

**Shri Jhulan Sinha:** Sir, I introduce the Bill.

**CENTRAL GOVERNMENT SERVANTS (OPTION FOR JOINING CONTRIBUTORY HEALTH SERVICE SCHEME) BILL**

**Shri Jhulan Sinha (Siwan):** Sir, I beg to move for leave to introduce a Bill to provide option for the Central Government Servants joining the Contributory Health Service Scheme of the Government of India.

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

"That leave be granted to introduce a Bill to provide option for the Central Government Servants joining the Contributory Health Service Scheme of the Government of India."

*The motion was adopted.*

**Shri Jhulan Sinha:** Sir, I introduce the Bill.

**INDIAN PENAL CODE (AMENDMENT) BILL**

(Insertion of new section 427A)

**Shri Raghunath Singh (Varanasi):** Sir, I beg to move for leave to introduce a Bill further to amend the Indian Penal Code, 1860.

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

"That leave be granted to introduce a Bill further to amend the Indian Penal Code, 1860."

*The motion was adopted.*

**Shri Raghunath Singh:** Sir, I introduce the Bill.

**LIFE INSURANCE CORPORATION (AMENDMENT) BILL—contd.**

**Mr. Deputy-Speaker:** Now, we shall resume the debate on the Life Insurance Corporation (Amendment) Bill, 1957. The hon. Minister.

**Shri T. T. Krishnamachari:** Sir, the motion before the House from the

opposition is a dilatory motion. It asks for circulation of this Bill for eliciting public opinion. It is fairly clear that it is the intention of the Mover that this Bill should not be passed during this session and therefore, the Ordinance which it seeks to replace must lapse leaving the Government and the Life Insurance Corporation in the same position as it was in respect of its relation with the employees after the pronouncement of the judgment by the Bombay High Court in the matter of interpretation of section 11(2) of the Life Insurance Act. If they expect me to accept the motion or if the Party that opposes the Government expects me to accept the motion, I am afraid that they have no such illusions; being intelligent persons they do not expect that kind of a contingency to happen.

Therefore, it boils down to this. It is a question of stopping the Bill from reaching its appointed end in as many stages as possible. So far as the Government is concerned, it has brought in this Ordinance after deliberation. I have explained at great length why the Ordinance has been brought. I have also explained that the condition that existed immediately prior to the promulgation of the Ordinance was one of confusion in regard to the relationship between the Corporation and its employees, whether they be people getting below Rs. 300 or above. It is not the intention of the Government in any way to take away the privileges and rights of people who are getting below Rs. 300. That is why I have narrated all that has been done for them with their consent and approval. There is no point in the hon. Member there saying that there was an Ordinance hanging over their head and so they had agreed. There was no need for them to have agreed. In fact, I must complement the employees on the spirit of accommodation that they showed. There are two unions representing the employees. They had a certain amount of difference of opinion and it looked at first that we might not be able to come to an agreement. But, I must say that I was very heart-

ened when I met both of them and it was possible for us to narrow down the margin of difference. I have also stated unequivocally my intention to do my very best for them.

My hon. friend, Shri Sadhan Gupta, mentioned about the other class of people. I have no doubt in my mind that the methods adopted in the case of these employees can usefully be adopted in the case of other people as well. I am perfectly convinced, as he says, that we should have a contented staff, whether they work in the office or in the field as agents; that any change that is made for the purpose of rationalisation should not be such as will take away their earnings and emoluments and conditions of service and their hard earned renewal commissions and so on. It is not a matter in which there can be any large amount of difference of opinion between the Government and myself representing the Government and my friend, Shri Sadhan Gupta who knows about these people; there is no difference, not even of one degree. Therefore, I shall certainly bear in mind what he has said.

The point he mentioned cannot be pursued to its logical end. Any scheme that we have outlined for the purpose of establishing cordial relations with a large number of employees and field workers and agents cannot be applied to doctors. Assuredly with 240 organisations there must have been several thousands of doctors and when the organisations are integrated, it is not possible to have all these doctors. We try to keep as many as possible but then every doctor who has done some work for the insurance company must have been able to get something of his own. There is no question of distributing it over thousands of doctors so that each one may get Rs. 15 a month. It inevitably happens that, while we can safeguard the interests of employees and field workers and agents to a large extent, we cannot pursue it to its logical end.

