस में कौन सा खतरा देख रहे हैं। मैं तो यहाँ तक कहने के लिये तैयार हूँ कि जब देश की भलाई का सवाल हो और उस को आगे बढ़ाने का सवाल हो। तब वही तरीका अच्छा माना जायेगा जो देश को आगे बढ़ाने वाला हो, चाहे वह कोई भी तरीका हो। अब समय आ गया है कि जब हम

सरकार का साहस बढ़ायें ताकि इस तरह के कार्य करके सरकार एक एक कदम आगे बढ़े। सरकार यही नहीं है कि इस तरह का कार्य करे बल्कि मैं तो यही उम्मीद करता हूँ कि उस को इस से और भी आगे बढ़ कर कार्य करना चाहिये। जैसे कि हमारे साथी यह कह रहे थे कि सरकार को बनिये का काम नहीं करना चाहिये, मैं तो कहता हूँ कि वह बनियेगिरी का काम नहीं कर रही है, वह उस बनिये की तरह से काम नहीं कर रही है जो जनता को चूस कर अपना ज्यादा से ज्यादा फायदा करना चाहता है बल्कि हमारी सरकार तो उन पंजीपति बनियों को कह रही है कि महात्मा गांधी के आदेश के अनुसार आप जनता के ट्रस्टी बन कर रहिये। जब उन्होंने ऐसा नहीं किया तब सरकार ने उन का कार्य भार कम किया है। मैं समझता हूँ कि ट्रस्टियों के ऊपर जो सेवा भार रहता है उस को अगर सरकार ने कुछ हल्का कर दिया है, तो उन को तो इस के लिये खुशी होनी चाहिये। मुझे तो अपने साथी की यह शिकायत सुन कर दुःख हुआ कि एक व्यक्ति जिस के हाथ में ६ करोड़ रुपये का काम था उस के जिम्मे अब छोड़े से लाख रुपयों का काम कर दिया गया है। मैं कहता हूँ कि अगर उस की तनस्वाह में कमी कर दी गई होती तब तो उस के लिये रंज करने और शिकायत करने का मौका था लेकिन अगर उस का काम हल्का कर दिया गया तो बजाय उस के लिये शिकायत करने के उस को तो सरकार का अहसानमन्द (कृतज्ञ) होना चाहिये। इसलिये मैं तो कहता हूँ कि जो लोग हमारे देश की उन्नति में जिस तरह के कार्य सरकार करती है, उन में बाधा पहुंचाते हैं वे एक तरह से हमारे उस काम में रोड़ा भटकते हैं जो गांधी जी हम से कराना चाहते थे। हमारे वे साथी जिन के कि पास पंजीवाद का समर्थन करने के लिये कोई ग्राउंड (आधार) नहीं है, जिन को कि जमींदारी प्रथा के खत्म हो जाने से दुःख हो रहा है, उन के लिये अब यही तरीका आलोचना करने के लिये बाकी रह गया है कि सरकार बनियेगिरी करती है और सरकार इस तरह से उन से एक एक करके चीजें छीन रही है।

3 P.M.

सरकार के हाथ में अब यह काम जा रहा है। कुछ लोगों ने जो इस की आलोचना की है कि इस काम के सरकार के हाथ में चले जाने से अब इस के कर्मचारी जनता की खुशामद नहीं करेंगे,

उन की चापलूसी नहीं करेंगे, तो मुझे तो उस से खुशी हुई है। मैं तो चाहता हूँ कि हमारी जनता के अन्दर कोई भी आदमी केवल तनस्वाह पाने के कारण किसी की खुशामद न करे। हम को चाहिये कि हम उन लोगों को अच्छी तरह से इस बात को समझायें, उन के सामने अच्छी तरह से इस बात को रखें कि सरकारी कर्म-चारियों के द्वारा किसी की खुशामद नहीं होनी चाहिये। हमारे साथी ने कहा रोडवेज सरकार द्वारा चालू करने से पहले जो बस कंडक्टर वगैरह होते थे, ड्रायवर होते थे, उन से यह आशा की जाती थी कि वे हमारे घरों पर बस को ले जायें, मालिक लोग यह चाहते थे कि वे उन के बच्चों को संभालें, उन का बोझ भी होयें और दूसरे काम करें और वे ऐसा करते थे अब नहीं करते। अगर आज बस कंडक्टर और बस ड्रायवर ऐसा नहीं करते तो यह हमारा सीमाव्य है। कम से कम आज वह दिन तो आया जब कि जो हमारी बसों पर काम करने वाले लोग हैं वह उतरे ही इज्जत और स्वाभिमान रखते हैं जो कि देश का बड़े से बड़ा आदमी रखता है। जब हम देश को आगे बढ़ाना चाहते हैं, ऊपर से जाना चाहते हैं तो यह कैसे संभव हो सकता है कि हम कर्म-चारियों से यह आशा करें कि वह जनता की खुशामद या चापलूसी करें ?

मैं जानता हूँ कि सरकार द्वारा किये जाने वाले कामों में बहुत सी कठिनाइयां और परेशानियां भी आती हैं, उन में से बहुत सी इस लिये भी आती हैं कि सरकारी कर्मचारी ठीक काम नहीं करते, लेकिन बहुत से आदमी नहीं, दो-चार ही ऐसे हो सकते हैं जो कि देश का काम करने वालों का, देश की सेवा करने वालों का विरोध करते हैं।

मैं बहुत अधिक विस्तार में न जा कर यही कहना चाहता हूँ कि अब समय आ गया है कि हम सरकार को इस साहसपूर्ण कार्य करने के लिये बधाई दें। हमें इस बात का गर्व है कि हमारी सरकार ने ऐसे साहस का काम किया है और हम आशा करते हैं कि आगे चल कर वह और भी साहस का परिचय देगी। मेरे साथी ने सुझाव दिया है कि बीमा कार्य के लिये समितियां हर एक सूबे में बनाई जायें उन में विधायकों को रखा जाये। मेरी समझ में नहीं आता कि यह किसी प्रकार से संभव हो सकता है। अगर उत्तर प्रदेश में इस तरह की समिति बनाई जाये और वहां पर जो ८६ पार्लियामेंट के मंत्री हैं, जो राज्य-सभा के सदस्य हैं तथा

