

doubt and to provide a uniform basis for determining the average count, it is proposed to insert a new rule in the explanation II to the effect that in the case of fabrics manufactured out of cotton and other yarns, such other yarns shall be deemed, for the purpose of determining the average count of yarn, to be cotton yarn. With these words I move.

Mr. Deputy-Speaker: Motion moved:

"That the Bill further to amend the Central Excises and Salt Act, 1944 be taken into consideration".

I find that there are no speakers.

Shri B. S. Murthy: The Bill is non-controversial.

Mr. Deputy-Speaker: The Minister did not say that. I find that there are no amendments. I shall now put the Motion to the vote of the House.

The question is:

"That the Bill further to amend the Central Excises and Salt Act, 1944 be taken into consideration".

The motion was adopted.

Clauses 1—3

Mr. Deputy-Speaker: There are no amendments. I shall therefore put all the clauses together. The question is:

"That clauses 1 to 3, the Enacting Formula and the Title stand part of the Bill".

The motion was adopted.

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

Shri B. E. Bhagat: Sir, I move:

"That the Bill be passed".

Mr. Deputy-Speaker: The question is:

"That the Bill be passed".

The motion was adopted.

INTERIM REPORT OF THE LIFE INSURANCE CORPORATION

Shri Sadhan Gupta (Calcutta East): Mr. Deputy-Speaker, Sir, beg to move:

"That the interim report on the activities of the Life Insurance Corporation be taken into consideration".

As I was reading the report, I was struck by the failure to pinpoint the real problems confronting the Corporation and the real features regarding the upsurge of its activities and the expansion of its business in quantity and in quality. Cases of inefficient functioning have not been few in number. The attitude of the Government has not been to see that the Corporation is doing as well as the private sector. Indeed, I am a little surprised that a little consideration of the report will show that judged partly by the standards of the private sector, the Corporation has not fared so badly and its business is by no means less than the private sector. For instance in 1956, the placement was Rs. 240 crores and at the normal rate of completion of business, that is to say, even allowing for 1 per cent. non-completion, the output of new business might have been about Rs. 238 crores, which is the highest new business figure in the private sector. This has happened in spite of the fact that the output on account of staff insurance, married women policy and Estate duty policy has decreased and is bound to decrease further. In regard to the placement of Rs. 240 crores, we must take into account the adverse circumstances in order to arrive at an unbiased comparison with the private sector. We may make allowance for the chaotic conditions that followed nationalisation, the adverse reaction that was created by the announcement about the reduction of the amounts payable on policies in respect of the different companies and the chaotic disorganisation in the wake of the setting up of the Corporation. Above all, there was the colossal loss of business that took

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place in the first 8 or 9 months after the Corporation came into existence due to the disastrous strike of office employees. It is clear that the private sector under similar circumstances would not have done any better.

The same picture is revealed regarding the figures for 1957, upto June, even in 1957, for 4 months, there was chaotic disorganisation and offices had not been set up and yet 111.69 crores have been placed and, making some allowance, 110 crores would have been completed had the offices functioned normally. The failure in this regard is due to lack of administrative efficiency.

So, the real worry is not that it does not fulfil the standards of private sector but the real problem today is that the traditions of the private sector still continue to hold the Corporation. The private sector achieved new business of 238 crores in 1955, 232 crores in 1954 and so on. That is not the way to judge the real merit of an Insurance Corporation.

What we want is not merely business. What was the new business under the private sector? A business 60 to 80 per cent of which lapsed in the course of three years. Do we want that kind of business? Do we want more crores of new business of which 60 to 80 per cent. would be non-existent by the time three years are out? Yet that is the principle which the Corporation seems to be following in computing its success. When we look at the report we only find the new business figures, how much new business has been brought in. As I shall show later on, there is great danger in this mode of computation and this attitude has led the Corporation into channels which are bound to prove disastrous from the point of view of growth of our insurance business.

I have shown that the Corporation in comparison with the private sector is not doing badly. I want to emphasise that even from the real

potentiality of insurance business, even from the point of view of the possibility of getting business in quantity as well as in quality, the Corporation is in a better position than any private insurer. The corporation possesses a kind of capital which no insurer in the private sector could boast of. It possesses a goodwill of thousands of employees, 27,000 office employees, 6,000 field employees and a good number of smaller officials who want this national venture to succeed, who want this nationalised corporation to succeed, and who would do all to see it successful, provided they had a fair deal from the Corporation. So it is this problem that we have to consider.

Is the Corporation evolving policies which would keep the employees contented, the different sections of the employees contented? Is the Corporation following a policy which will enthrone the employees to give of their best for the purpose of making the business of the Corporation grow? That is the real thing to be considered; because it is only through the exertion of the employees that the Corporation can hope to give the country a really good quality of insurance business and can hope to extend social security to the vast masses of the people. It is no use aiming at the kind of standard set up by the private sector. It is not a desirable standard and the sooner we forget all about those standards, the better for us.

Has the Corporation evolved a policy which would keep the employees contented? We know how the life of the Corporation began with a disastrous strife with the office employees. For six months, the strike went on with a huge fall in the efficiency and, ultimately, as soon as the right thing was done a settlement was arrived at which, under the circumstances of the case, was reasonably satisfactory. A bipartite conference was the demand and the Corporation took six months to come to a bipartite conference and when it came to it, then, the settlement was arrived at.

One would have thought that this happy experience would have given the Corporation a lesson and the Corporation would follow the same policy in the case of all other employees. As a matter of fact, the Finance Minister promised in reply to one of my speeches that that is the way the Corporation sought to solve the problem of the field staff. But, when it came to the actual execution of the affair, it was quite a different thing. The field staff were no doubt asked to give their suggestions. They gave their suggestions and, after taking their suggestions, the Corporation imposed a unilateral decision about categorisation of the field staff.

This decision has given rise to great resentment among the field staff and I only raise this point, not with a view to any recrimination but because I want the Corporation to avoid the kind of thing it did and follow a policy which would be conducive to its own interests, which would satisfy the employees.

What did the Finance Minister's promise mean? The Finance Minister's promise no doubt meant that the scheme of categorisation of the field staff would be evolved after discussion with the field staff. By just taking the suggestions from them, and then coming out with a unilateral decision is not the way of settling by negotiations. You have to formulate your scheme, place it before the field staff for their consideration and then, after negotiation on that point, you may keep something, you may give up something, you may allow something; and in that way a kind of satisfactory solution emerges, just as it happened in the case of the office employees. This is the way to go about. But, instead of doing that, they worked out a mathematical formula and said that they categorise on the basis of so much quota. If he gives so much, if the Inspector brings in so much business, he will be categorised at such and such a level; if he brings less than that, he will be categorised at a lower level and so on; and, if he

brings in less than a certain figure, his services will be terminated.

These mathematical formulae may be ingenious; but, the trouble is they have their anomalies. They have many difficulties; they leave out of consideration many things which deserve consideration. For example, I had been to a conference of the field staff operating in North Bihar. Their complaint was that when so much premium was stipulated to be collected, how could it be done when the whole area was stricken with drought. There are many local difficulties which these mathematical formulae must ignore. On account of this, it creates a sense of uncertainty.

Secondly, not only does that ignore local difficulties but it ignores one basic fact that the standards prescribed, that is to say, six times of the salary as premium income has rarely been reached even during the private sector period when there were not so many adverse circumstances coming into play and, as a result, when it was perhaps much easier to operate. During the private sector time, the usual assumption was that a field staff did reasonably well if his salary came up to 50 to 60 per cent of the premium income he brought in. And if he could manage within the salary—40% of the income—it was thought to be a very good performance in most companies. There were certain exceptions in the case of certain companies. In the case of those companies the Inspector appointed was handed over an organisation which already put in a certain amount of premium as in the case of Oriental, and his task was to expand that organisation, to bring in further business and collect further premium. For instance, when he was given a stipulation of Rs. five lakhs he would be given an organisation which, for instance, was already bringing in Rs. two and a half lakhs a year, and his function was really to expand the business upto Rs. five lakhs. Now, all this was ignored at the altar of mathematical formulae.

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Besides, it completely ignored the difficulties created by disorganisation of the insurance business due to the setting up of the Corporation. When a new organisation is set up there is the muddle in the office. In many cases offices were not set up even upto March and April. Even where they were set up branch managers did not come to the assistance of the field staff. You know, Sir, during the private sector it was the custom of the Branch Manager to see why a particular member of the field staff or a particular Inspector was not doing as well as he ought to do and to give him guidance, to go round with him and so on. That is not being done.

Then, the main problem was that many of the field staff were appointed from the supervisory cadres. The supervisors had no organisation of their own. They had no direct experience in the field. Suddenly they were asked to go in the field to set up an organisation and to give business. They found themselves in a soup especially in view of the difficult conditions created by the setting up of the Corporation. I can multiply instances to show the adverse circumstances in which a member of the field staff had to work.

The same thing happened about agents. The agents were given a stipulation of Rs. twenty thousand minimum in the mofussil and Rs. forty thousand minimum in the towns. With due respect that was Utopian figure looking at the conditions of our country. In our country insurance market is not a seller's market. The tradition of our country is that when an insurance man approaches anyone, the tendency is to slam the door on his face. Under these circumstances it is idle to say that the agent should give a minimum of Rs. Twenty thousand in mofussil and a minimum of Rs. Forty thousand in towns.

I tried to work out the statistics from the figures supplied to us in the Report. There are 1,08,000 agents. Assuming that 54,000 of them work in the mofussils and 54,000 work in the bigger towns. It would require a business output of Rs. 324 crores in order to enable every agent to stick to the minimum.

Then, Sir, the agent's commission was reduced from 35% to 25%. At that rate an agent who contributes a lakh of rupees of business would not even earn Rs. 100 as his monthly emoluments. Sir, on that basis, in the context of the insurance market in our country it would be very difficult to find agents enough to work under such conditions.

Again, an unimaginative step was taken. The hereditary commission for agent's family was suddenly stopped throwing large number of agents' families into great distress. Happily that is being restored. This uncertainty destroys the confidence which is requisite for the proper functioning of the Corporation. But the worse part of it is that in the case of agents and particularly in the case of field staff the emphasis on new business is absolutely mis-placed.

The emphasis on new business was a thing introduced by the private sector. As I said, the Corporation has done well by the standards of the private sector, but that is not the standards we should aim at. Yet, that is the standard we find the Corporation is aiming at. They are trying to emphasize the outturn of new business. No doubt the stipulation of so much premium collection is bound to have very serious repercussions on the quality of business. It might outwardly bring in a quantity of business but that business is bound to be of an inferior quality as happened during the period of the private sector. Now, we ask the field staff to bring as much new business as possible. I understand it is the practice now of even putting the branches on competition

as far as new business is concerned. For getting new business the same malpractices will continue—rebating and other malpractices—which will lapse the policy in three years. Do we want business of that kind which private sector brought in or we want good business. It may be lesser in volume but let it be good in quality. It is much better to have a good business of Rs. One hundred crores than have a business of Rs. Three hundred crores, 80% of which will lapse in three years time.

Now, Sir, that is the way the Corporation is proceeding. Alarming stories are told; alarming things are happening in this regard. I know of cases where uninsurable persons are being insured. First premiums are being paid in order to inflate the premium collections, in order to show up the outturn of new business. And in a short time these persons are dying and claims are maturing. In order to avoid the difficulties of medical examination, I am told, that in some cases with the connivance of the Branch Manager, with the collusion of certain favourite Inspector some other person was produced before the Medical examiner. He was examined and pronounced fit and on the results of his examination a bad case was insured and the claim, I believe, has matured by this time. This kind of thing is going to happen if you put undue emphasis on new business and if you do not evolve some other standard of judging the quality of the field staff.

We have to change our attitude towards the evaluation of the quality of field staff. What we want is not a huge volume of new business; we want new business no doubt, but we want new business of the kind that will endure. It may be lesser in volume than that which we now get but let it be good in quality. What is the way of getting good quality of new business? The first essential is to provide the field staff with security of service. Let me tell you that without security of service, the business that the field staff will procure will not be of the satisfactory charac-

ter. With our present attitude "you have to secure so many crores of business or out you go" he will try to secure which will ultimately result in loss to the Corporation. This is not the way to deal with it, and indeed, scientifically and actuarially it is possible to provide him security of service without insisting on new business.

Now, the field staff organisation of the National Federation of Insurance Workers have submitted a charter of demands in which they have shown how through conservation of policies, the services rendered by the field staff in conserving the policy-holders may form the basis of guaranteeing to them an amount of security. If a small percentage, 2 or 2½ per cent, of the renewal premium income is allocated to the field staff, it will provide them with a basic salary and a secure basis of employment and then incentives may be provided for the securing of the correct type of new business.

What is important to realise is that the old method of the private sector, of keeping the service of the field staff insecure, is not going to work. At that time it worked, because it was due to the mad competition between private companies. The insecurity in a particular company did not matter, because the field staff could get service in some other company. Today, if you insist on the same pattern of organisation and the same pattern of functioning, then the field staff will be uncertain about its future and its efficiency cannot in any case be expected to be what it should be if you put him on an insecure basis. There is no ground for judging his efficiency by the quantity of outturn of new business. In industrial factories, labourers are often employed to produce certain goods, but they are paid not wages according to piece-rates but wages on monthly basis, and yet, the employer knows how to judge the efficiency, on the whole, not by meticulous calculation, whether he has produced!

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three units or two and a half units but by taking into account his whole work in the factory. It is in that way that efficiency is judged in the case of the monthly rated workers.