It has been mentioned by the staff that the canteen staff who are not

regular members of the various companies have been put to trouble. I have asked the management to look into it and see how it could be mitigated.

My friend raised the question sometime back about drivers. I have asked the Corporation to re-entertain them because it is our intention, not merely to have propaganda lorries but to have lorries for the purpose of popularising janata policies. Maybe, we could accommodate them by keeping them on the staff and using them for the purpose. These are matters, I think, where the views of the opposition, views of the staff and the views of the union could be accommodated but that does not mean that we can go all along the line.

Therefore, I would like my hon. friend to accept my assurance that I shall try to do my very best. But, my very best may not be something which may not be something beyond reasonable.

I know hon. Member Shri Prabhat Kar mentioned about the amendment of section 11(2) in terms which extended beyond the immediacy of the situation. The immediacy of the situation demands that the effect of the Bombay High Court Judgment, which has set aside the legislation, which, in my opinion, was perhaps due to slightly defective drafting, should be rectified. If he thinks that by the insertion of the words 'from time to time' I am making this particular section as amended applicable to future, I am quite prepared to remove that phrase, if the Chair permits me to move that amendment. Because, it is not my intention that any privileges which normally these people will have should be taken away. All that I am keen on is this. I am perfectly certain in my mind that I can tackle this problem of group but an individual might feel aggrieved. My hon. friend opposite did not realise what some other people have realised that, if the Ordinance was not passed, not merely would the employees claim some right but other people—superior servants whose salaries had been brought down

from Rs. 5,000 in some cases—could also claim a right. That is a fact which, I do not think, has escaped their attention. Logically, it is quite possible. I might not have wanted people who were occupying superior position whom I did not find fit and therefore they must be removed after paying due compensation.... (*Interruptions*).

**Shri Prabhat Kar:** I am with the Finance Minister there.

**Shri T. T. Krishnamachari:** I am very grateful. That is why I had passed the Ordinance. I would like them to understand my *bona fides* in the matter. I did it not because I am completely unconcerned with whatever happens in the opposition and I have got a majority behind me which will support me. But, I do want that people who are working in the offices, and the industrial and other labour should feel that the Government is not sitting itself in opposition to the existing labour legislation which we have sponsored. For practically the whole lot of it we are responsible ourselves and we have passed an Ordinance in order to compel these employees to fall in line. That is not my intention. I would like my hon. friends to accept it.

Therefore, if it would satisfy my hon. friend, Shri Prabhat Kar, I shall remove these words by moving an amendment when the clause is considered. Our intention is to limit it to the process of integration. Maybe, something would be left out; something would be put down later. That integration would be made carrying with us a large majority of the workers. Maybe one or two persons may not like it.

I can also say this—I have also told the Unions—I would like to deal with individual cases because there is no point in my starting an argument on this thing and saying: 'You can do what you like'. We must carry everybody in the organisation to help us, carry them with us and make them

help us because, after all, Government has taken a plunge in this nationalisation. There are a number of vested interests. They even tell me now: "Why don't you de-nationalise, hand it over to the people and reorganise the companies?" I might probably drop one or two tears, but there is no question of going back on what has been done. They may even say: "What has been done in Germany? The Volks Wagen Factory has been handed over to private people." We do not propose to do that. I have considered life insurance not today. Though I had nothing to do with the first Insurance Corporation Bill—I may be pardoned, Sir, for expressing my own personal view—I was firmly of the opinion that insurance has to be nationalised. There is no escape for it. Probably, I might have chosen slightly different methods. I might have taken over the funds first, then amalgamated the companies and then taken over the business later. Methods might have varied, but it is one of the cardinal principles so far as some of us on this side who are still here are concerned. Nationalisation of Imperial Bank and nationalisation of insurance are two things that we have been wedded to for a very long time.