[श्री विगम्बर सिंह]

जो एम० एल० एज० हैं, उन सब को रखा जाये तो शायद उन की संख्या ५५० से भी अधिक हो जायेगी। इतने अधिक सदस्यों की समिति बनाने से वहाँ पर कार्य करना असंभव हो जायेगा। साथ ही समितियों का कोरम भी पूरा करना मुश्किल हो जायेगा। इस लिये इतनी बड़ी समितियाँ बनाना तो कठिन होगा। ये बड़े बड़े काम हैं उन को प्रजातन्त्रीय रूप देने से बड़ी-बड़ी कठिनाइयाँ और परेशानियाँ पैदा हो जाती हैं। इस प्रकार के कार्यों में हमें यह देखना चाहिये कि वहाँ पर काम ठीक और योग्य आदमियों के हाथों में हो। इन में तो यह भी सुझाव है कि रिटायर्ड हाईकोर्टेज भी होंगे, जो कि काफी योग्य होंगे। फिर भी उन के कार्यों पर विचार करने का पालियामेंट को अधिकार होंगे तो फिर इस तरह का काम करने से क्या लाभ जिस से कि संसद बढ़ जाये? मैं तो इस विश्वास का हूँ कि जो छोटे छोटे काम होते हैं उन में भी अगर हम डिमाक्रीसी या प्रजातन्त्र का नाम ले आते हैं तो बहुत मुश्किलें पैदा हो जाती हैं। अभी तो हमारा प्रजातन्त्र प्रारंभिक अवस्था में है। जिस प्रकार से हम कालिज के विद्यार्थियों को भले ही बहुत सी बातों में छूट दे देते हैं और प्रोफेसर्स उन के कामों में बहुत अधिक हस्तक्षेप नहीं करते हैं, लेकिन जो प्राइमरी स्कूल के विद्यार्थी होते हैं जिन को भले बुरे का अधिक ज्ञान नहीं होता है, उन पर कुछ सख्ती बरतनी पड़ती है, उसी प्रकार से अगर हम प्रारम्भिक प्रजातन्त्र पर कुछ सख्ती नहीं करेंगे, उस को गलत मार्ग पर छोड़ देंगे और गलत बात कह कर गलत ढंग से कार्य करने की स्वतंत्रता देंगे तो उस का फल खराब होगा। आज आप गांवों में जा कर देखिये, बहुत से ऐसे सवाल हो सकते हैं जिन में प्रजातन्त्रीय ढंग अपनाया जाये तो हानि हो सकती है। आप गांवों में जाकर आम लोगों की राय लीजिये कि यहाँ अछूतों को रक्खा जाये या नहीं तो शायद बहुत से ऐसे गांव हो सकते हैं जो कि बहुतम से यह तय कर दें कि अछूतों को निकाल दिया जाये। लेकिन यह बात ठीक तो नहीं हो सकती है। इस लिये उपाध्यक्ष महोदय, मैं कृता हूँ कि सरकार और देश के अन्दर जो ठीकी रीति नीति चला करती है, जो हम आज ज्यादा धीरे धीरे चल रहे हैं, उस को छोड़ कर इस तरह के कदम उठाने चाहिये जिनके उठाने से हमारे देश का भला हो और जो हमारे इस कार्य में सहायक हों।

अन्त में मैं अधिक समय न लेते हुए मैं सरकार को और अपने वित्त मंत्री को बहुत बहुत धन्यवाद देता हूँ कि उन्होंने इस कार्य को किया। मैं यह भी बघाई की योग्य कार्य समझता हूँ कि हमारे वित्त मंत्री हर मामलों में, विशेष कर इस प्रकार के कामों में धीरे धीरे कदम बढ़ाते हैं किन्तु इसमें कुछ शीघ्रता की है। इस प्रकार से देश के सामने एक दृष्टान्त रख रहे हैं कि हम समझ बूझ कर कदम उठाने के साथ साथ शीघ्र कदम भी उठा सकते हैं। मैं समझता हूँ कि देश के लोग विशेषकर देहात की अधिकतर जनता किसान, मजदूर इस मामले में आप के सहायक हैं। अगर कुछ थोड़े से लोग, जिन के स्वार्थों को हानि पहुँचती है, सरकार के साथ सहयोग नहीं करते हैं तो आप उस की परवाह न करें।

सरदार इकबाल सिंह (फाजिलका-सिरसा) : उपाध्यक्ष महोदय, मैं सब से पहले फाइनेंस मिनिस्टर साहब को इस बिल को लाने के लिये और खास तौर पर इन्श्योरेंस (बीमा) को नेशनलाइज (राष्ट्रीयकरण) करने के लिये बघाई देता हूँ। इस बारे में मैं बहुत कुछ न कहते हुए इतना ही कहना चाहता हूँ कि अभी यह काम आधा ही हुआ है। आप ने लाइफ इन्श्योरेंस (जीवन बीमा) को तो नेशनलाइज कर दिया लेकिन जब तक जेनरल इन्श्योरेंस को आप नेशनलाइज नहीं करेंगे उस वक्त तक यह काम मुकम्मिल नहीं कहा जा सकता है।

इस सिलसिले में मैं एक बात कहना चाहता हूँ कि इस समय सब से ज्यादा जरूरत क्राप (फसल) और कंटल (पशु) इन्श्योरेंस की है। जब तक इन दोनों चीजों को नहीं लिया जाता है तब तक मैं समझता हूँ कि यह इन्श्योरेंस शायद शहरों तक ही महदूद रहे तो रहे, लेकिन देहातों में नहीं पहुँच सकेगा। देहातों में इस को ले जाने के लिये इन दो चीजों की बहुत जरूरत है। लेकिन जब तक आप जेनरल इन्श्योरेंस को नेशनलाइज नहीं करते हैं तब तक क्राप इन्श्योरेंस और जेनरल इन्श्योरेंस, जिन की देश को सख्त जरूरत है, ख्याल ही ख्याल रहेगा, वह कभी भी मुकम्मिल नहीं हो सकते हैं। इस लिये मैं समझता हूँ कि इस बिल के स्कोप (क्षेत्र) को गवर्नमेंट को बढ़ाना चाहिये और एक साल के बाद जल्दी से जल्दी जेनरल इन्श्योरेंस को नेशनलाइज कर के क्राप इन्श्योरेंस और कंटल इन्श्योरेंस को अमल में लाने के लिये कदम बढ़ाना चाहिये। यह मैं इस लिये कह रहा हूँ कि जो इन्श्योरेंस कम्पनियाँ हैं उन के हाथ से जब लाइफ का काम निकल जायेगा तो वह उन्हीं चीजों पर ज्यादा तवज्जह