The same thing must be introduced in the case of the field staff. Of course, if a member of the field staff does not show any efficiency, does not show any exertion or does not exert himself in procuring business, you can easily fathom his inefficiency and in that way you can administer suitable warnings or other correctives. But it is not necessary that you should put him to a strict mathematical quantity every year. It may be that in one year the quantity may be less and in another year it may be more. That is the way of insurance. So many factors influence the outturn of insurance business in particular localities and particular areas or even in the case of particular persons. Therefore, you must judge his efficiency over a long period and for this purpose you must not make new business outturn alone a basis of security.

In the case of agents, it is the same thing. You cannot insist on a utopian figure of 40,000. Whatever figure you may prescribe, you must calculate it on a long-term basis and not on a month-to-month or a year-to-year review. It may be in one year the agent has failed and in another year he may be successful. Above all, the figure must be fixed with reference to the potentialities of the market and not with reference to a utopian idea. The commission may be such as to enthuse the agents to work. Today, as I said, even with a business worth a lakh of rupees, an agent cannot earn a hundred rupees. If you increase his commission to 35 per cent, then he can earn about Rs. 1,575. If you increase it to 40 per cent, he can earn about Rs. 1,800. That is the real incentive for him to go ahead. It may be that if the market gets better, if it is easier to get more volume of business with

equal exertion, you can reduce the commission, and you will not do any harm if you reduce the commission then. But the insurance market being what it is today, you cannot think of reducing the agent's commission and yet keep the agents enthusiastic.

Already many good agents in the life insurance line have been driven away to the general insurance line by this unreal quota. So far the average is 3,000. You cannot push it up by only 40,000 or 20,000, because the circumstances are so adverse. You cannot yourself complete the policies. There are cases where claims have not been paid for a long time. There are yet other cases—at least one case I know—where the Corporation has been a bit too quick. For example, there has been a case when a condolence letter was sent to a wife with a claim form and, unfortunately for the Corporation, and to the great mirth of the family, the letter was opened by the husband!

I do not say these are going to last. These are bound to happen perhaps when an organisation is coming into being and when uniform standards and uniform procedures of work are being introduced. There are many people who are taken in and who have no experience in the line. But what is necessary to realise is that these things at least temporarily spoil the reputation and make it all the more difficult for the field staff or the agents to procure business. Allowance must be made for this and utopian figures cannot be insisted upon.

It must be definitely provided that the field staff will have security of service on a minimum salary that should be fixed, and for new business, they will have to be given an incentive bonus. How this has to be worked out, I shall not advise the Finance Minister. I have given figures. He might give counter-figures. That will not improve matters. We are

not interested in destroying each other's arguments by proving that I am right or he is right. What we are interested in is to have a satisfactory solution of it. If he cannot destroy my case, it is a case for granting the field staff's demand. If he thinks he can destroy my case, it is a more convincing argument for opening negotiations and coming to some settlement.

What must be realised is that it must be done by negotiation—a settlement of the outstanding issues by negotiation, by sitting across the table and discussing the formula proposed by the Government and proposed by the other side.

Similar is the case with regard to the agents, and the same is the case regarding the employees. Although the major question of the employees has been settled, there are still certain points on which doubts have arisen and on which even some pin-pricks have been given. For example, there is the question of staff regulation where galling restrictions have been put on the participation of employees in politics. I do not see what insurance employees have to do with in participating or not participating in politics. They have always participated in politics during the private sector regime. I do not see the reason why a difference is to be made when they have been in the public sector now. It may be understood that a policeman should not participate in politics or a magistrate or even a judge may not be allowed to participate in politics perhaps. But why an insurance clerk cannot participate in politics, I cannot see the reason for the life of me.

Today, the public sector is going to increase. The public sector is going to expand and lakhs if not perhaps crores of employees are going to be employed by the public sector. If they are shut out from politics, altogether, it would be a travesty of democracy. I may tell you that the employees look at this with the ut-

most resentment and so these restrictions should go.

14 hrs.

Then, there is one case involving 2,000 employees of the Hindustan Insurance Company who, by an agreement was promised by the company the payment of certain adjustments, which were more or less due to them because they were not given the benefit of the agreement arrived at with the employees in 1947. The adjustments were due to them and the Corporation had decided to pay them and payments were made to a large number of them. Now the Corporation comes with the decision that they are not going to be paid. If they are now going to decide that those who have been paid will have to refund, that would be a great hardship on them. Now the decision seems to be that the Corporation will not pay the adjustment.

It is very unfortunate because it was earned and the employees were not given that adjustment in 1947. That is how it fell due and the Company recognised it before there was any question of nationalisation. The agreement is binding on the Corporation under the law and it is not a good policy to rescind from the agreement, which would cost only a few lakhs of rupees, which the Corporation can very well afford. These pin-pricks must be avoided. I am bringing this instance to show what the Corporation must avoid.

Then there is the case of officers. A Senior Services Committee has been set up, which is known as the Lall Committee. It has made its report and there is undue delay in the publication of the report. It is said that the report has categorised certain officials and it is being re-examined by those very persons who have dissented from the majority recommendations. The Corporation members

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placed on the Committee have dissented and it is they who are re-examining the report.

Now there has been considerable grievances among the officials about the placement of officials. When a new organisation is set up and officials are drafted from different companies with different experiences, there is bound to be much heart-burning. Everyone thought that they would get justice from the Lall Committee. It was practically taken for granted that whatever the recommendations of the Lall Committee were, they would be accepted by all. If these recommendations are not accepted, then it would again keep alive a great source of heart-burning and must tell on the efficiency of the Corporation.

Under these circumstances, I would request the Government not to delay the publication of the report and to implement the report as it is. And if there is any ground not to implement anything, let them come up openly and give a public explanation why certain recommendations of the report are not being implemented.

As a matter of fact, rumours circulate that it is only in the interest of three officials, who have been placed, much less than the present status in the report, that the report is sought to be side-tracked. Now, whatever the truth, these rumours should not continue and they must be set at rest once and for all, in the interest of efficient functioning of the Corporation. If the Corporation is able to do it, if it is able to satisfy its 27,000 office employees, 6,000 field employees—and I do not know how many officials—there is no reason why the Corporation should not be able to present the country with a sound insurance business.

The Corporation has great potentialities. If it likes, it can manage to put in business without the evil aspects of the private sector. It can give the society a wide basis of

security. It can extend insurance business to those classes to which the private sector never dreamed of extending insurance business. It can extend insurance business to the industrial workers, to the low-income groups in towns and villages which the private sector had never cared for. In this way the Corporation can really do a valuable service and it has the means to do it because it has the goodwill of thousands of employees, who were ardent advocates of nationalisation.

Therefore, I would request the Finance Minister to act in such a way that the Corporation would evolve proper standards to keep the employees satisfied. The proper way is to look at them, not as servants and the Corporation as the master, but to look at them as partners in the common venture and to consult them freely and frankly in matters in which they are concerned, whether it is the field staff, whether it is the office employees and whether it is the agent. It is only in this way that you can have a contented body of employees.

If the Corporation can do it, all the little hindrances in the way of its efficient functioning, all the difficulties about inefficient functioning, about the late delivery of claims, about sending lapse notices to those who have already paid premiums, all that will evaporate. For that you have to create enthusiasm among the employees. If you cannot, then the Corporation will face disaster and if the Corporation sticks to the standards of the private sector, it will make no greater contribution to the interests of the country than the private sector had made.

I do not say anything about the investment policy.....

Mr. Deputy-Speaker: Long ago the hon. Member began "finally". Now he should conclude.

Shri Sadhan Gupta: I do not say anything about the investment policy because a statement is going to be

laid on the Table. But the policy is very unsatisfactory and we have to say something when the occasion comes, when investment is discussed in this House. With these words I move the motion.

Mr. Deputy-Speaker: Motion moved:

"That the interim Report on the activities of the Life Insurance Corporation be taken into consideration".

There is one amendment by Shri T. K. Chaudhury. It can now be moved.

Shri T. K. Chaudhury (Berhampore): While moving the motion I may point out that due to inadvertence, certain errors have crept in. I have corrected those mistakes.

Mr. Deputy-Speaker: The hon. Member may move it in the amend form.

Shri T. K. Chaudhury: I beg to move:

That for the original motion, the following be substituted, namely:—

"This House having considered the interim Report of Life Insurance Corporation, records its strong disapproval of,—

(a) the manner in which the Investment Committee of the Corporation has conducted its investment policy in regard to private equity capital and debentures, preference shares of certain companies in private sector and other securities of such Companies;

(b) the policy of the Corporation in regard to its employees, and particularly in regard to emoluments and service conditions of field workers who procure business for the Corporation;

(c) the unsatisfactory condition of various services rendered to policy holders; and

(d) its policy regarding organisation of branches."

The Corporation has come into existence one year and three or four months ago. Of course, the statutory annual report is yet to come. But we have been furnished with an interim report which gives us an opportunity to discuss some of the affairs of the Corporation.

The House acclaimed, and, if I may say so, the whole country acclaimed the nationalisation of life insurance business. It was thought that this would be a step in the direction of expanding the ambit of nationalisation to other spheres also, to other financial institutions also. It also evoked the hope that this Life Insurance Corporation would set up a standard of functioning and administration which would be an example to be followed with regard to all such institutions. But unfortunately those hopes have to a large extent been belied.

I want to discuss the affairs of the Corporation, firstly in regard to its employment policy; secondly with regard to the complaints of the policy-holders regarding the administration of policies and the various services which they used to get from private insurers and which they now find they are not getting from the Corporation; thirdly, its policy regarding organisation; and lastly, its policy with regard to investments.

With regard to employment policy and reorganisation of the higher services, particularly of the officers, it seems strange that not only in this interim report but even after that, up-till now I think, the Corporation has not been able to lay down any clear rule or policy with regard to the grading and seniority of its officers. One Member of the Lall Committee is a Member of this House and he is present here. We hope he will throw some light on the conclusions which were arrived at by that Committee. But that report was submitted in

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June, and it is very strange that nothing much has been done uptill now to implement the recommendations of the Committee. We understand that an Implementation Committee has been appointed but the whole matter is being held up and no satisfactory explanation has been forthcoming as to what the Corporation is going to do about those recommendations.

In this connection I may refer to a case which was instituted in the Patna High Court recently, where this principle with regard to the ranking of officers was commented upon by the honorable Court. This is a fairly important case. There was a petition filed by one of the insurance employees there who was employed as Divisional Superintendent but whose rank was reduced to that of Inspector; after nationalisation he was asked to join the service and take up work as an Inspector. I may quote the findings of the honourable High Court in this case, Sir, where the learned Judges have clearly stated:

"In any event, the respondents (that means the Corporation) have no statutory power to reduce the rank of the petitioner from Class I post (which he was holding) which he is entitled to hold under the express language of section 11(1) of Act XXXI of 1952 and so long as there is no order by the Central Government under section 11(2) reducing his rank."

Sir, if the Government asks the Corporation to study carefully the judgment in this case, they would realise what sort of victimisation has been perpetrated by the vested interests who somehow or other have entrenched themselves in the big joint-stock Corporation—I mean the top-ranking officers of the big joint-stock companies who have managed to worm their way into the Corporation, although the Corporation is now a nationalised institution.

Although this is but just one particular case, if an enquiry is made it will be found that in every zone, in every division such complaints are hampering the work of proper administration and organisation of the Corporation. It will not be far from wrong to say that the top officers who are managing the Corporation have no spirit of nationalisation in their heart of hearts. They are incapable of understanding the present needs of the country. They cannot enthuse the spirit of nationalisation either in the masses or in their employees, and we feel that the Government should take serious note of all these complaints and try to put things in proper order.

I do not want to add much to what has been said by our esteemed friend, Shri Sadhan Gupta, about the policy which is being followed with regard to the field workers. That policy, to say the least, is highly unsatisfactory from the point of view of procurement of business and from the point of view of just remuneration that should be paid to those on whose labour the Corporation stands and other terms and conditions of their service. As a matter of fact, unless the field workers work properly, there can be no business for the Corporation. Perhaps, the top-ranking officials of the Corporation have an idea that now that life insurance business is a sort of a monopoly in their hands, people would come and purchase policies of their own accord, because in modern society civilised man has found that insurance is a necessity and therefore, he would of his own accord purchase policies. But, if we take into account the practical conditions that obtain and the realities of the situation,.....

Shri Dasappa (Bangalore): Who has said that, please?

Mr. Deputy-Speaker: Shri T. K. Chaudhuri is saying that.

Shri Sadhan Gupta: It is implied in the policy pursued.

Shri T. K. Chaudhuri: The policy that has been pursued makes it clear that that is the idea with which the Corporation is being worked.

Then, I come to the unsatisfactory condition of the services rendered to the policy-holders. You go to any town in India or any district where there is some insured persons, whose life has been insured or who have purchased a life policy; you will find complaints about the smallest things. I have known numerous cases where people have sent their premia, but no receipts have come uptill now. Nobody knows where to complain, how to complain. All these small matters cannot possibly be brought either to the notice of the Government or the higher officers of the Corporation.

Mr. Deputy-Speaker: Did the hon. Member pursue any of these cases and find out whether money had not been received or only receipts had not been issued?

Shri T. K. Chaudhuri: Money has been received. No formal or *pukka* stamped receipt has been given. You will find numerous cases like this. At least 20 cases are within my knowledge.

In regard to claims, similar complaints are there. One case has been brought to my notice from Poona where a claimant, whose claim is to the tune of Rs. 82,000 submitted his claim in October last, and uptill now, he has not heard anything about it. Of course, this is a legal claim. Perhaps, the case will go to court. Ordinarily, the private insurers, of their own accord, would, at least, when a claim matured, inform the claimant that his claim has matured and that he is entitled to such and such payments. That sort of thing is, somehow or other, found to be not being done since nationalisation. Of course, for these reasons, I do not want to say that nationalisation as a policy or as a principle is bad or that private insurers should again be brought

back. But, it points to something wrong in the total administrative set up of the Corporation which must be set right immediately.