Therefore, hon. Members opposite who are viewing this point from the trade union point of view would find that I am with them. I am not against them. Therefore, if it will satisfy them, and I think I ought to satisfy them; it is not a matter of my wresting a concession from them—I shall, with your permission, Sir, move an amendment at the proper time for the deletion of the phrase "from time to time". That will give a double assurance to hon. Members. Even if that amendment is not carried out, I do not propose to use that power which perhaps is conveyed by that phrase. So far as I am concerned, I will again plead guilty. I did not quite recognise the significance of that particular expression, otherwise I would not have put it in.

I think, Sir, with this assurance hon. Members opposite would now recon- sider themselves to allowing the Bill to go through.

**Mr. Deputy-Speaker:** I will put amendment No. 20 first to the vote of the House. The question is:

"That the Bill be circulated for the purpose of eliciting opinion thereon by the 23rd November, 1957."

*The motion was negatived.*

**Mr. Deputy-Speaker:** Now I will put the original motion to the vote of the House.

The question is:

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

*The motion was adopted.*

**Mr. Deputy-Speaker:** The House will now proceed with the clause-by clause consideration of the Bill.

**Clause 2—(Amendment of section 11)**

**Shri T. T. Krishnamachari:** Sir, if I have the permission of the Chair, I would like to move one amendment of which I have not given any notice.

**Mr. Deputy-Speaker:** The hon. Minister may move it now.

**Shri T. T. Krishnamachari:** I beg to move:

Page 1, line 17.

omit the words "from time to time"

**Mr. Deputy-Speaker:** Other hon. Members who want to move their amendments to this clause may do so now.

**Shri T. T. Krishnamachari:** I would request, Sir, that the amendment which I moved just now may be put to the vote of the House before other amendments are taken up; it won't affect anybody.

**Mr. Deputy-Speaker:** Let the other amendments be moved. Then the

clause and all the amendments will be before the House if somebody wants to say something on them. In the end I will put the hon. Minister's amendment first.

**Shri T. T. Krishnamachari:** I agree, Sir, I am entirely in the hands of the Chair.

**Shri Narayanankutty Menon:** I beg to move:

Page 1, lines 17 to 20—

omit "notwithstanding anything contained in sub-section (1), or in the Industrial Disputes Act, 1947, or in any other law for the time being in force or in any award, settlement or agreement for the time being in force"

**Shri Tangamani (Madurai):** I beg to move:

Pages 1 and 2.—

for lines 17 to 22 and 1 to 5 respectively, substitute:

"Government may alter the remuneration and the other terms and conditions of service subject to any award, settlement or agreement for the time being in force"

**Shri Sadhan Gupta:** I beg to move:

Page 1—

for lines 17 to 20 substitute:

"Government may"

Page 2—

for lines 4 and 5 substitute:

"To three months remuneration if his emoluments exceed 700 rupees a month, unless the contract of service with such employee provides for a shorter notice of termination or by giving him compensation equivalent to 6 months remuneration if his emoluments do not exceed 700 rupees a month"

**Shri Narayanankutty Menon:** I beg to move:

Page 2, line 4—

after "remuneration" insert "for every completed year of service"

**Shri S. M. Banerjee:** I beg to move:

Page 2, line 5—

add at the end:

"In case the employee does not agree to the change of alteration in the remuneration and other terms and conditions of service, the Central Government shall refer the dispute regarding such alteration to an Industrial Tribunal under the Industrial Disputes Act, 1947 as amended from time to time and such alteration shall not come into force till such time the Tribunal approves of such alteration."

**Shri Narayanankutty Menon:** I beg to move:

Page 2—

after line 5, add:

"Provided that if the employee, whose remuneration and terms and conditions of service are so altered, does not agree to the change or alteration, the Central Government shall refer the dispute regarding such alteration to an Industrial Tribunal under the Industrial Disputes Act, 1947 as amended from time to time and such change or alteration shall not become effective until the tribunal approves of such change or alteration."

**Shri Prabhat Kar:** I beg to move:

Page 2—

after line 5, add:

"Provided that nothing in this clause shall apply in the case of employees drawing five hundred rupees per mensem or less in the aggregate."

**Shri Bharucha:** I beg to move:

Page 2—

after line 5, add:

"Provided that nothing contained in sub-section (2) of section (2) of section 2 shall adversely

affect the remuneration and other terms and conditions of service of any employee of the Corporation who was in the employ of the Corporation since its inception."