देंगी जो उनके लिये ज्यादा लाभदायक होगी, इस लिहाज से कि कहीं दूसरे व्यापार जो वे करें वे भी न नेशनलाइज हो जायें। उन के लिये जो सब से ज्यादा लाभदायक काम होगा वह मोटरो और फायर का इश्योरेन्स होगा। इस लिये वह कंटल और फ्रॉप इश्योरेन्स की तरफ तो कभी ध्यान भी नहीं देंगे। वह कोई भी ऐसा काम नहीं करना चाहेंगी जिस में उन को नुकसान होने का भ्रंश (डर) हो। जब कभी कोई नया काम शुरू किया जाता है, तो उस में कभी कभी तो नफा होता है और कभी कभी घाटा भी हो सकता है, इस लिये इन दो नई लाइनों को शुरू करने के लिये प्राइवेट कम्पनियों कभी भी भाग नहीं आना चाहेंगी। इसलिये आप को एक अलहदा डिपार्टमेंट बना कर इन दो इश्योरेन्सों को चलाना होगा, लेकिन इस के लिये जरूरी है कि आप पहले जनरल इश्योरेन्स को नेशनलाइज करें।

अब मैं इस बिल के बाबत कुछ कहना चाहता हूँ और वह यह है कि यहां पर एक कारपोरेशन बनाया जा रहा है। मैं जानता हूँ कि लाइफ इश्योरेन्स के लिये कारपोरेशन बनाने की वजह यही थी कि सरकार जानती थी कि जो धन इश्योरेन्स कम्पनियों में था वह उन कामों में लगाया जाता था जिन का बहुत ज्यादा फायदा जनता को नहीं पहुंचता था। अब सरकार के सुपरविजन (देखरेख) में इन फंड्स को देश की बहबूदी (कल्याण) की स्कीमों में इस्तेमाल किया जायेगा उन कामों में इस्तेमाल किया जायेगा जो देश की तरफकी के लिये ज्यादा फायदेगंद साबित होंगे। मेरा यह नुक्ता नजर (दृष्टिकोण) है कि इश्योरेन्स के लिये एक बहुत बड़ी फील्ड (क्षेत्र) देहातों में है। और जरूरत है कि उस फील्ड में इश्योरेन्स को आज ज्यादा बढ़ाया जाये। लेकिन मैं समझता हूँ कि जब तक एक कारपोरेशन ही रहेगा जिस को कि आप बनाने जा रहे हैं, उस वक्त तक कोई कम्पिटिशन (स्पर्धा) पैदा नहीं हो सकता। जब कोई मानो-पली (एकाधिकार) आती है तो खर्च तो बढ़ता जाता है लेकिन बाज वक्त ऐसा होता है कि जो मानोपली की अन्धछाया होती है वह पीछे पड़ जाती है और उन की बुराइयां भाग आ जाती हैं। इसलिये मैं गवर्नमेंट से कहना चाहता हूँ कि अगर आप को कारपोरेशन बनाना ही है तो एक कारपोरेशन तो वह बनायें जो कि आप बनाने जा रहे हैं, लेकिन उस के साथ साथ आप एक रूल इश्योरेन्स कारपोरेशन (ग्राम बीमा निगम) भी बनाइयें जो कि सिर्फ इस बात पर

कंसेन्ट्रेट (ध्यान) करे, इस नुक्ता नजर को सामने रखे कि उस को देहातों में जा कर इश्योरेन्स को बढ़ाना है और कर्जा देना है। यह कारपोरेशन पहले तो गवर्नमेंट के कामों के लिये रुपया देगा, उस के बाद जो कुछ बचेगा उस रिजर्व फंड (रक्षित निधि) से वह उन लोगों को कर्जा देगा जिन की बड़ी-बड़ी इंडस्ट्रीज चल रही हैं। उस के साथ जो दूसरा कारपोरेशन हो जो कि देहातों में काम करेगा वह उन लोगों को मदद करेगा जो कि देहातों में रहते हैं। इस तरह से देहात के लोगों को पता चलेगा कि वह लोग जो इश्योरेन्स करवा रहे हैं उस से जो रुपया जमा होगा वह लाजिमी तौर पर उन स्कीमों पर खर्च होगा जो हिन्दुस्तान के देहातों के लिये लाभदायक होंगी। मेरा तो यह नुक्ता नजर है कि देहातों में एक बड़ा फील्ड है जिस के लिये हमारे फाइनेंस मिनिस्टर ने भी कहा कि एक अन्वोन (अज्ञात) फील्ड है, वहां पर इस काम को बढ़ाने की जरूरत है। लेकिन इस के लिये यह जरूरी है कि वहां के लोगों को यह मालूम हो कि जो रुपया हम देंगे वह या तो सरकार की भलाई की स्कीमों पर कर्ज के तौर पर खर्च होगा या फिर उन स्कीमों पर लगेगा जिन से देहातों का सीधा ताल्लुक है।

इस के साथ ही मैं यह भी कहना चाहता हूँ कि आप कोओपोरेटिव बैंक बना रहे हैं और मैं समझता हूँ कि इन कोओपोरेटिव बैंक्स के जरिये से आप बहुत सी स्कीमों देहातों में चला सकते हैं। अगर आप रूल इश्योरेन्स कारपोरेशन या ऐसी ही कोई कारपोरेशन जो कि देहातों के अन्दर ही काम करे, उन को इन स्कीमों के चलाने की जिम्मेदारी सौंपेंगे तो आप अवश्य कामयाब होंगे और आप बहुत अच्छे नतीजे निकालने की आशा कर सकते हैं। इस का फायदा यह होगा कि देहाती लोग बहुत ज्यादा तादाद में इश्योरेन्स करायेंगे। जो नजरिया (दृष्टिकोण) आप का है कि देहातों में इस चीज को फैलाया जाये उस में आप को कामयाबी तभी मिल सकती है अगर आप कोई रूल कारपोरेशन की स्थापना करें। इस लिये, डिप्टी स्पीकर साहब, मैं आप के जरिये से यह कहना चाहता हूँ कि एक कारपोरेशन रखने के बजाय अगर ज्यादा नहीं तो कम से कम दो कारपोरेशन जरूर रखी जानी चाहियें। जो रूल कारपोरेशन होगी वह देहातों में जो स्कीमों चलाई जायेंगी, चाहे वे बड़ी हों या छोटी, स्माल स्केल इंडस्ट्री (छोटे पैमाने के उद्योग) हो या काटेज इंडस्ट्री (कुटीर उद्योग) जो भी देहात