Lastly, I come to investment policy. Here, of course, we get certain bare facts. A most serious doubt that has arisen in the mind of the public in the course of the last few months is that the investment policy of the Corporation is being conducted in order to benefit certain private capitalist groups. The other day, during the interpellation hour, the question of investment of sums to the tune of Rs. 1,26,00,000 in companies controlled by a particular group of capitalists came up for questions and answer. The Government admitted that about the end of June 1957, in the Mundra group Rs. 1,26,86,000 were invested. I find here from the report that in debentures of companies, preference shares of companies, ordinary shares of companies, Rs. 8,82,00,000 have been invested of which nearly, you might say, one-sixth or one-seventh has gone to a particular group of companies owned by a particular group of private capitalists.

From the time this investment was made, various questions have been asked in the press and leading financial journals in the country have commented on the mode in which this investment was made and the propriety of this investment. The hon. Finance Minister told us the other day that the only principle that guides the Corporation or the policy of the Corporation with regard to investments is profitability. They put money wherever they can earn a regular income. I do not want to say that the shares controlled by this particular group of managing agents which were purchased were all bad shares and no money ought to have been put in them from that point of view. But, unfortunately, the timing of this investment has been such and the circumstances have been such that have justifiably given rise to many questions and

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doubts which have not been answered by the Government uptill now. I am referring to this question because this investment was made within the period under review, that is, up to June, 1957.

Mr. Deputy-Speaker: The hon. Member should conclude now.

Shri Bimal Ghose (Barrackpore): There is no business today.

Mr. Deputy-Speaker: Even then we have to regulate. I have got a list of eight hon. Members.

Shri T. K. Chaudhuri: What happened was that the values of certain shares held by this group, even of companies like Jessop & Co., Richardson & Cruddas, were rapidly falling, and it is reported, or was rather freely rumoured, that the fall became precipitate when there was a whisper in the market that a big cheque issued by the managing agents had been dishonoured. Of course, I do not know whether it was actually dishonoured, but that was the rumour which was rife in the market, and the market began to recover only when it was known that payment had been arranged. Just at this juncture the Life Insurance Corporation stepped into the field, and saved the Mundras by acquiring shares of some of their companies through private negotiation.

The Finance Minister told us the other day that there was nothing under-hand, everything was plain, and it was just that some good shares were in the market and the Corporation could not but regard the investment in these shares to be lucrative, and so they purchased them. But it has been said, and openly charged, that along with the shares, blue chips of the Mundra group like the shares of Jessop & Co., and Richardson & Cruddas, the shares of some other companies controlled by the group were purchased whose balance sheets have not been published up-

till now. Although these things have appeared in the papers, and sharp comments have also appeared in the press uptill now, neither from the Corporation nor from the Government has any answer been forthcoming.

The Finance Minister in another place some months ago enunciated the principle with regard to the investment policy of the Life Insurance Corporation or of the provident funds of different companies which are now administered by the Government. He said that through these investments Government would be controlling or having a hand in the management of the private sector also. The savings come from the public, but they would be controlled by the Government, and would together form one big investment fund, and by virtue of or on the strength of this investment fund Government would be able to have a voice in the affairs of private companies as well. That was a very salutary principle.

I felt very much encouraged during the last session of the Parliament when Government took up the Life Insurance Corporation (Second Amendment) Bill which wanted to reorganise the investment side of the Corporation. We definitely felt then that something healthy, something salutary was going to be done by the Government. Of course, we do not know what are the intentions of the Government with regard to that Bill, and why that Bill was not moved during last session. We do now know as yet whether that Bill is going to be moved in this session at least. We were also encouraged because already there were many complaints with regard to the activities of the Investment Committee of the Corporation, and everybody felt that the investment side of the Corporation need a thorough reorganisation. We do not know what the intentions of the Government are in this regard.

With regard to this particular affair, this investment in the companies of the Mundra group there is a further fact which should have been taken cognizance of by the authorities of the Corporation. Government cannot escape by saying that the Corporation is an autonomous body and that the Investment Committee is just under that Corporation, because Government appoints its own officers in the Executive Committee of the Corporation, and they ought to have known—this fact and this must not have escaped their notice. They had known it, and even knowing it, this fact which I am going to state, they had put public money, held in trust, into the companies controlled by this group.

It was reported in *The Statesman* of Calcutta dated the 29th May that two companies of this group were prosecuted on the complaint of the Enforcement Unit of the Department of Economic Affairs at Calcutta under the Ministry of Finance. Three counts of charges under the Foreign Exchange Regulation Act were framed by the Chief Presidency Magistrate against the two companies. One is a tea company and the other is F. & C. Osler (India) Ltd. Both these are controlled by this group. This was just one month, not even one month, before the investment was made. Do the Government want us seriously to believe, or do the Life Insurance Corporation want us seriously to believe that they did not know of this case which had been instituted with regard to two of the companies controlled by this group? The country, the large body of policy-holders and this House have the right to know why at this particular juncture the Corporation stepped in and put such large funds into the companies controlled by this group.

I would ask the Finance Minister to find out from the Corporation who

initially decided to invest such large funds in these companies. This is a very serious question, and I ask this question with all the seriousness that I can command: was the Investment Committee consulted before a decision was taken, or was the Committee informed after a decision was taken and implemented? The proceedings of the Investment Committee should be immediately examined by the Government in this regard.

As I have already said, I am impelled to ask these questions because Government have themselves instituted proceedings against certain important companies controlled by this group. We do not know the scrips of which companies controlled by this group the Government has purchased, but it has been freely stated in the market that some of the companies have not even published their balance sheets. I also want to know whether the Life Insurance Corporation has received the share certificates for all the shares that have been purchased from the banks.

That is also a fact upon which some light should be thrown. In regard to the investments of the Corporation, the Finance Minister denied that the Corporation does not engage in open market operations. This is what one responsible financial journal of Calcutta, *the Indian Finance*, has remarked on this point:

“The essence of open market strategy is that its *bonafides* must never become a topic of controversy, or a subject matter of suspicion. The Reserve Bank of India has conducted open market operations on gilt edged for over twenty years. Crores and crores of stock have been bought and sold. And be it said to the Reserve Bank's credit that never once has its *bonafides* in this regard been questioned”.....

But, with regard to the Life Insurance Corporation, the *bonafides* have been questioned. These allegations

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may be unfounded but I want Government to take serious notice of these doubts and allegations that have been made openly. One of the members of the Council of Ministers was lately connected intimately with the Mundra group of companies. I have great respect for the Hon'ble Minister for the sake of the fair name of the Government, it should come forward with a full statement with regard to this affair and if there had been any secret deal, the Government should immediately institute an enquiry. With these words Sir, I close.

Mr. Deputy-Speaker: Substitute motion moved:

That for the original motion, the following be substituted, namely:—

"This House having considered the Interim Report of Life Insurance Corporation records its strong disapproval of,—

- (a) the manner in which the Investment Committee of the Corporation has conducted its investment policy in regard to private equity capital, and, debentures, preference shares of certain companies in private sector and other Securities of such Companies;
- (b) the policy of the Corporation in regard to its employees, and particularly in regard to emoluments and service conditions of field workers who procure business for the Corporation;
- (c) the unsatisfactory condition of various services rendered to policy holders; and
- (d) its policy regarding organisation of branches."

Shri Dasappa: Mr. Deputy-Speaker, I think the motion before the House namely, to consider the interim report of the Life Insurance Corpora-

tion of India has come very timely. Whether I agree with the Mover in all respects or not, I think that this debate is bound to serve a very good purpose; and it is from that point of view that I welcome the Motion before the House.

When the Insurance Corporation Bill was under consideration here, I used to take some interest in the discussions and I saw some amendments also. Then, the issue was narrowed down to one simple thing, namely, that the people who are the principal agents—firms and partnerships—should be enabled to function as ordinary agents. The Act itself had given them a period of 7 years' existence. What I want to say is that the experience and knowledge of these agents should not be lost to the industry. The disability under which the people of the Life Insurance Corporation are working should also be removed, and the counterparts of these principal agents who are known as Chief Agents in so far as Life Insurance industry is concerned, should be enabled on identical terms, namely, to function as ordinary agents with the special privileges which were attached during the earlier period, before the Corporation was constituted.

I am glad to hear that a suggestion was made on the floor of the House but that there was not time enough for the Government to examine this suggestion and that it needed a much more careful examination. I take it that in debates of the kind it is not the intention that all views of Members should be responded to completely. They have to analyse it and scrutinise it and it should be examined by those who are experts and I am sure, no Government would reject a suggestion if it is going to serve the national interest.

That is the spirit, I thought, which was behind the Hon. Finance Minister's reply during the Debate. I

hope that he will welcome any suggestions that will be emanating from the Members and I hope the suggestions will merit his earnest consideration.

I would like to briefly refer to the progress of the Life Insurance work during this period to which the report relates. Some of the remarks made by my hon. friends here who preceded me related not to the interim report, but something outside it. Probably, certain things have happened subsequent to the period of the report. It is rather difficult for me to deal with those points either by way of refutation or by way of support, especially relating to that part which relates to investments. The House has already been assured by the Finance Minister that a comprehensive statement will be laid on the Table of the House.

Shri T. K. Chaudhri: The Minister himself stated the other day that these investments which I referred to were covered by the period under review.

Shri Dasappa: I am sorry. But this report gave no indication of that. If it relates to the period under consideration, I am sure that the hon. Member is perfectly within his right to make those comments. Anyhow, since the material before us is not quite sufficient, I would like to withhold my remarks. I am glad to learn that a comprehensive statement will be laid on the Table of the House and I think there is also an attempt on the part of another hon. Member to move for a separate discussion. That probably would be the proper occasion for us to discuss about this question about investments.

Mr. Deputy-Speaker: Today we have got the interim report under consideration and not any particular period of it. The hon. Member may continue his speech.

Shri Dasappa: I was hoping that there would be a separate opportunity afforded to this House to discuss this particular investment, which was the

subject-matter of a question before the House. Whether that comes or not, that is not a matter for me to say. And, as I said, if that matter pertains to this particular period, the Members who have commented on that are well within their rights. I am only pleading that I have no particular enlightenment on the nature of the investments and so it is difficult for me to express my opinion on this matter.

I was saying about the functioning of the Life Insurance Corporation. Shri Sadhan Gupta was referring to the expanding of the operations of the Life Insurance Corporation. I think he was somewhat apologetic for the fact that the total business of Life Insurance Corporation was not so much as in the previous year. He was, in fact, trying to find many more excuses than what the Corporation authorities themselves say in this brochure. I do not want to go into that question; but, as I said then, I am prepared to say that there must have been some teething troubles. Therefore, I was not going to draw any general conclusions merely because during the first year of its operation, that is, from 19th January, 1956 to the end of the year, the industry had fallen short by more than Rs. 50 crores.

In any case, what did the hon. Minister say was the main objectives of nationalising insurance when he moved for the consideration of the Bill for the establishment of the Life Insurance Corporation? I am not going into the details. The first thing is to eliminate malpractices. He has narrated a host of them. The second important thing is that it is going to fulfil one of the objectives of our Welfare State. This is what he has said. 'We should be able to augment the total volume of savings required for implementing our next Five Year Plan and further Plans.' Since those are the objectives, we have a right to consider whether the Corporation is fulfilling those objectives.

Let me take the second objective first; and that is with regard to the

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extent of the business of the industry after nationalisation. If we see the figures given in the report, we find that the industry has been expanding in a very rapid manne. from year to year. In 1953, it was Rs. 179·86 crores; in 1954, it jumped to Rs. 243·99 crores; in 1955, it again rose to Rs. 258·66 crores. But, in 1956, the year under review, it fell to Rs. 200·28 crores.

What I am going to deduce from these figures is this. There was a momentum gaining in the country so far as this industry was concerned, from year to year. There was acceleration of the work. But what the then Finance Minister assured us, namely, the mobilising of more of savings for the Second Five Year Plan and the subsequent Plans, unfortunately, till today that has not materialised.

There is an old French proverb that he who offers excuses accuses himself. My friend, Shri Sadhan Gupta's passion for nationalisation may be, to some extent, satisfied because of this. But, then, we, I think, are anxious that the purpose for which it was done should be fulfilled. Let me assure him that I am not in the least against nationalisation. I have welcomed nationalisation. In fact, I loved this nationalisation so much that I wanted not only one nationalised Corporation but more than one nationalised Corporation. I wanted almost every State to have a nationalised Corporation so that there may be an element of competition introduced into this nationalised concern and we can aid this kind of mobilisation of savings to an infinitely larger degree than has now been presented to us. I am pretty sure that if every State had its own nationalised Corporation and the Centre had its own, there would have been an enormous amount of work all over the country. Each State would have galvanised the process of mobilising the savings. I referred to the Mysore State Life Insurance Corporation last time and said that that was competing against 200 other companies and yet

it was thriving well. So, we need not be afraid of competition and I thought that this would be a better way of enthusing the whole of the masses in India. I think I may be credited with the idea that I want the nationalised section of any activity of the Government to succeed and fulfil the objects it has placed before itself.