**Shri Sadhan Gupta:** I beg to move:

Page 2—

after line 5, add:

"Provided that nothing contained in this section shall be deemed to empower the Central Government or the Corporation to reduce any pension, gratuity, provident fund or other retirement benefit in the case of any employee who is workman as defined in the Industrial Disputes Act, 1947."

**Shri Sadhan Gupta:** I beg to move:

Page 2—

after line 5, add:

"Provided that—

(a) in no case shall the emoluments of an employee be reduced if such emoluments do not exceed 700 rupees a month;

(b) where the alteration of remuneration or of terms and conditions of service affect employees who are workmen as defined in the Industrial Disputes Act, 1947, such alteration shall not be made without prior consultation with the Trade Union or Federation of Trade Unions representing such employees; and

(c) where the alteration of remuneration or of any of the terms and conditions of service is not acceptable to an employee who is a workman as defined in the Industrial Disputes Act, 1947, such alteration shall be referred to an Industrial Tribunal under the said Act for adjudication and effect shall not be given to such alteration unless and until the same has been confirmed by the award of the said tribunal; and in case such award does not confirm such alteration, the remuneration or the terms and conditions of service or both shall be regulated in accordance with such award".

**Mr. Deputy-Speaker:** All these amendments are now before the House.

**Shri Narayanankutty Menon:** Mr. Deputy-Speaker, Sir, . . .

**Mr. Deputy-Speaker:** All the arguments have already been advanced, and I hope the hon. Members would now be very brief.

**Shri Narayanankutty Menon:** Sir, I may be allowed to submit in a few words the implication of my amendments. The first point that I wish to raise is that an attempt is made in clause 2 of the Bill to take away the insurance employees out of the purview of the Industrial Disputes Act. Secondly, accepting all the arguments put forward by the Finance Minister that the import of the Bill is only for effecting a standardisation of the different wage scales, my second amendment gives only a safeguard to the employees concerned, if at all it is a case whereby a case of genuine standardisation is called for, either the Corporation or the Central Government is at liberty to do it, and my amendment gives a right for the employee in such cases. If by means of this standardisation either the Corporation or the Central Government alters or changes the conditions of service, later on the employee gets a right to go to a tribunal, present his case and, if that is in the interest of the standardisation, to get the alteration removed.

The next point I wish to make out is that the attempt of the hon. Finance Minister to take the out large class of middle-class employees from the purview of the Industrial Disputes Act will have another effect. The hon. Finance Minister, while he tries to take out of the purview of the Industrial Disputes Act and all the beneficial labour legislations a large number of employees, is forgetting for the time being that our immediate aim, of all of us, is for the construction of a socialistic pattern of society. When we are all moving forward, and the hon. Labour Minister the other day appealed to this House, to all of

us and also to the workers outside, to co-operate with the Government in achieving the targets of the Plan, those same workmen whose co-operation is sought for are now being affected by this Bill.

The fundamental right given to the employees to go to a tribunal, to see that justice is done to them, is now denied by the Finance Minister.

May I submit, Sir, when the report of the Corporation under section 11 of the Act will come before the House a sad and miserable story is going to be revealed. It will be seen that during these years the business of the Corporation has gone down miserably. Why? When the Government has taken over the business, when the Government is taking all the profits, why has the business gone down? The answer is simple. The employees who go out and get business for the Corporation are feeling that they are not properly remunerated and justice is not being done to them. Therefore, there is slack in business. Unless some sort of a show is given to them that justice is being done, things will not improve. If at all in the interest of the provisions of this Bill some standardisation is really required in the case of officers in the higher or lower grades, let us consider making a provision whereby an employee who chooses not to agree to the amendments made by the Central Government can refer the matter to a tribunal. Let those changes take effect after the tribunal gives permission. This is only the basic thing that is asked for, and all that the hon. Finance Minister has placed before the House and all that he wants in this case of standardisation will be there in spite of this amendment. Only the employee gets the right to go to the court and let the court decide the matter.

16 hrs.