[सरदार इकबाल सिंह]

में स्कीम या इंडस्ट्री चलाई जायेगी उस को कर्जा देगी। इस से आप जो काटेज इंडस्ट्री को या स्माल स्केल इंडस्ट्री को देहातों में बढ़ावा देना चाहते हैं उस में भी कामयाब होंगे। आप जानते ही हैं हमारा मुल्क तब तक तरक्की नहीं कर सकता जब तक कि देहाती इलाकों में स्माल स्केल इंडस्ट्रीज को, काटेज इंडस्ट्रीज को बढ़ावा नहीं दिया जाता और उन को चलाने के लिये कर्जा का बन्दोबस्त नहीं किया जाता। यह काम बड़ी आसानी से इस कारपोरेशन को सौंपा जा सकता है। इस के जरिये से देहाती इलाकों में कर्ज देने का काम किया जा सकता है। इस के लिये मैं फिर कहता हूँ कि अगर ज्यादा नहीं तो कम से कम दो कारपोरेशन्स जरूर बनाई जायें। आप का जो मकसद नेशनलाइज करने का है वह एक कारपोरेशन के निर्माण से हल नहीं हो सकता है। इस लिये मैं प्रार्थना करता हूँ कि आप अवश्य दो कारपोरेशन बनायें।

Mr. Deputy-Speaker: The hon. Member has to conclude by 3-15.

सरदार इकबाल सिंह: इस के साथ ही मैं एक बात और कहना चाहता हूँ और वह यह है कि जो कारपोरेशन बनायेंगे उस में आप ने कहा है कि १५ मेंबर होंगे। मैं प्रार्थना करता हूँ कि इन में से कुछ ऐसे आदमी भी लिये जायें जो कि देहातों की नुमाइदगी करने वाले हों ताकि यह कारपोरेशन देहाती तौर पर सोचने के काबिल हो सके और देहातों में इस को फलाने की बात को आसानी से सोच सके और क्या देहातियों की जरूरियात होती हैं उन को अनुभव कर सके। जिस नुक्तेनजर (दृष्टिकोण) से आप ने इन्वोर्सेस को नेशनलाइज किया है उस में आप कामयाबी तभी हासिल कर सकते हैं जब आप देहातों के कुछ नुमाइंद भी इस में रखें। मैं ने देखा है कि जो सिधरी फर्टिलाइजर फॅक्टरी है उस में जो मेंबर लिये गये हैं वे शहरी लोग ही लिये गये हैं जिन को यह फिक्र नहीं है कि खाद की कीमत घटती है या बढ़ती है और उन का जो नजरिया है वह देहाती नहीं है हालांकि खाद का ज्यादा तर इस्तेमाल देहातों में ही होता है। इस वास्ते यदि आप चाहते हैं कि इन्वोर्सेस को देहाती इलकों में भी ले जाया जाये तो यह जरूरी है कि इस में आप ऐसे आदमी भी लें जो कि देहातों की नुमाइदगी करते हों। चाहे आप जोनल काउंसल (क्षेत्रीय परिषदें) बनायें, चाहे जोन (क्षेत्र) बनायें, या यह जो प्रशोक मेहता साहब ने कहा है कि एक नेशनल

काउंसल (राष्ट्रीय परिषद) बनायें, चाहे यह बनायें लेकिन इन सब में आप ऐसे आदमी जरूर लें जो कि देहातों की नुमाइदगी करते हों।

एक और बात जो मैं कहना चाहता हूँ वह यह है कि आप खर्च को कम करने का अवश्य यत्न करें। आप को पूरी कामयाबी तब तक नहीं मिल सकती जब तक कि आप खर्च को कम नहीं करते। मैं चाहता हूँ कि जो लोग इस वक्त मुलाजिम हैं उन को रखा जाए और उन को निकाला न जाए। लेकिन आप को यह भी जरूर देखना चाहिये कि जो लोग जितनी काबलियत के मालिक हैं उन को उस के मुताबिक ही तनख्वाह दी जाए। मैं जानता हूँ कि बहुत से लोग कम्पनियों ने ऐसे रखे हुए थे जिन को कि नाजायज तौर पर तनख्वाह ज्यादा दी जाती थी। जब तक आप खर्च को कम नहीं करेंगे तब तक आप का जो मकसद (उद्देश्य) है उस में आप को कामयाबी नहीं मिलेगी। कम्पनियां ऐसे आदमी भी रख लेती थीं जिन को कि वह फेवर (पक्ष) करना चाहती थीं और न कि इस लिये कि वे इन्वोर्सेस को बढ़ावा देने के लिये उन्हें रखती थीं। इस वास्ते मैं चाहता हूँ कि हर एक आदमी को उस की काबलियत के मुताबिक ही तनख्वाह दी जाए और इस तरह से जो खर्चा है उस को कम किया जाये।