Let me come to the other questions before the House. I followed very closely the speeches of my hon. friends who have preceded me, and especially of Shri Sadhan Gupta. He made out a number of points. Having started very enthusiastically about the virtues of nationalisation, the latter half of his speech related to one woeful tale of acts of omission and commission of the Corporation. I do not want to repeat what he said, that this Corporation is following in the footsteps of the previous private companies and merely trying to mobilise savings without reference to the lapses and the quality of the business, that in regard to claims there was so much of dilatoriness, that in regard to the treatment of its employees—of course, that was the gravamen of his charge—he said it was nothing that was commendable. In fact, he has indicated that it was really bad treatment that was meted out to the employees right from the lowest field worker, the agent up to the officers and so on.

I shall deal with certain aspects of these matters also. I do not think that the idea of expanding business should not be before any Life Insurance Corporations. He said that that should not be the proof at all; or, rather, he said he would be satisfied with a 100 crores of good business than 300 crores of expanded business. If he proceeds on that basis, I am afraid the primary objective that we had placed before ourselves when nationalising this would never be fulfilled. I agree that there must be a real attempt made to get good quality business and the ratio of lapses should not be there. I quite agree. But, how are you going

to secure that? The only remedy that Shri Sadhan Gupta suggested was that we must see to the security of the employees. Is that all the only mistake in the Corporation's activities and is there nothing else? That is a matter which I want to address myself to today. I am not in disagreement with my hon. friend with regard to the treatment of the employees. I am pretty sure he is more in the know of these things than myself. The criticism that he is very elaborate may be very legitimate, but I am sure, the Finance Minister will be able to apply his mind towards that end, and if there are any shortcomings in that respect he is going to remedy them.

15 hrs.

In fact, the basic thing in any activity of any concern—either the Government or private enterprise—is that the people who work for it ought to be satisfied with the terms and conditions of their labour and service. If the employees find themselves terribly dissatisfied with their terms and conditions of service it should be looked into as early as possible. I am aware of this defect in the working of the Life Insurance Corporation. A number of agents have come and told me “well we are not at all happy with the way in which we are treated” and there is no enthusiasm on their part to continue to work; many of them have either left the service or have changed to general Insurance. How are we going to enthuse these workers on whom the entire edifice of Corporation rests? That is a matter on which I would like a great deal of consideration. Now not only with regard to this but with regard to all the other things which my predecessors have referred to, and which I am going to refer to, I have a suggestion to make. It would be better the matter is subjected to a proper evaluation by some high authority. It should not be put off to an indefinite period. This is the just occasion when there should be a proper evaluation of the working

of the Corporation, and I do not think, the hon. Minister should reject that suggestion. If he does it, it will throw a flood of light on the whole working of the Corporation from which, I am sure, the Corporation will stand to gain.

Now with regard to the defects to which Shri Sadhan Gupta referred. I do not want to deal very much with regard to the lapses. This Report does not give us any idea of the lapse ratio. In fact, the speeches at the time of the introduction of the nationalisation Bill pin-pointed this particular fact, viz., there were considerable lapses. I would very much request the Finance Minister to let us know as to the particular lapse ratio after we nationalised the life insurance. That would show whether the sins were on the side of private insurers or whether the Life Insurance Corporation also has to shoulder a great deal of the blame in that regard. We do not know exactly what the position is. From the Report that I have got, the lapse ratio has not decreased in the slightest. In fact, I am told, it is a little higher than before. I wish I am wrong because I can only depend upon such investigations as I could make in a busy parliamentary career.

Let us take the question of expense ratio. It was stated that the expense ratio in India was the highest in the world, or, at any rate, compared to the western insurance companies, the expense ratio in India was very high. I want to know whether after the merger of these insurance companies and elimination of lot of overheads and duplications and over-lapping, there has been any reduction in the expense ratio. How are we going to discuss this matter without some kind of enlightenment on these, what are known, as primary tests of a successful insurance industry? We do not know anything about it. All my information, as I said, is that the expense ratio has gone up. Why? Because the whole hierarchy of officials from top to bottom is so big and complicated that you find that the expense

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ratio has mounted up. I am told the expense ratio should not exceed 60% or so of the first year's premium. But today in my part of the country after nationalisation the expense ratio has mounted up to 99%. This is something serious and merits investigation. As I said, I do not have time to investigate into every detail but there are statements made in some responsible journals and my information is based on the reports of these journals and papers.

The next question is of agents. This is yet an inexplicable and ununderstandable thing for me. That only individuals should be encouraged to be agents and not co-operatives is a thing which baffles my imagination. Apart from raising this question on the floor of the House, I have tried to pursue this matter by way of correspondence. And I have received an answer that the Corporation prefers personalised service. It was heartening for me to understand I should like to know whether there is any partnership, firm or company which can deal with things excepting through persons and individuals. It may be that the Corporation or the company may have a continuous existence in life but they will not be effective except through personalised service I do not understand. And, therefore, they say that an agent should always be an individual. Sir, if A, B and C could work as separate individuals why should they not form a co-operative organisation, pool their resources, have a common office, a common typewriter, a common cashier, a common car and do a lot of business? Shri Sadhan Gupta was pleased to say that here with the best of his efforts a man cannot get more than Rs. 100 per month. With that what office can he manage, what services can he render to his clientele and what real propaganda he can carry on God alone knows. And why these companies or these firms which pool their resources, all for expanding, should become an anathema, I do not

understand. I can very well understand if the Government says they should not claim extraordinary privileges, but when they come forward to function as ordinary agents, with no better commission than an ordinary individual agent what sin is there for them to have a co-operative organisation. I am saying this not with a view to criticise the Corporation. As I said, I want the whole work to be galvanised; in fact, I would like this Rs. 250 crores to be doubled in less than a year. It can be done if only we work it in the right way.

With regard to agents, one of the accusations was that these permanent officers would have their own relations—wife, son or daughter—as an agent and get the best of both bargains, one side salary and the other side the agency commission. Because he has got to tour round and with his experience it is a very easy job for him to have the work done actually by himself but the name is being lent by his wife or his daughter or his son. Sir, will the Government be pleased to assure me that no such thing is taking place with regard to the appointment of agents? My reports are somewhat disturbing. I am told that the same thing is even now going on. The relations of these salaried people are there as the agents and the malady is as aggravated as ever before. I hope these things which are appearing in the Press and so on are all false; and therefore I say that evaluation becomes necessary.

Then there is the question of service. This is a matter where I have a little personal knowledge. I am told that the claims take a long time for being disposed of. The hon. Member Shri Sadhan Gupta referred to it today. I do not think he was merely exaggerating it. It seems to be a fact that they now take a long time for being disposed of. Since it is only a case of individuals, an individual may die and there is no heir to pursue the matter. The individual may go on a pilgrimage,

may take leave, may fall ill, etc., and there is no service whatever to his clients. Whereas, if that was a firm, having a continuous existence, it would get ready service. Therefore, there is that difficulty.

Then Shri Sadhan Gupta also referred to another matter, namely, that there must be inducement or incentive to the staff, the field workers. If they do more work and bring in more business, they must get a higher rate of commission. There may be a lot of justification for a suggestion like this. It will merit the consideration at the hands of the Corporation. What I say is this. Formerly, these private companies used to reward good work.

Shri Sadhan Gupta also rightly referred to the quality of work—good quality work and bad quality work. In the good old days, they used to reward good quality work and bad quality of work would attract some form of punishment. Now, I ask whether there is that particular procedure being followed now. Is there an attempt on the part of the Corporation authorities to reward good work and punish poor quality work? Supposing the lapse ratio within a couple of years is 60 or 80 per cent—Shri Sadhan Gupta said that it used to be 60 or 80 per cent or something like that and I do not think it is as high and as bad as that—what I say is, I am afraid it is at least as bad as before. I plead that the punishment that the old private companies used to give to those people who brought little business should be given now also. The same kind of punishment must be meted out to them. But that is not being done today.

Mr. Deputy-Speaker: The discussion is to last for 2½ hours only.

Shri Dasappa: I shall finish. I am anxious that the Life Insurance Corporation must be a great success and I am going to buttress the argument that I was making—that these firms and companies which have knowledge and experience of insurance business should not be prevented from placing

their services at the disposal of the Corporation.

I would like to refer to the proceedings of the Joint Committee on the Life Insurance Corporation Bill where Shri Sadhan Gupta himself put a question to one of the witnesses. He asked: "Would you accept the authority of the Corporation to direct you as to how you should proceed regarding the development of business?" The answer given by the witness—he was one of the chief agents—was "certainly".

I would just refer to one other matter. A representative of the chief agents said at the Committee that "if we are to continue in the new set up, we shall be happy to serve the Corporation as loyally as we served the insurance companies so far". So, I am saying that we must not let the knowledge and experience of the people go away. We should not place a discount on the knowledge and experience of theirs.

The interim report says:

"The Corporation has also recruited more than 20,000 new agents up to 31st March, 1957, and further efforts towards augmenting the agency force are being made. According to detailed reports received from divisional and branch offices for the period ending 31st March, 1957, 54,807 agents have actively procured new business for the Corporation since its inception".

One of the reasons for the low average productivity of agents in the past was that the agents did not receive any training in insurance salesmanship".

So, I would like this matter to be kindly considered, namely, that the firms and companies should not be prevented from placing their knowledge and experience before the Corporation. As regards the evaluation of the work of the Corporation—I do not want to insist upon any particular

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form or method by which this must be done—it is better that the whole thing is properly evaluated by some high authority. I am sure the hon. Finance Minister, for whose ability and industry I have nothing but most unqualified praise, will consider this matter. I am sure and I know that when he takes up a matter, he brings a lot of industry into it. I am sure he will be able to pull this Corporation through and make a success of it.

I only hope that such suggestions as we have made here will be considered sympathetically.

Shri Naushir Bharucha (East Khandedesh): Mr. Deputy-Speaker, Sir, having once accepted the principle of nationalisation of life insurance, it is our duty to stand by this principle and to see that the Corporation becomes a brilliant success. I have no doubt that notwithstanding the fact that there has been a precipitate fall in the amount of business, which was due to a dislocation which was absolutely inevitable, the Corporation will proceed to function well. I am not, therefore, prepared to pass my judgment that this Corporation will not function well. I am inclined to believe that as more and more economies of a commercial combine are realised, for instance, in the matter of less advertisement than what was previously prevailing, less of directors' and others' pay and travelling allowances, printing and publications, etc., we shall increasingly be able to get better results from the Corporation. If one may put it, if there is dislocation, if there is trouble, these are bound to appear, because it was not a small venture that the State undertook. Nearly 250 insurance companies were taken over almost overnight, and it is to the credit of this Government, I must say, that they managed to train people without the least knowledge of anybody, and those people were able to take over the management of these

insurance companies almost overnight. That was really a creditable performance.

Having given them credit for this, I now proceed to voice the point of view of the employees. I have been getting piteous letters from the All-India Life Insurance Corporation Employees' Association that somebody on the floor of Parliament should voice their grievance. I propose to confine my speech only to that aspect of the problem.

It has been said in this report with regard to the integration of services that the thing has been satisfactorily attained. It has been pointed out that even long before the ordinance, the Corporation had initiated a fresh study of the problem of pay-scales with a view to evolving new scales of pay and formula for fitting in existing employees. One realises the difficulty of integrating the staff pertaining to so many different companies. I have not been satisfied with the way in which things have been managed.

It has been mentioned in this report that the employees are satisfied. Far from it. The All-India Life Insurance Employees' Association, for instance, writes to me that they are not satisfied at all and the arrangement that has been arrived at is only a makeshift for a year or so. Their main grievance has been this: they are not getting bonus to the extent of three months' pay, which 90 per cent of the employees were getting prior to nationalisation. Of course, the answer of the hon. Minister in charge is that the Government does not pay bonus to its department.

Now it is here that I want to raise the question of a new principle and a new policy which the Government must evolve. It is not enough when nationalisation has been accomplished that we get the profits which the private enterprise used to get. It is also our duty to see that we pay as the private enterprise used to pay. Nationalisation is no excuse, if I may

use a harsh word, for defrauding the employees of their legitimate dues.

It may be said that it is a question of policy. Then I want the Government to apply its mind to the creation of a new policy and a new concept altogether. It may sound very strange that Government servants should ask for bonus. Well, increasingly this State will go in for commercial enterprises where we will be invading increasingly the private sector. Therefore, let us distinguish between the functions of the Government as sovereign functions and the trader's functions.

This is not a distinction which I am creating. It is a distinction which is recognized by the court of law. When the Government functions as a sovereign body, when it taxes for defence and security of the State or for maintenance of law and order, it is discharging its sovereign functions. But when the Government enters the market as a trader, it ceases to be a sovereign body and, therefore, it is no use arguing that it is not the principle of this Government to give bonus.

If the Government assumes the garb of a trader, a commercial entrepreneur, it is the duty of the Government to see that it will abide by all those hazards of commerce and trade which an average trader is subjected to. Therefore, it is no argument to say that because this service is nationalised, the employees are not entitled to have bonus.

I want this Government to consider and evolve a new policy, not merely confining it to the Life Insurance employees, but also to other sectors which may be in future nationalised. If tomorrow we decide to nationalise sugar trade then, can the Government say that because it is a nationalised concern, no bonus must be paid? No Sir. I submit that it is nothing but defrauding the employees. They must properly compensate them.

It is not merely a question of bonus. I may tell you that formerly the em-

ployees were having medical aid, elementary education for children, housing schemes and so on. Now all these have gone. Why? It is because of this nationalisation. We are in favour of nationalisation. But we are not in favour of depriving the employees of their legitimate dues.

It has also been stated—and it is so—that the machinery for reconciliation of disputes between the employees and the Corporation is no longer in existence. I want this concept also to be removed. If we are increasingly for nationalisation then I think the House must decide on this policy that whatever is nationalised in the purely commercial sector, in that case the employees must have all the benefits that they used to have before. At the same time, they must also have a machinery for reconciliation of industrial disputes.