I appeal to the hon. Finance Minister that in the interests of justice to the employees, in the interest of fair-play and in the interests of giving

[Shri Narayanankutty Menon]

confidence to the employees that every case of theirs could be taken to the court and justice could be rendered and that their interests will be safeguarded, in the future, this amendment be accepted and fairplay be rendered.

**Shri Tangamani:** Mr. Deputy-Speaker, Sir, I shall be as brief as possible in view of many amendments that have been already brought forward by my hon. friends. In moving my amendment—amendment No. 7—I had in view that the employees who were co-operating with the Government when this new proposal was placed before the country, should have enough protection under the existing labour legislation. Section 11, as it stood then, had tried to take away some of the rights conferred upon the industrial workers. Sub-section (4) of the then section 11 seeks to take away some of the protection given under the Industrial Disputes Act, particularly, in respect of retrenchment compensation, etc. So, it is for these employees who, long before the question of nationalisation was mooted, when some of these insurance companies wanted to by-pass this by what is called the mutualisation process, opposed this mutualisation, who rallied not only the insurance employees but also the workers in this country against mutualisation which, according to them, was only trying to deprive the people of their money.

Then, when the original Bill was before the Select Committee, the All-India Insurance Employees' Association came forward with concrete proposals. That, in short, is the background. So, after the Life Insurance Corporation Act was passed, there have been repeated demands and there have been repeated demonstrations, whenever the hon. Finance Minister happened to go to Madras or other places; assurances were repeatedly given. So, when this question was tested, whether there will be any alteration in the conditions of service which were already favourable to them, when this question was tested

by some employees before the Bombay High Court, came the iron hand of the Government, the iron heel in the form of an ordinance.

The other day, we were discussing the Industrial Disputes (Amendment) Bill. You, Sir, have also heard how complaints came from the Members of the House, but the Government was reluctant in interfering with the rights of the employer, when the Supreme Court's decision was adversely affecting the rights of the workers. But here, when the Government which was the employer was the aggrieved party, almost a few days after the pronouncement of the judgment it came out with this ordinance. So, it is this attitude to which we take serious objection. We have had assurances from the hon. Finance Minister for which we are grateful. At the same time, here, anyone objectively going through the new Bill will not fail to see that this is an omnibus clause where the previous agreements, previous settlements, awards or any agreements under the Industrial Disputes Act,—irrespective of all those things—the Government can come forward and say this is going to be the wage conditions, and if any employee raises his protest, immediately he is asked to go away and all that he is paid is three months' wages. This, to my mind, is the approach. It should not be the approach of the Government.

If, according to the Finance Minister, he is going to be fair to these employees and if this Bill also is passed then I can assure the House and I can tell the House from my experience with these employees that the job is going to be very, very difficult for the Government to carry on with these employees. So I am pressing my amendment to this clause only for this purpose. That part of the section which deals with doing away with any settlement under the Industrial Disputes Act and then coming forward with only three months' compensation and with even shorter notice of termination wherever possible should be deleted.

I again submit that this amendment actually gives powers to the Government to alter the conditions. Any employer can alter the conditions of service. When the conditions are altered, then the employee has got the right to go before a tribunal. The employee has got the right to see that the matter is referred to a tribunal, and the tribunal will be able to give its finding. A right which is extended to any employee under any private employer should not be denied to the employee here. That is the purpose of my amendment. I submit that it may be accepted.

**Shri Prabhat Kar:** In so far as I have heard the Finance Minister about the assurance that has been given by him before the House, it is a statement of policy, and I could appreciate the Finance Minister's anxiety to see an amicable settlement with the employees. But my only apprehension is that in the eyes of the law, this statement will have no value. The right of the Government will be there, and the employees will be denied all their rights under the Industrial Disputes Act.

When the Finance Minister has given this assurance that it is not his intention all the time to amend the service conditions of these types of employees, but that power is necessary for certain types of employees who might be earning a huge amount and that the continuance of their service under the Corporation is necessary then, I would request him to make distinction between these two types of employees. That is why I have moved this amendment. Let the power be given to the Government in respect of the employees who are not covered by the Industrial Disputes Act. Let the service conditions of the other employees be covered by the Industrial Disputes Act. That means, the employees will be continued to be governed by the provisions of the Industrial Disputes Act. That is my amendment. In spirit and in sense the Finance Minister has accepted it. I would request him to make suitable provisions in the Act itself so that in

future, if anything arises, the employees may get relief from the Act itself. With these words, I move the amendment.