आखिरी बात मुझे कम्पेंसेशन के बारे में कहनी है। मैं चाहता हूँ कि गवर्नमेंट कोई एक यनिवर्सल पालिसी (व्यापक नीति) कम्पेंसेशन (प्रतिकर) के मुताबिक बनायें और जब भी कोई व्यापार वह अपने हाथ में ले, उसके मुताबिक ही वह कम्पेंसेशन दे। हर एक केस (मामले) में अलहदा अलहदा कम्पेंसेशन देने का मतलब यह होता है कि किसी आदमी को ज्यादा कम्पेंसेशन दे दी जाती है और किसी को कम। मैं यह नहीं चाहता हूँ कि आप कोई रिजिड पालिसी (सख्त नीति) बना लें और हमेशा ही उसी के मुताबिक चलें और उसी के मुताबिक ही हमेशा कम्पेंसेशन दें। मैं चाहता हूँ कि कोई उमूल बना लेने चाहियें और उन्हीं के मुताबिक कम्पेंसेशन भी दी जानी चाहिये। इस केस में मैं यह महसूस करता हूँ कि कम्पेंसेशन बहुत ज्यादा दी जा रही है। मैं यह नहीं कहता कि जब जमींदारों की जमीनों भी ली जायें उन को भी उसी ढंग से कम्पेंसेशन दी जाए जिस ढंग से कि शहरों में इंडस्ट्रियालिस्ट्स (उद्योगपतियों) को जो कि करोड़ों के मालिक होते हैं उन को दी जाती है। इन लोगों को जो आप कम्पेंसेशन देते हैं वह बड़ी दरयादिली (उदारता) से देते हैं। इस वास्ते मैं चाहता हूँ

कि एक पारलसी होनी चाहिये कि जब भी आप कोई व्यापार या कोई काम अपने हाथ में लें तो नेशनल कम्पेंसेशन स्कीम (राष्ट्रीय प्रतिकर योजना) के मुताबिक ही कम्पेंसेशन दें।

The Minister of Finance (Shri C. D. Deshmukh): Mr. Deputy-Speaker, since both Houses have already passed the Life Insurance (Emergency Provisions) Bill which involved the acceptance of the principle of nationalisation, one might say that the principle of this Bill also stands accepted. And in that view it is hardly necessary for me to traverse at length all the arguments that have been advanced in the course of the present discussion.

In connection with that previous legislation there is a small point which Shri Gopalan has raised, which does not arise here in connection with this major Bill, and that was about the appointment as Custodians of persons who had expressed themselves against nationalisation. It is such a small and personal point that I am surprised it has been raised again. But I have looked into the facts of the situation. Actually there were, I think, only a couple of Custodians who had at one time or the other occasion to express themselves on this question of nationalisation. I believe in one case the statement was made in 1946, and in another the statement made did not amount to opposing nationalisation as such. I should like to assure the House, although all the Custodians will go as soon as this Bill comes into effect, that none of the Custodians have now any doctrinaire dislike of nationalisation. Indeed, they are all enthusiastic about their new task and they are giving Government the fullest of co-operation.

Many of the points raised here are points for the Select Committee to take into consideration. Many others seem to be intended for the guidance of the future Corporation or any other arrangements that might be made in its place.

There are also some points which have been repeated in spite of the fact that I gave Government's reasons why we have adopted certain arrangements, as for instance, one corporation or many corporations, the question of monopoly, etc. Here again, the pros and cons will be before the Select Committee and it will be for them to come to a conclusion on the issues.

Shri N. C. Chatterjee, following, as it were, a Member of the Rajya Sabha has suggested that the malpractices were permitted to thrive only because of slackness of the administration. That reminds me of the attitude which was, according to vidushaka, adopted by Dushyanta in Sakuntala. When he was very tired after the chase, the king asked him why he was tired. Madavya (vidushaka) replied :

कृतः किल स्वयमक्षिणी
भ्राकूलीकृत्याश्रुकारणं पञ्चसि।

'You poke your fingers in my eyes and ask me why I am shedding tears'. It seems to me that the attitude taken up by the private sector is almost exactly similar. In any case, not many illustrations have been given of the way in which there was slackness in the administration. Indeed, it was only after the decision to nationalise was announced that for the first time we heard that the Controller of Insurance was neither strict nor adequate. No Chamber of Commerce, or industrialist or businessman has been known until now to have complained of slackness of Government control. There is an executive committee composed of representatives of life insurance companies and the only officials on that committee are the Secretary of the Department of Economic Affairs and the Controller of Insurance. The main object of this Committee is to seek ways and means of improving the standard of the conduct of life insurance business. At no time has this committee complained of slackness of control. On the other hand, their complaint, if any, had been that there was too much of control. In fact, there never has been slack control so far as insurance is concerned, although we have admitted that in the case of company law, the administration was not all that could be desired. The great difficulty in the case of insurance and the method of control is that it can achieve its maximum result and function most effectively only if those whom it sets out to control behave in a fully co-operative manner. That co-operation has not been forthcoming whatever anybody might say today.

Even at the risk of repetition, let me again state that the life insurance industry itself was not desirous of making any efforts to put its house in order. Then, no control, however vigilant or however efficient, could have stopped the kind of malpractices that I had occasion to mention. I must give you a

[Shri C. D. Deshmukh]

few illustrations to show how external control can be rendered powerless. One insurance company purchased a certain building from another concern under the same management at a price of Rs. 1 crore. The company had not one, but two certificates from valuers to support the price paid. But, later when a searching investigation was made, it turned out that the price was excessive. Again, loans to companies under the same management are prohibited by the Act. But, several companies had found ingenious ways of circumventing this provision. Instead of giving a loan, shares belonging to another company that needs loans are bought earlier in the year and at the same time, a contract is entered into for resale of these shares to the same company at an agreed figure, and the sale is to be at the end of the year. Surely, the House will agree that, in fact or in effect, this is a loan. How is the Government to know that investment in shares is nothing but a cloak for a loan? Then the board of directors of an insurance company followed the practice of handing over considerable amounts of money to the directors for investment. These moneys remained in the hands of the directors for quite a length of time. Later, during the course of the investigation into the affairs of that company, the investigating auditor came to the conclusion that the arrangement constituted the giving of a loan. Yet, the Controller could never have stopped these arrangements because these transactions were not shown in the returns at all. The amounts lying with the directors were shown as amounts in the custody of the companies. Even if the department had come to know of this arrangement and had objected to it, I am sure that these very people would have turned round and said that it was an unnecessary interference with management. There is the usual practice of speculating with the funds of insurance companies on the principle of heads I win and tails you lose to which I made a reference in the earlier speech. I say usual because, that this practice is common is brought out by the financial journal from which I read an extract the other day. Again, I would remind you of the instance I gave of debentures floated for the express purpose of their being foisted on insurance companies under the control of the management. The insurance companies were, as I said, at that time the only subscribers. These are only a few illustrations of the type of