When the Government enters as a trader, why should they not be subject to the laws and machinery created for resolving industrial disputes? Why should they be above them just because they are Government?

These are the points which, I think, the Government should bear in mind. Also, one point has been made about participation in politics. That is also a question of policy. If we bear in mind the distinction of the Government discharging its sovereign functions and the Government entering fields of trade and commerce, I think it will be possible for us to create a concept under which the employees of nationalised concerns will be given all the benefits which a private commercial concern would normally extend.

I put in this plea on behalf of the Life Insurance employees because I think theirs is a just cause. As this House knows, they actually went to a court of law and the court of law pronounced that they were entitled to the benefits which they were enjoying. The Court also held that under the Act the Government was not entitled to change or alter the conditions of

[Shri Naushir Bharucha]

service to the disadvantage of the employees. What did they do? They promulgated an Ordinance to deprive the workers of the dues, which had been pronounced by the court as just.

The point that I am making is this. Just because a concern is nationalised, it does not give the Government carte blanche to deprive people of their dues. We must make a distinction and I hope that a time will come when we shall increasingly see that the employees of nationalised concerns do not suffer simply because the concern has been nationalised in the interest of the nation.

श्री रामेश्वर टाटिया (सीकर) : डिप्टी स्पीकर साहब, मैं बहुत देरी से लाइफ इंश्योरेंस कारपोरेशन के बारे में सुन रहा हूँ। उस तरफ के मित्रों ने भी कुछ कहा है। इस लाइफ इंश्योरेंस कारपोरेशन को बने अभी डेढ़ बरस का समय हुआ है। एक बच्चा जो पैदा होता है वह डेढ़ बरस में न तो ठीक से चल पाता है और न ठीक से बोल ही पाता है। इसी तरह से हम इस कारपोरेशन के बारे में नहीं कह सकते कि इसने ठीक काम नहीं किया है, क्योंकि इसे बने अभी समय ही बहुत कम हुआ है। फिर भी कुछ बातों की तरफ सरकार को ध्यान देना चाहिये जो कि हमारे मित्र श्री साधन चन्द्र गुप्त ने और दूसरे मेम्बर साहब ने कही हैं। सन् १९५३ से १९५५ तक बराबर इंश्योरेंस का काम बढ़ रहा था लेकिन सन् १९५६ में एक साथ कम हो गया। गवर्नमेंट ने नई नई स्कीमें बनायीं, जनता पालिसी बनायी, आयकर में जो ६ हजार की छूट दी जाती थी उसको बढ़ा कर ८ हजार कर दिया, फिर भी जितना बीमा होना चाहिये था उतना नहीं हुआ। इसलिये हमें सोचना चाहिये कि प्राइर इच्छा क्या कारण हुआ। हिन्दुस्तान में लोगों की पर कपीटा धामयनी भी बढ़ गयी है,

लोगों का ज्ञान और विद्या भी बढ़ी है, और लोगों में इंश्योरेंस की भावना भी बढ़ी है, फिर क्या कारण हुआ कि जो प्रगति हो रही थी वह रुक गयी और सन् १९५७ के छः महीनों का नतीजा देखने से तो यह मालूम होता है कि वह और भी घटती की तरफ है। सन् १९५६ में जो हुआ था उससे भी इन ६ महीनों में कम काम हुआ है। इसका क्या कारण है यह हमको सोचना चाहिये।

श्री साधन गुप्त ने कहा कि प्रॉजेंट सेक्टर में आपस में होड़ सी रहती थी और जो एजेंट सबसे अच्छा काम लाता था उसको स्पेशल बोनस प्रादि दिया जाता था, उसके सम्मान में स्पेशल फंक्शन होते थे। पायद वंसी चीज अब नहीं है। जो एजेंट सबसे अच्छा काम लावे उसको अगर हम बोनस प्रादि देने की व्यवस्था करें तो मैं समझता हूँ कि काम बढ़ सकता है।

मैं खुद लाइफ इंश्योरेंस का काम करता रहा हूँ, मैं एजेंट था, इसलिये मैं इसके बारे में कुछ कह सकता हूँ। कुछ सदस्यों ने कहा कि लाइफ इंश्योरेंस की क्वालिटी खराब हो गयी है। मैं इस बात को मानने के लिये तैयार नहीं हूँ। आज से दस १५ बरस पहले लाइफ इंश्योरेंस की क्वालिटी आज की अपेक्षा खराब थी। उस समय ६० बरस के आदमी को ४० बरस का बतलाकर उसका बीमा करवा दिया जाता था। कम्पनियां भी विदेशी थीं, इसलिये ज्यादा जांच प्रादि भी नहीं होती थी। आज उस तरह की घाघली नहीं है। मैं निश्चयपूर्वक कह सकता हूँ कि काम की क्वालिटी खराब नहीं हुई है। और इसका ठीक पता तो आपको प्रांकड़ों से चलेगा जब आप देखेंगे कि कितनी पालिसीज लेप्स हुई हैं। मेरा नम्रतापूर्वक कहना है कि क्वालिटी खराब नहीं हुई, क्वालिटी बरकर कम हुई है।

तीसरी बात मुझे इनवेस्टमेंट के बारे में कहनी है। हम यह नहीं कह सकते कि एक इनवेस्टमेंट खराब हो गया तो सब खराब हो गये। अगर आपको यह मालूम होमा कि यह चीज बढ़ने वाली है तो उस चीज के शेयरों के दाम ज्यादा बढ़ जाते हैं। हमने देखा है कि कुछ शेयरों के दाम बढ़े हैं और कुछ के घटे हैं। फिर सारी रकम के तो शेयर हैं नहीं। ७० पर सेंट की तो गवर्नमेंट सीक्योरिटीज हैं जिन पर पौने चार पर सेंट या चार पर सेंट ब्याज है। कुछ डिबेंचर्स हैं। कुछ प्रिफरेंस शेयर्स हैं। प्राडिनरी शेयर तो सिर्फ ८ पर सेंट के हैं। जब लाइफ इंश्योरेंस कारपोरेशन बना उस समय २४ करोड़ के शेयर थे। इन दिनों में साढ़े पांच करोड़ के शेयर लिये गये हैं। कुछ शेयरों में दाम घटते बढ़ते रहते हैं। हो सकता है कि कुछ शेयरों के दाम कम हो गये हों। पर प्राडिनरी शेयरों में आप देखेंगे कि आज एक शेयर का दाम १० रुपया है तो आगे उसका बढ़ कर २०० रुपया भी हो सकता है। टाटा के जो शेयर निकले आज उनके दाम ५० और ६० गुने हो गये हैं। इसलिये यह कोई नहीं कह सकता कि अगर एक किस्म के लाइफ इंश्योरेंस के शेयरों के दाम कम हो गये तो सब के कम हो जायेंगे। लेकिन मैं यह नहीं कहता कि इसकी जांच नहीं करनी चाहिये। इस बात का पूरा ध्यान रखना चाहिये कि प्राइन्दा ऐसा न हो, लेकिन यह उचित नहीं है कि किसी एक शेयर में लास हो गया, तो उस बात को पकड़ लिया और हल्ला मचा दिया। कई बार ऐसा भी होता है कि अच्छे शेयर ले लिये जाते हैं, लेकिन मार्केट में डिप्रेशन की वजह से उनके भी दाम घट जाते हैं।

लेकिन यह एक हकीकत है कि आज पालिसी-होल्डर्स में पहले की निश्चल ज्यादा सिक्योरिटी है। इसकी वजह यह है कि लाइफ इंश्योरेंस कारपोरेशन के रुपये की हालत

वह कभी भी नहीं ही सकती है, जो कि एम्पायर आफ इंडिया और जुपिटर आफ इंडिया वगैरह कंपनियों के मामले में हुई। वह कोई पुरानी बात नहीं है। सिर्फ दो चार बरस की ही बात है। आज तक उन के मुकदमे चल रहे हैं।

15.31 hrs.

[SHRIMATI RENU CHAKRAVARTY in the Chair.]

वैल्यूज में एक प्राघ परसेंट की तेजी मन्दी शक घा जाय, लेकिन वह हालत कभी नहीं हो सकती है।

हम इस बात को भी इग्नोर नहीं कर सकते कि शेयर्स का बाईन्दा मैचड ठीक नहीं है। श्री दासप्पा बे भी इस का जिक्र किया है और मैं भी कहना चाहता हूँ कि फ़ाइनेंस मिनिस्टर साहब को सोचना चाहिये कि कोई ऐसा तरीका अपनाया जाय, जिससे प्राइन्दा ऐसी भूल न हो। तीन महीने पहले जो शेयर लिये गये, उन में चालीस लाख रुपये का लास हुआ है। इस बात को मद्दे-नज़र रखना चाहिये कि प्राखिर यह पब्लिक का रुपया है। और शेयरों के दाम दस परसेंट बढ़े हैं, लेकिन सवा करोड़ के जो बे शेयर लिये गये, उन के दाम तीस, पैंतीस, परसेंट घट गये। यह कोई अच्छी बात नहीं है। लाइफ़ इंश्योरेंस कराने वाले बीस, तीस चालीस रुपया महीना देते हैं। अगर उन्हें नुकसान होता है, तो यह सोचने की बात है। मैं निवेदन करना चाहता हूँ कि शेयर्स के लेने में प्राइवेट सेक्टर का भी ध्यान रखना चाहिये और कुछ परसेंटज उसके प्राडिनरी शेयर्स लेने चाहियें। वहाँ से बारह, पंद्रह परसेंट घाता है, जब कि डीवैन्चर्स या बांड्स से चार, पांच परसेंट ही मिलता है।

प्राखिर मैं मैं फिर यह कहना चाहता हूँ कि लाइफ़ इंश्योरेंस कारपोरेशन नेशनलाइजेशन की तरफ हमारा एक एक्सपेरिमेंट है और

[श्री रामेश्वर टॉप्लिया]

इस एक्सपेरिमेंट को हम सब को मिल कर सक्सेस बनाना है, जिससे और चीजों के नेशनलाइजेशन के सम्बन्ध में हमारी हिम्मत बढ़े और हम नई नई चीजों का नेशनलाइजेशन कर सकें ।

Shri Prabhat Kar (Hooghly): While going through the report of the Life Insurance Corporation and its activities up to June 1957 I find that the vices of the private sector are maintained while the virtues are abandoned. From the figure given here of the business for the years 1954, 1955 and 1956 we find there is a fall of Rs. 58 crores of the sum assured—in spite of the fact that today, according to the statistics, national income has increased per capita, and it is a fact that more and more people have become insurance-minded.

If you look into the figures in the report itself, you will find that while in 1944 the number of policies was 7,24,000 and it was increased to 7,70,000 in 1955, in 1956 there is a fall from 7,70,000 to 5,49,000. For the six months of 1947, the figure is Rs. 74.92 crores.

If you try to understand why there is this fall in business, it is not a new enterprise that we can forgive the person at the helm of affairs of this Corporation. It is an industry which was being carried on for a long time with a growing number of policy holders and amount insured. The moment it is nationalised and taken over by Government it cannot be said that all of a sudden the people have become averse to insurance and therefore there is this fall and that we have to educate the people about the need of insurance and the benefit of insurance. If I may say so, the fault lies with the authorities.

First of all there is so much of centralisation with the result that so

far as the service that is being rendered to the policyholders is concerned, the policyholders instead of being satisfied are today annoyed and scared away. Because of the fact that every small item has to be referred to the top man sitting in Bombay, there is delay either in accepting a policy or in granting a proper receipt after the payment has been made. The system of working needs certain changes, and powers should be given to the agents for the proper discharge of their normal duties and day-to-day functioning. Otherwise it will be difficult to render proper service to the policyholders which, naturally, is one of the main reasons why the people think twice before insuring their lives.

The second most important point is about the field workers, the persons who for all these years were working day and night procuring business and who may be called the life vein of this industry. They have not been properly treated. As regards their service conditions, although very recently there has been a scheme of categorisation, it is not to their satisfaction. When we look into this categorisation scheme we find that, as in the past, too much stress is laid on the figure of the new year's business, that is the first year's business procurement. The same policy is being pursued and the agents are being asked to procure business every year to the tune of Rs. 40,000 which is an absurd proposition today when we know that the average output of an ordinary agent is to the tune of Rs. 3,000. This undue stress on the figure of the first year's business will lead to lapsing of the business. From the report we find figures about the new business, but we are not given the figure about the lapsed policies during this year. We know, as a result of too much stress on the first year's new business during the years lapses were even to the tune of 61 per cent. In the year 1954, only 35.6 percent of the business was in force. The others lapsed. Be-

cause, if you stress too much on the first year's business, naturally, the agent or the field staff will try to give you business which, in quality, will not be such as on which the industry can flourish. As a result, if we take into consideration the figures of lapses in 1946-54, we find, nearly to the tune of 61 per cent.—ranging between 61 per cent. and 50 per cent., there are lapses. When it was expected that after nationalisation, the service that will be rendered by the agent would be taken into consideration, that the old policy of the private sector will be changed, that there will be security of service and the agents will try to bring good life and good business so that the percentage of lapses will be less, the new terms that have been given by the Life Insurance Corporation suffer from the same old defect which the private sector used to have. It is high time that this fact is taken into consideration, and as asked by the field workers, no quota no cost basis, their demand, is worked out and accordingly a settlement is arrived at.