**Shri Sadhan Gupta:** Speeches have been made covering most of my amendments and I do not propose to repeat the arguments in respect of those amendments. I would only draw the Finance Minister's attention to amendment No. 16, which, I submit, has become necessary because of the complications arising from the amendments proposed by the Finance Minister to clause 2 of the Bill itself. As the law stands at present, the Government is empowered only to alter or reduce the remuneration and nothing else. Now the Government is taking the power to alter the terms and conditions of service also. Possibly this wide power may include a power, for instance, to reduce the pension, provident fund contribution, gratuity or other retirement benefits. It would be very undesirable that this sort of power should exist and should be exercised. Therefore, by my amendment No. 16, I want to insert a proviso to the proposed new sub-section (2) to the effect that nothing contained in this section shall be deemed to empower the Central Government or the Corporation to reduce any pension, gratuity, provident fund or other retirement benefit in the case of any employee who is a workman, as defined in the Industrial Disputes Act, 1947. You know that a workman under the Industrial Disputes Act, 1947, includes the clerical staff and the so-called subordinate staff. I am very anxious that no eventuality should arise and no powers should be given to reduce the pension, gratuity or provident or any other kind of retirement benefit that they have earned in the course of their service. That is why I am particularly drawing the attention of the Finance Minister to my amendment No. 16.

I do not propose to dilate on any of the other amendments, because they have been already explained by my other colleagues.

**Shri T. T. Krishnamachari:** The whole point has been dealt with in my initial speech. Once bitten twice shy; we have already made one mistake, one slip, in drafting section 11(2) before. Therefore, I am sorry I am not able to accept any of these amendments.

**Mr. Deputy-Speaker:** I will first of all put the Government amendment No. 22.

The question is:

Page 1,—in line 17, omit the words "from time to time".

*The motion was adopted.*

**Mr. Deputy-Speaker:** Does any hon. Member want his amendment to be put separately?

**Shri Sadhan Gupta:** Amendment No. 16 may be put separately.

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

Page 2,—after line 5, add:

"Provided that nothing contained in this section shall be deemed to empower the Central Government or the Corporation to reduce any pension, gratuity, provident fund or other retirement benefit in the case of any employee who is workman as defined in the Industrial Disputes Act, 1947".

*The motion was negatived.*

**Mr. Deputy-Speaker:** I shall now put the other amendments to the vote of the House.

The question is:

Page 1, lines 17 to 20—

omit "notwithstanding anything contained in sub-section (1), or in the Industrial Disputes Act, 1947, or in any other law for the time being in force or in any award, settlement or agreement for the time being in force"

*The motion was negatived.*

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

Pages 1 and 2—

for lines 17 to 22 and 1 to 5 respectively, substitute—

#### Bill

"Government may alter the remuneration and the other terms and conditions of service subject to any award, settlement or agreement for the time being in force"

*The motion was negatived.*

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

Page 1—

for lines 17 to 20 substitute—

"Government may"

Page 2—

for lines 4 and 5 substitute—

"to three months remuneration if his emoluments exceed 700 rupees a month, unless the contract of service with such employee provides for a shorter notice of termination or by giving him compensation equivalent to 6 months remuneration if his emoluments do not exceed 700 rupees a month"

*The motion was negatived.*

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

Page 2, line 4,—

after "remuneration" insert "for every completed year of service"

*The motion was negatived.*

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

Page 2, line 5—

add at the end:

"In case the employee does not agree to the change or alteration in the remuneration and other terms and conditions of service, the Central Government shall refer the dispute regarding such alteration to an Industrial Tribunal under the Industrial Disputes Act, 1947 as amended from time to time and such alteration shall not come into force till such time the Tribunal approves of such alteration."

*The motion was negatived.*

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

Page 2—

after line 5, add:

“Provided that if the employee, whose remuneration and terms and conditions of service are so altered, does not agree to the change or alteration, the Central Government shall refer the dispute regarding such alteration to an Industrial Tribunal under the Industrial Disputes Act, 1947 as amended from time to time and such change or alteration shall not become effective until the Tribunal approves of such change of alteration.”