malpractices which characterise the working of many insurance companies. All these instances relate not to the small or bad companies, but to companies which had well known boards of management. It is difficult to say with what kind of strictness the Controller could have stopped them before these malpractices occurred. The Controller can only act on the basis of information which he derives from the statutory reports, certified in the prescribed manner by the board of directors and auditors and if necessary supported by certificates of valuers. Only where an analysis of the returns reveals an irregularity or malpractice can he act. Whatever may be said today by my friends, they would all have opposed with the utmost vehemence any proposal made by me that the Controller should be given the additional authority he would have needed to prevent the types of malpractices I have indicated above. For instance, I would have had to ask the House to authorise the Controller to appoint an officer within an insurance company to supervise every single transaction of investment if the Controller felt,—just felt—that he could not trust the management. I could have even asked that power be given to him to appoint a Chairman, a managing director of his own choice or of the Government's choice wherever he felt that such a course was necessary. In fact, the degree of control that would have vested either in the Government or in the Controller would have been so extensive that I am sure certain of my friends would not have welcomed such a proposal at all. But, as I pointed out, all this is really not very material because, as some of the speakers towards the end have pointed out, this step has been taken not only on account of malpractices, but on account of many other weightier reasons: our philosophy in this matter, the requirements of the Plan, the necessity of giving absolute security to the policy-holders and the desirability of spreading insurance to the rural areas. That is all I need say in regard to nationalisation except perhaps to debunk this particular claim also that it was highly creditable on the part of the private Indian insurers to have achieved a big increase in new business between the years 1938 and 1954. There has no doubt been a significant increase in business during the period referred to, but while considering this record one must bear in mind whether the increase has been effected at a reasonable cost and whether it has been or has not been accompanied by

undesirable practices, and finally how it compares with the experience of other countries. During the same period, the renewal expense ratio of the best managed companies has been steadily going up. So, the expansion has not been an achievement of unmixed merit. The significant increase in 1954 was due to a considerable extent to the substantial reduction in the premium rates. In the craze for new business many companies went to the extent of encouraging their old policyholders to lapse their policies and to take out new policies to take advantage of the reduced rates. As the President of the Life Offices Association himself remarked, they had the pleasure of re-writing old policies. This practice which is known as "twisting" brought benefit neither to the companies nor to the policyholders. Part of the increase was also due to the introduction of staff schemes. They were staff schemes only in name. These schemes were accompanied by so many malpractices that the industry itself decided to end such schemes.

While judging this increase—this alleged increase—in new business, one must remember that the War and the post-war inflation was much greater and the contribution to the war effort relatively less in this country than in many other countries. If, therefore, we ignore the period between 1935 and 1946, the increase in business is only of 36 per cent, the lowest for all advanced countries for which information is available. In fact, countries like Japan, Italy, France and Turkey which are also as poorly developed in the matter of insurance as India, showed increases ranging from 197 to 547 per cent.

Then, certain hon. Members have referred to the necessity of considering the nationalisation of general insurance and starting cattle insurance and crop insurance and setting up a separate corporation for rural insurance, health insurance and what not. All these are very stimulating ideas, but I think Government should be given some time to digest them, work them out to see what their implications are, and, as the Speaker has already ruled, so far as this Bill is concerned, its scope cannot be expanded to accommodate the working out of ideas of this kind. So that, if I ignore this, it should not be taken as

proof of lack of sympathy with the objectives of those who have made these suggestions, but I repeat these are very difficult questions so far as cattle insurance and crop insurance are concerned, and I doubt whether in our country conditions exist today which would make it possible to establish such institutions on any but a pilot or experimental basis.

Then, there was the point made....

Shri A. M. Thomas (Ernakulam): Will not nationalisation of motor insurance, which is sort of compulsory insurance, be the most easy and the most simple one?

Shri C. D. Deshmukh: I imagine so. I have not included that in this cattle insurance, health insurance and crop insurance. I have no doubt that once the Corporation gets into its stride, it will cast its eye on any other form of insurance which could be taken over, but I do not wish to threaten and I do not wish to prognostigate. It will be for the Corporation to find out what its strength is, what its capacity to bear other kinds of business is.

I referred to co-operative insurance companies because it was suggested that they should be allowed to continue to do business. You will remember that an amendment to this effect was moved in this House as well as in the Rajya Sabha while considering the Life Insurance (Emergency Provisions) Bill, and the amendment was rejected. I myself think it was out of place in connection with that Bill. Anyway, the reasons for the rejection are good, and they were, firstly, that nationalisation can achieve best results only if the scheme is a monopoly. It would not, therefore, be appropriate to allow a section of insurers to continue in business. The other one was that only a nationalised scheme can guarantee complete security to the policyholders. We should not expose even a section of the insured population to possible loss under their policy contracts. Co-operative insurance societies cannot afford complete security which the State alone can. The third reason was that exempting co-operative societies would mean discrimination between different classes of insurance companies.

That brings me to this question of monopoly on which, notwithstanding what I said before, many speakers have made observations. I can only repeat

[Shri C. D. Deshmukh]

that as things stand in this country, whatever the experience of other countries might be, it is not possible for the State to compete on level and fair terms with the private operators. We have found that out by bitter experience in managing a certain number of companies which we have had to take over under the Insurance Act. Therefore, there is no room for co-existence in this particular sphere. Peaceful or otherwise there cannot be any co-existence here.

A point was made by Shri Asoka Mehta that foreign insurers who ceased operations in India before 1938 and to whom the provisions of the Insurance Act do not apply should also have been brought within the scope of the Bill. When in 1938 the Insurance Act was enacted an assurance was given to foreign insurers that such of them as wanted to stop new business in India could do so and that in that event the Act would not apply to them. Not more than half a dozen companies availed of this concession. This was in 1938. By virtue of section 2 (e) of the Act, they were exempt from the Act. They do not submit any accounts, nor are they required to hold assets in India, not even a deposit. It would, therefore, be impracticable in our opinion to take over the business of these companies also as there is no guarantee that sufficient assets would be available in India to meet the liabilities owed to the policyholders. The interests of the policyholders, therefore, would be best served by leaving them to be looked after by the companies with which they were insured and about whom no complaints have been made by the policyholders. Also, since no new business has been done in India by these companies since 1938, the business in force must be comparatively small.