I know very recently, while these field workers were holding their National Federation Conference here in Delhi, the hon Finance Minister met them, discussed with them about their conditions of service and also assured them that he will try to discuss this matter with the Corporation authorities and find out a solution. For one and a half years, the industry has suffered and suffered to the tune of more than Rs. 58 crores in 1956. We do not know what is going to happen in 1957. Although high promises are being held, the figure up to 30th June does not show any improvement. It is necessary in the interests of the country that these field workers are given proper remuneration and are given a guarantee about security of service. I would suggest that, as in the case of the office employees, where the Finance Minister held a bi-partite conference and came to some interim understanding, the same thing may be done in the case of field workers. The sooner it is done, the better for the industry and for the country.

While going through the working of the Corporation, one of the most important points is about this investment policy. While introducing the Bill for nationalisation of the life insurance industry, the hon. Finance Minister said that those persons who were in the helm of affairs in life insurance were not dealing properly with the funds. So far as misuse of funds is concerned, it is that they were investing money in certain shares which were, in the long run, found to be of no value. It was expected that after nationalisation, money lying in the hands of the Life Insurance Corporation will be utilised for the benefit of the country so that the country's economic progress can be properly ensured. From the Table on page 20, we find that from the 1st of September 1956 to 30th June 1957, investment to the tune of Rs. 8.62 crores was made in the debentures of companies, preference shares of companies and ordinary shares of companies. This constitutes 50 per cent of the amount invested during this period, the total amount being Rs. 19.63 crores. Out of this sum of Rs. 19.63 crores of investment, 50 per cent. had been invested in the shares of private companies. We heard the other day from the papers, and it is now a fact, that Rs. 1,26,00,000 of investment has been made in the concerns of one gentleman, Shri H. D. Mundra. As far as we coming from Bengal, are concerned, we can say that this name all the time raises some doubt. In the banks wherever they have got account, as far as I know, the bank managements are in panic. It is also a fact that the bank manager of a Foreign Exchange bank was dismissed for a certain deal with this gentleman's concern. There have been enquiries from the Reserve Bank of India. Any concern connected with the name of this gentleman gives rise to suspicion. I would only say that it is somewhat amazing that while we took away the insurance companies from the hands of certain persons who have been subsequently found guilty by a court of law, we are investing in shares in concerns of persons who are

[Shri Prabhat Kar]

already charged by a department of the Government for having infringed the law of the land, and not a small amount, to the tune of £30,000. I do not know whether the hon. Finance Minister had any knowledge before this investment was made. But, even now, this has been brought to his notice and I would request him to make a thorough enquiry and at least let the country know that after nationalisation, when this investment has been made, the Government takes full responsibility of this investment.

So far as the field workers are concerned, they have placed certain suggestions before the Corporation and perhaps before the hon. Finance Minister. From the premium, 20 per cent is taken away to be utilised amongst agents, medical bill, medical officers, office staff and field staff. The field staff gets 1.5 per cent. out of the 20 per cent. This is from the first year's premium. Then, 15 per cent. is taken away from the renewal premium. Out of this 15 per cent., 5.2 per cent. is given to the agents, 5 per cent. to the administrative staff and 2 per cent. is given to the employees. They are left with 3 per cent. If this 3 per cent. is distributed properly amongst the field workers, there will be no load on the Life Insurance Corporation and yet the field workers will be satisfied. Once we have a contented field staff, we can assure better prosperity to the working of the Life Insurance Corporation. I would request the hon. Finance Minister to take note of this suggestion.

Shri Radha Raman (Chandni Chowk): Madam, I am much thankful to the Finance Minister for having given us an opportunity of discussing the working of the Life Insurance Corporation during its first year. The report contains all the facts and figures relating to the first 12 months of nationalisation of this industry. It also contains some figures for the first six months of the current year.

Some hon. Members have been very critical of the results which the Cor-

poration has achieved in the first year of its nationalisation and the first six months of the second year. I am conscious that when this Corporation came into existence and this industry was nationalised, it had many difficulties to face. It was a very big thing, and we all believed that it was a great step and that the Government had done the right thing. We wanted that insurance should be nationalised and thought that the nationalised industry would prosper much faster than it was doing before, and I am of the opinion that if the working of the first year is reviewed in the light of the circumstances that prevailed then, it is not very disappointing. Although we wanted the results, to be much better, the results achieved were not so bad. We cannot actually judge things unless we bear in mind the circumstances in which the nationalisation of this industry was undertaken.

I am fully aware that the business of the first year was too small compared to our expectations, but the reasons are explained in the report, and I do believe that those reasons are responsible greatly for the low business that we did. The year 1955 was a boom year for insurance in our country and business of the various companies, in that year had gone up by leaps and bounds. I do not want to go into the reasons because they are contained in the report.

In the first six months of the second year I feel that the business has slightly progressed. Although I am not very sure whether we shall be able to achieve the figure of 1955 or do better, I am sure we will fare much better than what we did in the first year. All the same, I feel there is great room for expansion, and if the snags that lie ahead are removed, the life insurance business will go much faster and we will have much better results than what we are having now.

The Finance Minister in a speech at Bombay on the 14th April said that he felt that the functioning of the Life Insurance Corporation was not very

satisfactory and that he wanted to improve it. In this connection he also said that he was contemplating some major changes in the management of the Corporation. We have been waiting for long for these major changes to come. I somehow feel that we are taking unusually long time to set things right, to have those major changes brought about in the Corporation and its functioning.

I fully associate myself with the views expressed by my hon. friend Shri Dasappa that in our country there is very great room for expansion of this business. We were doing business of about Rs. 250 crores through nearly 250 companies throughout the country and there was much room for expanding this business, and we thought that after nationalisation the speed would be faster and our business of Rs. 250 crores would increase substantially in the subsequent years, but so far that has not been achieved.

The success of a life insurance company as was previously judged depended on healthy competition, limiting of the expense ratio and overhead expenses and limiting of renewal expenses. It also depended on easy conditions of payment of premia and quick disposal of claims, and lastly on the willing cooperation between the insurer and the insured, as well as on the satisfied worker. If we look into the present functioning of the Corporation in the light of these factors I feel there are many defects which have greatly contributed to our present results and because of which we were unable to expand the business as fast as we thought we could.

As I said, after nationalisation healthy competition has been removed. There was a suggestion by some hon. Members in this House that if we wanted to nationalise this industry it was better we had more than one corporation, with the object of maintaining competition which was previously maintained by so many companies, but that was not accepted.

When the industry was in the hands of the private sector we were always emphasising that there must be a limit on expense ratio, and each company which had spent more than what was prescribed was taken to task. There was sufficient vigilance over that. But I think under nationalisation there is not much provision made for checking the expense ratio and to maintain it within limits. After the monopoly expenses must go down instead of going up.

As regards overhead expenses too, previously there was a lot of vigilance and each company which exceeded the limit was made to reduce it in one way or another, and there was sufficient check over it. Presently we feel there is not enough vigilance on that account also.

With regard to conditions of payment of premia and quick disposal of claims, when the industry was in the hands of the private sector the companies were affording quite a lot of facilities to the insured for payment by easy instalments. Although those conditions remain, yet I find the policyholder is not very happy with regard to payments. When it is delayed there is always a heavy interest to be paid, even for a day or two. Previously they were just relaxing these conditions to the extent of 15 days and even a month, but at present there is a rigidity and the policyholder who is to pay the premium on a particular day, if he is unable to pay on that particular day and pays a day or two later, has to pay additional sum as interest and he dislikes this. So, I am drawing the attention of the Government and our worthy Finance Minister to the point that there should be some check up in this respect. If we can relax the conditions of payment of premia by the policyholders, it will greatly help to check the lapse ratio, make the policyholders happier and induce them to go in for further policies.

With regard to quick disposal of claims, the Government claims that there is no red-tapism and that every

[Shri Radha Raman]

effort is made to pay the claims as quickly as possible, but if I know rightly and if I have judged the conditions well they stand today, I can say with some knowledge that claims are not disposed of as quickly as they used to be done by the private sector.

16-00 hrs.

[MR. DEPUTY-SPEAKER in the Chair]

Therefore, I would request the hon. Minister to see that these handicaps are removed and necessary steps are taken to expand the business and efforts should be made to pay genuine claims in time.

With regard to cooperation between the Corporation and the insured, I think, the position there is not very satisfactory. Although no specific grievances have been brought out here, I may tell you that when I talked to a friend who was engaged in the industry, I felt that there is a genuine sense of dissatisfaction. The insured feel that the business would be run better than it was during the previous years. He expects that the amount which may be claimed at the time of maturity or in case of death, will be paid with that quickness at least and willingness as was the case when the affairs were in the hands of the private sector.

Mr. Deputy-Speaker: How can willingness be seen?

Shri Radha Raman: It can be seen by the time that is taken and the methods that are adopted. The people may be sitting there just looking after their work, thinking that it is not their responsibility, but, if we make the men personally responsible, that will automatically result in bigger business and all efforts should be made by him to pay the claims as quickly as possible.

When I say this, I feel that the report that has been placed before us, is a thought-provoking one and we have to find out as to what were the reasons which have led to the fall of business and whether that was all inevitable.

It is true that there was bumper business in 1955, because there was staff insurance. There was also the carried forward business. All these factors were there. I am certain that if there was satisfaction on the part of the workers and if the new conditions had been properly adjusted right from the very beginning the results would have been much better than what they are today.

I would now suggest a few steps in order to improve the business that we have undertaken to do through the Life Insurance Corporation.

Previously, I find, there was hotchpotch arrangement and everybody who could use his influence and get some business was made an agent or a special agent or a chief agent, whatever may be the name by which he was called at that time. When the Nationalisation took place we all thought that adequate attention will be paid to the proper training of these people. The agent has got a great responsibility upon himself. He has to be conversant as to what actually Insurance means and how it can benefit the common man or the policyholder. An average agent did not know all these things. An average agent does not know it even now. Government should take special steps to see that every agent who does the business of insurance should know his job well. He should know that he is doing the job not merely for getting some advantage or some remuneration thereby but that he should serve the policyholder who is at his mercy. But, so far Government have taken no steps in this direction.

There is, therefore, a great need of paying some attention to this problem. There should be some training courses or some methods by which the average agent could be trained properly as to what he has to do in the case of non-payment of premiums or late payment of premiums and the job to be done when the claim matures either by death or by expiry of the time.

I do not know whether the Finance Minister will agree with me when I say that Life Insurance business should not be monopolised outside the country. I find that business by private insurers is stopped even outside the limits of the Indian territory. I do not see any reason why companies are not allowed to function outside India. There is a healthy competition there. There are so many companies of other countries which are functioning there and there will definitely be some benefit derived by us if we think in terms of having no monopoly outside our own country. I would like to place this thing before the hon. Finance Minister for his consideration. I feel that in the case of workers, you have fixed certain remunerations. Some are fixed and some others are based on monthly or quarterly returns. These workers just go about and help the agents to get business. I know the agent is given some commission if he does more business. At present, the worker, or the Inspector or the field officer—by whatever name you may call him—is not getting anything beyond what he is getting in the regular course. Previously he used to get some income according to what business he was getting every month. There was a system of payment of bonus and the workers' bonus depended upon the increased business which they brought to the company.

So, this is my appeal to the Finance Minister. Whenever a worker does more or better business, he should get more money either by way of allowance or by way of bonus, i.e. in addition to what he would get in the usual routine manner.

Coming to the question of investments, we have had some talk on this subject in this House. The Corporation has made investments since its functioning but I somehow feel that the investment business should be completely, taken away from the Corporation and there should be a separate statutory body to function for investments. I say this because there is much that is required to be done in the case of our investments. We have

recently seen that in case of one investment the Corporation has lost as much as Rs. 40 lakhs. It is my view that there should be separate provision for investment work. If we do that, that will help in avoiding losses on investments which may occur because of the tendency to invest in securities which are not well secured.

Mr. Deputy-Speaker: The hon. Member must conclude now.

Shri Radha Raman: I will be concluding in one or two minutes. I feel that the policy of investments requires greater vigilance.

With regard to the security of services some hon. members made some suggestions, and, I think, there is a general dissatisfaction on this account as well.

In the first instance, Shri M. C. Shah headed a committee which ultimately decided the fate of so many senior workers who were getting more than Rs. 500. Then, we had the Lall Committee. The Lall Committee also decided about the senior officers and interviewed so many workers throughout the country. But, the Government had been telling that there will be security of service and there will be the implementation of the recommendations of the Lall Committee. There is a provision in the Act also to decide about the service conditions. I think unusual time is taken to decide these matters. I only wish that the Finance Minister may expedite this thing because a lot of dissatisfaction among the workers exists on account of the unusual time that is taken for the implementation of the Lall Committee's report. They are all expecting that anything that is to be decided should be decided as quickly as possible.

Mr. Deputy-Speaker: Shri Ghose. But, I would request the hon. Member to take only 5 minutes.

Shri Bimal Ghose: Sir, I was one of the movers of the motion.

Mr. Deputy-Speaker: It was only at the hon. Member's suggestion that I did not impose any time limit. I agreed with his advice.

Shri Bimal Ghose: Therefore, you are imposing this time limit on me?

Mr. Deputy-Speaker: I have been acting according to his advice; why should he complain?

Shri Bimal Ghose: But why should you impose it on me?

Mr. Deputy-Speaker: I rang the bell and he said some time should be given. He did not rise and I thought he was not anxious to speak.

Shri Bimal Ghose: I may be given 10 to 15 minutes.

Shri Nathwani (Sorath): You may extend the time.

Mr. Deputy-Speaker: The maximum limit of time for such like discussion is only two hours and a half. I have already extended the time by half an hour which is unusual and which would not be a precedent for the future. Therefore, it is not possible to extend it any longer.

Shri Nathwani: You were good enough to extend it by half an hour; you can extend it by half an hour more.