Then there was another point in regard to the scope of business,—and that was raised by the same speaker,—namely, that just as all policies issued on the lives of foreigners are being repatriated, we should take steps to transfer to the Corporation all policies taken out by Indians on foreign companies outside India. On reflection, the hon. Member will find that his suggestion is not practicable. Indian business of foreign companies is already being taken over, but as regards policies taken over by Indians with foreign companies as part of the non-Indian business, they

could not be repatriated as we have no control over that business. In other words, it is open to us to agree to an arrangement, but insurance is not being nationalised in the other country, and unless that other country makes a similar gesture, there could not be any reciprocity in this respect.

There has been a general point made that we should extend business into the villages. One could have no quarrel with such a suggestion. But I doubt whether it could be implemented in the manner suggested by the last speaker, namely by the establishment of a separate corporation. It seems to me that that would be concentrating too many new risks, or risks of a new business, in one corporation, and that our present scheme is much the better one, of trying to amalgamate all this business and trying to spread the habit of insurance into the rural areas.

The next point raised was that contracts should not be reduced even in the case of insolvent companies. I have dealt with this point in my opening speech, and I had assured the House that while I could give no definite commitment, I would treat the policyholder generously. So, the House may rest assured that we shall take every possible step against delinquent persons who have misappropriated policyholders' money and thus we shall place ourselves in a position to the best that we can, for the policyholders.

As regards the suggestion that the shareholders of such companies should not get any compensation, we do not understand how this question can arise at all, because by definition, these companies have not anything left returnable to the shareholder. Policyholders are creditors, and their contracts can be reduced only after appropriating the moneys of the shareholders to the full.

There have been suggestions made in regard to the investment policy of the corporation. All I can say at present is that the corporation will be guided by the advice given to it by the investment committee which will be constituted for this purpose, and on which there may be, besides the members of the corporation, others who have expert knowledge of the subject. It is our intention to indicate in a broad manner what type of investment the corporation should avoid, and which particular types of investment it should view with favour. The investment in ventures es-

established in pursuance of the Plan would be given preference over others, and the investment policy would be governed in the main by major considerations such as the interests of the policyholders, and the interests of the development envisaged in the Second Five-Year Plan and subsequent Plans.

In this connection, I would refer to the observation made by certain Members that the money collected in the rural areas should be spent for the development of the rural areas. I think that shows some kind of dimensional error, because the moneys that we are likely to collect are going to be very much smaller than what we are spending today on the rural areas. All our investment in irrigation works, minor irrigation works, improvement of agriculture, community projects, national extension service, local development works, rural social welfare projects and so on, is for the betterment of the rural areas, and against all these dimensions, what we might recover at least in the period with which we are immediately concerned, would be like a drop in the ocean. Therefore, I do not think that there is anything to be gained by making this artificial distinction.

One Member enquired as to the investment of the insurance companies in the shares of the Industrial Credit and Investment Corporation in India. All the investments of the insurance companies will undoubtedly be reviewed by the corporation, and suitable action will be taken to dispose of such investments as are unlikely to be profitable or are in conflict either with undertakings given or with broad policy.

In so far as the investment in this particular corporation is concerned, possibly the point that the hon. Member has in mind relates to the assurance given by us that it will not interfere with the management of that body. That certainly still remains the policy of Government, and this policy will not be affected by Government having become almost as it were by accident the possessor of quite a significant shareholding in that corporation.

A suggestion has been made that there should be an all-India National Insurance Council. I cannot say that we have any strong views for or against this suggestion, and it will be for the Select Committee to give some deeper thought to this.

Many speaker have devoted their observations to the way in which the corporation should run its affairs, that is to say, how it could combine the advantages of both autonomy and co-ordination. Shri Asoka Mehta has suggested that relatively little attention appears to have been paid to organisational problems like this as compared with the problem of compensation. That a proportionately greater part of my speech was devoted to this question should not be taken to mean that some thought has not been given to this organisational problem. In fact, the highest priority has been given to this question right from the outset. And if we have indicated the organisation of the corporation only in broad outline, it is not so much due to lack of thinking but because the detailed consideration of the large number of inter-connected problems indicated that rigidity should at all costs be avoided, and I think in this most hon. Members are agreeing. We feel that the corporation's discretion should not be fettered in any way by definite decisions on a number of problems in regard to which statutory prescription could result in a lack of flexibility, making the already difficult task of the corporation much more difficult.

We are all agreed that the corporation is to be an autonomous body run on strictly business lines. Whether one agrees with the word 'commercial lines' or others is a matter that can be considered in the Select Committee.

The central office of the corporation would be primarily concerned with the formulation of policies relating to major matters like premium rates, investment policy, staff regulations, conditions of service, internal audit and inspection, with a view to maintaining a degree of uniformity in the working-standards of the zonal organisations. These organisations will be autonomous also within the sphere of the duties assigned to them. They will be concerned with the actual procurement of business, development, planning and review, valuations, recruitment, training of staff, supervision of divisional offices etc. The corporation's autonomy would be limited only by the directions which Government would give from time to time. And I find it difficult to agree here with Shri N. C. Chatterjee that we should try and specify the subjects on which such directions could be issued. I think the executive owes it to this

[Shri C. D. Deshmukh]

House that there should be no fetter on its power of issuing proper policy directives to the corporation. The Government must retain the right to guide the Corporation as to the lines on which the business of life insurance is to develop, because the issues involved are far wider than what can be encompassed by the specific duties of the Corporation. Now, it is not the intention to interfere with the day to day working of the Corporation, unless it is found that the Corporation is disposed to proceed along lines which are in conflict with the broad public policies approved by Government. So our approach is very much on the lines suggested by hon. Members, namely, maximum delegation of powers, conferring of maximum autonomy at all levels and at the same time making arrangements for ensuring an adequate degree of co-ordination.