Mr. Deputy-Speaker: There is limit for being good enough also.

Shri Bimal Ghose: As you know my name came to be clubbed with the movers of the motion because I had asked for a half-an-hour discussion in relation to the replies to the question which was tabled by Shri Nathwani and Shri Morarka with regard to the investments of the Life Insurance Corporation. Therefore, I shall be speaking primarily upon this investment aspect of the activities of the Life Insurance Corporation, although I shall take this opportunity to say a few words on certain other aspects of its work also.

In spite of the fact that the working of the Corporation has not been up to our satisfaction, we do not rue the

support we had offered to the proposal for nationalisation and we still hope and are confident that our expectations will not prove false and our hopes would be fulfilled.

With regard to the business of the Corporation, it is true that the business has gone down. As I said on a previous occasion, we should not take an alarming view because there were teething troubles; it had to be reorganised and business in the first year would naturally be lower than it was before. But I am sorry to find that this report tries to belittle the fact that there has been less business and the causes given will not bear scrutiny; because the causes are stated to be that formerly there was a reduction in premium rates, that there was staff insurance and the Estate Duty came in.

The fact is that after the Corporation came into being, the premiums were still further lowered; there have been the Janata policies and there have been the group insurance policies; and yet the business has not gone up. Therefore, their arguments cancel out. Incidentally, I should really congratulate the Corporation for having taken the decision that policies of certain insurance companies would not be written down although they have not sufficient assets behind them.

Coming to the question of the dissatisfaction amongst the workers, there are three categories. There is the question of the officers. I would like to say only two things about the Lall Committee. Although the Lall Committee reported in June 1957, no decision has yet been taken. That is a very long delay and Government should take a decision. The second point is that the hon. Minister here stated that it is the Corporation's business to find out as to how they will deal with the report of the Committee. I do not think that this is quite fair view, because it was the Government which had appointed the Committee and, therefore, Government cannot divest themselves of all

responsibilities with regard to the report of the Committee.

Then, with regard to the administrative staff. The Finance Minister had intervened and had come to a satisfactory arrangement. But, I received a letter from an association to which Shri Bharucha referred that although the general terms are satisfactory, dissatisfaction remains with regard to the question of bonus. And, I endorse everything which Shri Bharucha had said because if Government run these companies as commercial concerns there is no reason why bonus should not be paid to workers if profits accrue. Commercial concerns should be treated on the same par whether they are in the private sector or in the public sector. Shri Bharucha had argued that case and I do not want to take much time.

About field workers there is dissatisfaction and the Finance Minister also knows about it. I only hope that as he had settled the problem in the other case, namely, with regard to the administrative staff, he will intervene and come to some satisfactory solution in this case also.

It is stated in the report that the categorisation was proposed to be done on the basis of the work in the Corporation during the period ending 30th September, 1957. That would have been extremely unfair because during this period the work of the Corporation was disorganised, the workers and the agents did not get the benefit from the Corporation that they should have got and, certainly, their work was hampered. Therefore, this period is not quite fair to take into account for deciding the question of categorisation.

Coming to the last question which is about investment, there are a lot of points that I want to bring to the notice of the Finance Minister. Although when the business was nationalised it was stated by the then Finance Minister that investments in any sector would not suffer, we find that investment in mortgages have been frozen. No further investments under

mortgages are being allowed, and that is a great handicap, particularly to middle-class people who take loans from insurance companies for building their houses. I would like the Finance Minister to intervene and see that this business is revived.

I find that the investment in shares, debentures and preference shares has increased. That is very good because an assurance was also given that the private sector will not suffer by nationalisation. As a matter of fact, the private sector has not suffered at all. It has gained, on the contrary.

It appears that there is a feeling that the Life Insurance Corporation comes into the market whenever the Stock Exchanges are in difficulties. I would like to know from the hon. Finance Minister what the position of the investments of the Life Insurance Corporation in equities is. What is the policy with regard to this? Is it the desire of the Government that the Life Insurance Corporation will carry out open market operations in equities just as the Reserve Bank carries out open market operations in securities to maintain the health of the Stock Exchanges? Because when the Life Insurance Corporation intervenes in the Stock Exchanges we find that they show some life.

The Stock Exchange are often in difficulties, and it is only when the Life Insurance Corporation intervenes that there is some buoyancy imparted to the market.

Incidentally, you will realise that the situation is becoming more dangerous from one respect that today the Stock Exchanges which are in the private sector depend very often for their life, so to say, or for their energy on the Life Insurance Corporation. If the Life Insurance Corporation does not intervene, there is a depression in the market; and, then, when the Life Insurance Corporation comes in the stock market revives. What is Government's attitude in that regard? Do they feel that it is a good thing that the Stock Exchanges should be

[Shri Bimal Ghose]

made dependent upon the public sector for their very existence?

Thirdly, we find that there has been a lot of criticism with regard to certain purchases made by the Life Insurance Corporation, particularly, in regard to the shares of the Mundhra group. There is one thing I should like to ask the Finance Minister in that regard. He stated that in making these purchases Government is concerned only with the profitability of its investments. That is a proposition which, I think, the Finance Minister will not accept in toto. It is not a question of mere profitability but also the soundness of the concern. If the Government comes to know that there are certain shares which are really profit-earning, which give good dividends but at the same time they are managed by people about whom there is lot of suspicion, then certainly an institution like the Life Insurance Corporation would not invest in such companies I am sure that the Government knew about the activities of the person whose shares were brought by the Life Insurance Corporation. Was it a desirable thing to do? I feel that the reason why Government bought the shares of this concern were not merely the question of profitability, but probably Government were to get moneys through other sources from the same person and it was through the purchase of these shares which put that party into funds, which funds were then taken by Government for meeting the other obligations that the person owed to certain government institutions. I am not quite sure if that is so, but even if that is so it is not right and proper that the Life Insurance Corporation funds should be utilised in that fashion—to obtain money in that manner with a view to get the dues owed to certain other government institution by the same person. It is also known that in one of the companies in which shares were bought a large amount of cash from that company was taken away illegitimately by the same person, yet a large group of

shares in that concern was bought. Now, I do not say that the Life Insurance Corporation will lose money by such dealings but what I want to say is that this is not the proper work of a Corporation of this kind which is dealing with poor people's fund.

Thirdly, I find that the Corporation has been engaged in the business of under-writing of shares. We know that when the Industrial Finance Corporation was first set up, although it had the power to under-write shares, that power was not exercised because it was said that this was not a proper thing to do. There were risks involved in that. I should have thought that Life Insurance Corporation funds should not have been utilised for under-writing of private offers of shares. And, we find from the replies to a question that was asked here that in practically all the cases—I believe, excepting one where the Life Insurance Corporation had under-written shares—they had to purchase the whole quantity of the shares that had been under-written, which indicates that the shares were not so much popular. If they were not so much popular then the Life Insurance Corporation should not have cared to under-write those shares. I do not think that it is proper for an Institution like the Life Insurance Corporation to engage in this kind of business.

Finally, there are two other points about investment business that I want to say before I finish. One is, what has happened to the Bill to which Mr. T. K. Chaudhuri made a reference, which Government introduced in last session and which was a salutary measure for controlling and directing the investments of the Life Insurance Corporation. That Bill seems to have been withdrawn or is just in abeyance. We do not know what has happened to it. It was a very high-powered Committee that the Bill envisaged and it would have appeared that that Bill could have done some justice to the question of investment of Life Insurance funds.

Finally, Sir, there is one point with which the hon. Finance Minister may or may not agree, but which I have brought before this House many times, viz. the question of investments being made through particular markets. We find that Bombay is getting all the preference and Calcutta and other markets are suffering. Those responsible for the stock exchange market in Calcutta have brought this matter even before me and have told me that the Calcutta market suffers in relation to the Bombay market. It is not fair. Even with regard to Government securities most of the transactions have gone through the Bombay market. It is true so far as Government securities are concerned, Bombay happens to be more important than any other financial market, but that is probably due to the fact that the Reserve Bank also operates in that market. If it were not so other markets could also gain much better prominence. So, I should like the Finance Minister to take that fact into consideration and see whether he should not offer his support to other markets also and not make them feel that they are being adversely treated in relation to Bombay market.

Shri T. T. Krishnamachari: Mr. Deputy Speaker, Sir, I welcome this discussion. It has got postponed for long and I am glad that the House has been able to express its mind on the working of the Life Insurance Corporation.

At the outset I would like to say that I do not propose to defend some of the charges made, for instance, the question of business, the question of promptitude, the various lapses in the organisation because these are facts which are there, and the mere question of eloquence or marshalling of a few circumstances which perhaps justify them do not hold a cover-up to the issue. The fact remains, Sir, as one hon. friend put it "the teething of this particular baby has taken a very long time."

The manner in which we started—we probably did not know, the ques-

tion of 180 companies being integrated was, if I may venture to say so, almost a superhuman problem. I have mentioned once before on the floor of this House that a very good manager of a medium-sized insurance company does not happen to be as good when he is asked to deal with a Corporation of this magnitude. Hon. Members have been finding fault with us for using the people who have served private enterprise. I offer no apologies to the hon. Members for doing so because these people who were serving private enterprise in the past have been successful insurance men. They are selfmade men. Many of them have built up their companies and it is on the strength of their record that we have taken them and given them positions of responsibility. Even so, it happens that the responsibility is so heavy that they find it very difficult to discharge adequately without further experience of handling a mechanism of this magnitude. Much of our trouble, Sir, I have to put down to the comparative inexperience of the people handling such a big organisation. Maybe, in the light of what has happened, when we are going to nationalise some other organisations of this nature we might begin in a different way but there is no use going back on what has been done. All that we could do is to reorganise it. My hon friend, Mr. Radha Raman said that I have mentioned on the floor of the House that I am not satisfied with the present organisation and that I propose to reorganise the machinery. Such a thing is easier to be said than done because I know that I had to come to this House for legislative sanction in order to drop some of the useless limbs right from the top to the bottom, and perhaps expand some of the limbs which are useful. And the House, hon. Members know, is fully occupied; it has not got much spare time, and preparations of a Bill, having in mind vigilant eyes of people like Mr. Nathwani who would very legitimately and correctly find fault with our bad drafting, takes time. I do hope it will be possible for us to place be-

[Shri T. T. Krishnamachari]

fore this House sometime next year a Bill which will ensure better organisation for the Insurance Corporation.

I should like to touch upon one matter before I go into details regarding organisation of the Corporation, viz. the question of investment. I am afraid, Sir, that in this question of investment, perhaps very rightly, prejudices have played a large part in hon. Members' expressing their opinion on what the Insurance Corporation has done.

So far as the insurance companies are concerned, I still maintain that profitability and proper investment of its funds is the main purpose behind the Insurance companies which have been investing money in any form of security. And profitability means enduring profitability, not evanescent profitability. I know that the hon. Member Shri Bimal Ghose knows it but he found that it is suitable for him to make a point of it. A thing must be profitable for all time, because insurance investments are there for all time.

The second fact that the hon. Members would please note is that the insurance companies are not sellers, and therefore Shri Radha Raman is not correct in assessing a loss. Because there is no selling, there is no loss. The question of loss and profit to a man who operates in the stock exchange is different from a person who buys for investment. The man who buys for investment judges the value of the investment on the basis of reasonable return. I do not see any fear being expressed that the return in regard to the companies in which insurance funds have been invested is likely to be jeopardised.

The other fact that the hon. Members opposite, particularly made a point of was that there was some relationship with some particular individual and his, may I say, perhaps reputation. I cannot use the words which they have used, because it would not be proper to use those

words in this House. These are firms. Maybe that one person gets 25 per cent. or 30 per cent. control over the company today or he buys up the managing agency. He goes tomorrow and other person comes. If the insurance company has a substantial stake in it, naturally it will assert itself.

What is necessary is whether the company in which the insurance company invests its money is a substantial one, having regard to the fact that stock exchange value of the shares of the company is not a material factor. It is the real worth of the company which the material factor.

Take, for instance, the investment of the insurance company in Indian iron, which is selling probably somewhere about Rs. 20 or a little less today. There was a time when it went up to Rs. 80 in 1937. Even today, as I know it because I have been in charge of that particular industry, in relation to its capital, the total amount of assets that it has is perhaps several times over. The Government has lent money to this concern, and it is a very substantial investment, because Government sees that it gets a reasonable profit and it will get a reasonable profit because we will need steel for a long time to come. I do feel that this is the type of company in which public funds should be invested, because returns for this public investment will be ensured. Maybe that may be a mistake—I do not direct the investment of the Insurance Corporation—and may be in one or two cases, for instance, they might have gone in for textiles; they might have gone in for some small thing here and there which is not probably good or they might have judged it from the facts of the situation which they have before them.

But so far as I am concerned, looking at it from a distance, I think it is good and proper that public funds should increasingly be invested in those blue-chips, as they call it, where returns are safe, where the industry is a stable one and an

important industry. I cannot see any better use for public funds than for investment in those concerns.

That brings me to another trouble. Hon. Members opposite think that I am favouring the insurance company, and through my instigation, favouring the private sector. Some hon. Members on this side seem to think that the Government is getting control over the private sector through the backdoor. Well, I think my justification any my *bona fides* are established. Naturally, all that I am concerned about and all that the Insurance Corporation is concerned about is to see that the policyholder gets a proper return and an investment which is a safe one, and we also see that in future, as far as possible, the public do have some share in the prosperity that belongs to those concerns which have grown and developed under the auspices of Government influence and Government protection. That is a culmination which I think we should wish for, and if you ask for my own views as a person who had some experience of this, I think it is a proper thing to do in an economy like the one which we want to build up.