There was some question about the specification of the composition of the Corporation: I have not yet received any indication of a scheme, although hon. Members have suggested that policyholders should be represented, employees should be represented, the field workers should be represented, indeed, one Member went to the length of saying that all MPs and presumably all MLCs and others, should be represented either at the central level or at the State levels. But I feel that that is merely a counsel of perfection. I should be reluctant to heaping these additional responsibilities on Members of Parliament and legislators who are already hardworked. I doubt whether a body so constituted could work very well in discharging its day to day business. That does not mean that it will not be open for members of legislatures to spread the gospel of thrift and insurance in the countryside and in their constituencies.

I dare say that the Select Committee will try to grapple with the question of whether it is desirable to lay down specifically the categories of people who should form the Corporation. If I might make a guess, it will probably come to the conclusion that it is better to leave the matter open, at least for the time being, till we gather a little more experience. As you are aware, it is not a question so much of defining categories as of grabbing the bodies, that is to say, of getting the right kind of personnel to man both the central

Corporation and the Advisory Committees of the zonal bodies.

There was a suggestion that there should be as many zones as there are States. We feel that too many zones would create difficult problems of co-ordination. On the whole, taking all factors into consideration, we might make a beginning in the way I have stated, namely, with four zones. Each of these will have under it a number of divisional offices. The territory of these divisional offices may coincide with the State's boundaries. There may conceivably be more than one divisional office in a State. But if the business in a zone expands beyond the point where it could be managed satisfactorily by a single zonal office, there is nothing to prevent the Corporation from having more zonal offices, not zones, Provision for creation of additional zonal offices is already contained in the Bill.

Many hon. Members have, I think rightly, been concerned about the employees and the terms and conditions of their pay. I think, as you yourself had occasion to point out, there is a certain amount of misunderstanding in regard to clause 10. It preserves the *status quo* till the Corporation takes a view. Sub-clause (2) is really meant to deal with these abnormal cases—some of them have already come to our notice—of obviously excessive pay. I do not believe that the process of rationalisation holds any threat to the normal or ordinary employee of the Corporation. It is our desire to see that all the staff that we have is gradually absorbed in expanding business rather than to retrench now and try and get hold of these experienced people afterwards when, as we hope, business will expand.

In regard to the details of appointment of a Pay Commission and so on and so forth, I think these matters had best be left to the Corporation itself. Similarly, I do not think it is right or desirable that the grading of the staff should be done by the Union Public Services Commission.

As regards the field workers, obviously it could not be our intention to dispense with the services of all agents. But there may be room for difference of opinion in regard to the utility of some sections or some category of agents. These are matters into which the Corporation will have to go very carefully. I do not think it could be the claim of most hon. Members that no retrenchment should be executed at any cost,

because if we are not getting work for the money that we are laying out, then I do not think we shall be doing a very good turn to the policyholders whose interest must be supreme so far as we are concerned.

Then there was a question about the work to be allotted to the tribunal. Now, apart from clauses 13 and 14, this would mean scrapping the provisions relating to compensation given in the Schedule, and we believe that it could result in endless disputes and delay in the payment of compensation. Laying down the principles of compensation in the Bill itself would not only be fair to everyone but will also give Parliament an opportunity of endorsing the principles of compensation. Alas, these matters are so complicated that there is no single or uniform principle that can be applied in giving compensation for banks, insurance companies, land acquisition and various other things. Each matter has to be decided on its merits.

We have already given our justification for the scheme for payment of excess assets and compensation to foreign insurance companies. The compensation is paid not for the loss of paid up capital but for loss of future earnings from insurance companies.

[MR. SPEAKER *in the Chair*]

Lastly, there are small points about rules not being operative until Parliament has an opportunity of examining them. We feel that if the rules have to be approved by Parliament before they become operative, it might unduly delay the setting up of the Corporation. I might add that the rules framed under the Insurance Act do not require to be approved by Parliament.

A suggestion has been made that the application of the provisions of the Insurance Act, 1938, should not be left to Government and that Parliament should decide which provision should apply; indeed, one Member seemed to be under the impression that it was the Corporation which was going to decide this. If he will read the section again, he will find that it is the Government which decide. It is our intention to discuss this matter informally at the Select Committee with a view to arriving at decisions as to the sections which should be made applicable to the Corporation.

Last of all, I shall think there is a kind of timidity on the part of hon. Members in regard to this whole business of nationalisation.

कृत्ययोभिन्नदेशत्वाद्द्वैधो भवति मे मनः

Their mind is torn between hesitations and they seem to be like the *bhramar* in *Shakuntalam* who, when he was facing a *kund* flower which had somewhat frozen.—

भ्रमर इव विभाते कुन्दमन्तस्तुषारं ।

न चखलु परिभोक्तुं नैव शक्नोमि हातुन् ।

They do not wish to go forward, yet they do not wish to leave it alone. My advice is that they should go ahead with a spirit of courage.

Mr. Speaker: The question is:

"That the Bill to provide for the nationalisation of life insurance business in India by transferring all such business to a Corporation established for the purpose and to provide for the regulation and control of the business of the Corporation and for matters connected therewith or incidental thereto, be referred to a Select Committee consisting of Shri B. G. Mehta, Shri Syamanandan Sahaya, Shri Anirudha Sinha, Shri S. K. Patil, Shri Shriman Narayan, Shri C. P. Matthen, Shri Feroze Gandhi, Shri Radhelal Vyas, Shri Raichand Bhai N. Shah, Shri Upendra Nath Barman, Shri Bimalaprosad Chaliha, Shri S. R. Telkikar, Shri R. Venkataraman, Shri Tek Chand, Shri T. N. Singh, Shri Tekur Subrahmanyan, Pandit Krishna Chandra Sharma, Shri R. R. Morarka, Shri G. L. Bansal, Shri M. D. Joshi, Shrimati Sushama Sen, Shri S. R. Rane, Shri V. B. Gandhi, Shri B. R. Bhagat, Shri Sadhan Chandra Gupta, Shri K. Ananda Nambiar, Shri Tushar Chatterjea, Shri K. M. Vallatharas, Shri M. S. Gurupadaswamy, Shri K. S. Raghavachari, Shri Tulsidas Kilachand, Shri U. M. Trivedi, Shri G. D. Somani, Shri R. Velyudhan, and the Mover with instructions to report by the 16th April, 1956."

The motion was adopted.

Mr. Speaker : I appoint Shri B. G. Mehta as Chairman of the Select Committee.