So far as the details are concerned, as I have said to the House, the insurance company is not normally a seller. It is only a buyer. Therefore, the question of a loss now can be converted into a profit tomorrow and it does not arise. Of course, probably if hon. Members wish to raise this discussion, I shall ask the Insurance Corporation to put all the papers on the Table of the House, and if there is anything which will perhaps hurt it, the Insurance Corporation will take adequate steps to see that their interests are protected.

It is nowhere the case of trying to help an individual or a group of individuals merely because some one person is connected with a particular company today; he may not be connected with it tomorrow. But the insurance company stays, and its holding stays in its hands. Therefore, I would like once for all to disabuse

the minds of the hon. Members here that there is any policy of helping any individual excepting helping public investment, the investment of insurance companies' funds. I do hope that in future, this aspect of our investment, as insurance companies' fund grows, of insurance companies' fund will also grow.

One matter which was mentioned by my hon. friend Shri Bimal Ghose is about the question of a high-powered body controlling it—about the opportunities for Calcutta to participate in this investment, similar to Bombay. The hon. Members know that we have a Bill here for that purpose. It is my intention that the high-powered body should be the highest that we can possibly get hold of and which can resist to a large extent any pressure that even Government can put on it.

Secondly, it was also my intention that there should be advisory committees in various cities, Bombay, Calcutta, Kanpur, Madras and in other places where there should be a market. It is also my intention that this question of mortgages on which Shri Bimal Ghose laid so much stress should be revived. The insurance companies have in the past played a large part in regard to building houses, in regard to building offices. Nothing would do right, to some extent, wherever investment is safe, wherever returns are reasonable, then these mortgages should be revived. If there is a high-powered board, it might lay down the conditions in which mortgages should be given and the mortgages can be given by the various branches and divisional offices of the Insurance Corporation.

The idea that an investment committee should meet once a quarter and do all sorts of things is difficult. It is better for three or four people to lay down the principle and have an advisory committee in which the insurance company could do all this secretarial work wherever it is necessary. These are suggestions which have to be taken note of and should be implemented as early as possible. But that does not mean, "do it next

[Shri T. T. Krishnamachari] month or two months hence". But it should be done over a period of time. I am grateful to the hon. Members who have made constructive suggestions in this matter.

On the question of the future of the company, it is very difficult for me to say what business they will do this year. I hear that on the 25th of November, they had completed business to the extent of Rs 196 odd crores. They had proposals and business completed, in their hands, to the value of Rs. 248 crores. The Chairman whom I met some weeks ago told me that he expects to reach the figure of 1955 this year. Whether he would be able to reach the Rs. 50 odd crores during the remaining six weeks of the year is a matter for him to judge, but in view of the fact that he had proposals on hand which are very near the figure which were reached in 1955, it perhaps leads us to hope that the 1955 figure might be reached or somewhere near that. It is all to the good. It shows that we are getting out of the morass.

An hon. Member made a reference to the question of lapse ratio. The lapse ratio can only be calculated after a full year's working, but the present trends show that the lapse ratio is certainly better than what it has been. But I would not like to vouchsafe the position as being really true. This is what I have got from the office.

Then the question of bonus was raised. It is very difficult for us, for a Government concern, to think of bonus, particularly in relation perhaps to a set of staff who do not probably do anything to stimulate an increased business. I think the hon. Member who was speaking from the opposite side—L think Mr. T K. Chaudhuri—made a slight error, that is to say, he more or less equated the position of the field workers with that of the insurance agent. The position is slightly different. Anyway, if he reads the speech, he will find what it is.

I had suggested that we should have some amenities fund. These amenities should grow. And there should be a committee of these people increasingly associated with the question of problems of insurance and their own problems. The Chairman told me that because of preoccupation he could not get the thing moving. But we do hope to be able to do it.

I am very happy that hon. Members do appreciate the little that we have been able to do in regard to staff. I have myself found a very good reward of whatever we have been able to do from the smiles that we often get from these people when we see them. There is no question of hostility either to the Minister or to the management. I might also say that is our approach in regard to field workers as well.

The question of salaried workers and their newly framed pay scales and the method of fitting them in has been engaging our attention for some time. In doing so, we have to keep in mind that field workers are primarily salesmen and that any scheme formulated must provide incentives. I do not, of course, say that we should not depart from the practice of the private enterprise, which resorted to the practice of "hire and fire" and where salaries were more or less proportionate to the actual production of business. But it is essential that there should be incentives.

On the 30th September, 1957 the Corporation announced "the terms and conditions of service of salaried field workers" and the categorisation or fitting of the existing field staff. These were formulated after a good deal of thought and after it has had long discussions with field workers themselves all over India. The scheme provided for a salary scale, the increments depending on a review of the work of the officers during the preceding year and the extension of other benefits like provident fund, gratuity, leave etc. to them.

After the scheme was announced, representatives of field workers met me some time last month. They had also met the Prime Minister before. I had a talk with them, a fairly long one, rather late in the night, and I did assure them that we will try to do our very best in order to give them a fair deal and we shall try to effect such changes and modifications as are necessary in the scheme that has been put out in the interests of these people.

I had also arranged a conference of the representatives of field workers and the Corporation and the discussions that were held between these two, I understand, were free and cordial. It lasted for several days. As a result of these discussions, the Corporation has further liberalised the scheme.

I have before me the scheme which has been liberalised. I do not want to go into the details of all the modifications and concessions made. A copy of the scheme originally framed as well as of the scheme, as modified, are being laid on the Table of the House. I have got it here but they would probably like me to authenticate it. Anyhow, I would certainly lay it on the Table. [Placed in Library, See No. LT-420|57]. They are:—

(1) It is clarified that persons recruited to the cadre of field officers from the ranks of the agents would be placed on the higher scale at appropriate salaries, taking into account their experience. They will not be required to undergo any period of probation.

(2) Irrespective of his previous salary, a field officer who has done new business with a premium income of Rs. 10,000 or more will be fitted into higher scale. This concession, it is expected, would benefit a large number of employees and to a substantial extent.

(3) The conveyance allowance in rural areas have been increased to the level of the allowances available in the cities.

(4) The "quota" has been lowered firstly by reducing the quotas themselves and secondly by liberalising the interpretation of the expression "agent" who has ceased to work in 3-II-B of the categorisation circular.

(5) Under paragraph 4 of the categorisation scheme, emoluments are increased or scaled down according as how the production compares with the quota. The limits of the comparisons have been scaled down so that more persons will get increases, including double and triple increments and fewer persons will have to face a reduction in salary. This concession together with the reduction in the quota means a substantial liberalisation.

(6) The gratuity has been increased from half a month's salary for each year of service (after 1st January, 1958) to one month's salary for each year of service.

The scheme, particularly after its revision, is indeed, I think, a reasonable one and, for the first time, in the history of insurance, provides a regular and stable career to field workers. Hon. Members might note that under the scheme it is proposed to allocate exclusive areas outside the big cities to field officers which they could develop intensively and scientifically. We hope that many field officers would accept transfers from cities and help the Corporation in their drive for new business. The appraisal of field officers' work would not be confined merely to new business but all aspects of work including new business, cost ratio, efforts made in recruiting, training and motivating new agents and routine services to policy holders. In fact, by this scheme, the Corporation has given the field officers a new status which, with a few exceptions, they lacked under private enterprise.

[Shri T. T. Krishnamachari]

I may mention that the impressions gained in the talks was that though the modification in the scheme agreed to by the Corporation commended itself to a large number of delegates, a categorical acceptance by them could not be obtained because their mandate from the workers was that there should be no settlement unless it was categorically provided that the services of none will be terminated and there will be no reductions in emoluments. We have gone to the farthest extent possible in accommodating this view, but it would not be possible for the Corporation to agree to the demand in this extreme form. If a person does not do any work, well, he will be affected. But, so far as termination of services are concerned, it is not automatic. Where an officer's performances are very poor, a committee will go into his case individually and only where it is convinced that the poor performance was due to lack of application or diligence, termination would result.

In fact, the approach would be "how many can be saved", rather than "how many can be terminated". As regards reduction, no officer who has applied himself will have to face any cut. They have still time till the end of the month to improve their performance. Any such assurance would be unfair to the large number of workers who have worked hard and increased the level of the business to a new high level.

I hope I will have the endorsement of the other members in this decision of mine, that is, of those who have not yet signified.

I would like to tell the House that in this particular matter there is no question of any hard and fast rule and there is no question of rigidity. We would like to accommodate the largest number of people. So far as I am concerned, I can tell this House—though my friends in the opposition may or may not believe it—that

it is a matter of primary concern to me that the people who work in the insurance field must be satisfied and a reasonable amount of satisfaction should be provided for them.

There are other valuable suggestions made by my hon. friends Mr. Dasappa, Mr. Radha Raman and others. Well, all these will be taken note of. It is not possible for me, not being an insurance man, nor being the Chairman or the General Manager of the Life Insurance Corporation, to be able to give an answer straightaway. But, as I said, I value this discussion greatly because it has given, an opportunity for the hon. Members to express their opinion and for me to explain the position because I do consider that there are defects still in the existing organisation, defects which can be remedied.

My hon. friend, Mr. T. K. Chaudhuri, mentioned about somebody, to whom Rs. 82,000/- was owing. Well, if anybody had Rs. 82,000/-, next time we would have heard from a court. There must be some trouble about it. But that does not mean that the service that is given is excellent. It is not even medium, it is something below medium. The service must be improved, and must be vastly improved. While I do not lay any blame on the staff or on the management, the only blame that we can attach is to the fact that we have to learn and we are learning. I have no doubt if the present spirit that motivates the Life Insurance Corporation, at all levels, continues and progresses, we shall be able to give a better account of ourselves when we give the annual report to this House. In the mean time let me tell the House that there is nothing underhand, there is no question of using the insurance funds to please any category of peoples.

My hon. friend made some mention of some hon. Member in the House and mentioned something about it which, I think, is extremely unfair. No hon. Member of this House can

Minister, has got anything to do with any investment. It is being done by the Corporation and it is purely with a view to benefiting the policyholders. So far as I am concerned, I do not mind even admitting that when a colleague of mine the other day wanted the Corporation to take some subscription in one of his concerns—I mean not his private concern, but one of the government concerns where the return will be poor—I said I shall not exercise my influence to see that the policyholder's money is invested even in a government concern where the return does not happen to be what I consider legitimate. I am not going to use my influence at all in any way so far as investments of the Corporation are concerned.

Shri T. K. Chaudhuri: I never said that that person, that is the particular Minister about whom I mentioned, did use his influence; but he happened to be connected with those firms some time back before he became a Minister; so lest his name gets tarnished, as also the good name of the Government, there should be a thorough enquiry. Not about him, I did not say anything like that.

Shri T. T. Krishnamachari: I know my hon. friend very well. He is always generous. Even when he wants to find fault with us, I know he is generous. I did not mean to say that he found fault with my hon. colleague or anybody. But I do say that the Ministers of this Government have nothing to do with it; the only Minister that has something to do is myself, and I can tell you that it is my policy that even when a government concern wants the Corporation to invest money at a rate which is lower than what the Corporation can get from outside, I do not propose to ask the Corporation to invest the money. Therefore, hon. Members may be assured of the fact that the interests of the policyholders are looked after and are safe and that no investment is being made in a manner which will

jeopardise the interests of the shareholders.

But I am glad that this matter has been mentioned because of one or two points mentioned by Shri Bimal Ghose in regard to the proposals that I have put before the House, which are still pending, in regard to the question of investment and mortgages which would help the small or medium-size people and also help the building of an opposition house. And it is a question of other parts of India also taking part in this investment. I would be very grateful when that Bill comes up before the House if it does approve of the policy that the Government would like the House to approve of, namely that the investments of the Corporation should participate in the progress which achieves in the economy through the measures that we are taking as Government and which have been approved of by this Parliament. That, probably, we would be able to consider when we take up that Bill. Now that I find there are a large number of people in this House who perhaps like the Bill, perhaps that Bill might be given a chance, if not in this session, at least in the next session.

Once again let me say that I am very grateful to all the hon. Members for all that they have said either in favour of the Corporation or against the Corporation all of which has been very valuable so far as I am concerned.

Shri C. K. Nair (Outer Delhi): There is one thing which I cannot understand. He said that Government has yet to learn to organise. I do not understand it when the most experienced insurance veterans are in the country whom the Government could easily utilise for the advance of insurance business.

Mr. Deputy-Speaker: They are utilising them.

I shall now put the substitute motion of Shri T. K. Chaudhuri.

Shri Sadhan Gupta rose—

Mr. Deputy-Speaker: There is no right of reply in these discussions.

Shri Sadhan Gupta: Yes, there is, under rule 358.

Mr. Deputy-Speaker: No, not for this.

I shall put Shri T. K. Chaudhuri's substitute motion to the vote of the House.

The question is:—

That for the original motion, the following be substituted, namely:

“This House having considered the interim Report of Life Insurance Corporation records its strong disapproval of,—

(a) the manner in which the Investment Committee of the Corporation has conducted its investment policy in regard to private equity capital, and debentures, preference shares of

certain companies in private sector and other securities, of such companies;

(b) the policy of the Corporation in regard to its employees, and particularly in regard to emoluments, and service conditions of field workers who procure business for the Corporation;

(c) the unsatisfactory condition of various services rendered to policy holders; and

(d) its policy regarding organisation of branches.”

The motion was negatived.

Mr. Deputy-Speaker: I shall now get on to the next item. Shri Jhulan Sinha. The hon. Member is not present. Then the House stands adjourned till 11 A.M. tomorrow.

The Lok Sabha then adjourned till Eleven of the Clock on Thursday, the 5th December, 1957.