*The motion was negatived.*

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

Page 2,—

after line 5, add:

“Provided that nothing in this clause shall apply in the case of employees drawing five hundred rupees per mensem or less in the aggregate.”

*The motion was negatived.*

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

Page 2,—

after line 5, add:

“Provided that nothing contained in sub-section (2) of section 2 shall adversely affect the remuneration and other terms and conditions of service of any employee of the Corporation who was in the employ of the Corporation since its inception.”

*The motion was negatived.*

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

Page 2,—

after line 5, add:

“Provided that—

(a) in no case shall the emoluments of an employee be reduced if such emoluments do not exceed 700 rupees a month;

(b) where the alteration of remuneration or of terms and conditions of service affect employees who are workmen as defined in the Industrial Disputes Act, 1947, such alteration shall not be made without prior consultation with the Trade Union or Federation of Trade Unions representing such employees; and

(c) where the alteration of remuneration or of any of the terms and conditions of service is not acceptable to an employee who is a workman as defined in the Industrial Disputes Act, 1947, such alteration shall be referred to an Industrial Tribunal under the said Act for adjudication and effect shall not be given to such alteration unless and until the same has been confirmed by the award of the said tribunal; and in case such award does not confirm such alteration, the remuneration or the terms and conditions of service or both shall be regulated in accordance with such award”.

*The motion was negatived.*

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

“That clause 2, as amended, stand part of the Bill”.

*The motion was adopted.*

Clause 2, as amended, was added to the Bill.

Clauses 3 and 4 were added to the Bill.

Clause 5—(Amendment of section 49).

**Shri Sadhan Gupta:** I beg to move:

Page 3—for lines 1 to 6 substitute—

‘5. Amendment of section 48.—In section 48 of the principal Act, after clause (b) of sub-section (2), the following clause shall be inserted, namely:—

“(bb) the terms and conditions of service of persons who have become employees of the Corporation under sub-section (1) of section 11;”

The point is that the power to make regulations governing the terms and conditions of the staff has been sought

[Shri Sadhan Gupta]

to be taken by the amendment of section 49. If this power must be taken, my suggestion is that it should be taken by an amendment to section 48, and not section 49. Section 49 is the regulation-making section and section 48 is the rule-making section. Under section 48, the Central Government can make rules providing for certain things and under section 49, the Corporation can make regulations. The service conditions of the staff being an important matter, the amendment to the service conditions should be open to public examination. Regulations under section 49 are not open to examination by Parliament. But the rules under section 48 must be placed before this House, subject to approval, modification or annulment by this House. If the power is taken under section 48, we will have supervision over the kind of conduct rules or service rules that are framed for the staff and the result will be that we shall be able to influence the making of these rules to some extent and to see that the staff work under fair service conditions. In all other cases of Government servants, the rules are made by the Parliament. The Corporation servants are in the position of Government servants, because they run a Government institution and that is why their service rules and service conditions should also be within the competence of this House to supervise. Therefore, I am suggesting that the power should be taken under section 48 instead of section 49.

**Shri T. T. Krishnamachari:** I am advised that it will certainly be not in the interests of either the Corporation or the persons on whose behalf the hon. Member has moved the amendment to make the change. We will prefer to take the power under section 49.

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

Page 3,

for lines 1 to 6 substitute:

**"5. Amendment of section 48.—In section 48 of the principal Act, after**

clause (b) of sub-section (2), the following clause shall be inserted, namely:—

"(bb) the terms and conditions of service of persons who have become employees of the Corporation under sub-section (1) of section 11;"

*The motion was negatived.*

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

"That clause 5 stand part of the Bill".

*The motion was adopted.*

*Clause 5 was added to the Bill.*

**Clause 6— Validation of orders passed before commencement of Act altering remuneration, etc.)**

**Shri Tangamani:** I beg to move:

Page 3,—

lines 12 and 13, omit:

"notwithstanding anything contained in any judgment, decree or order of any court".

This is a corollary of my original amendment.

**Mr. Deputy-Speaker:** If it is a corollary, I will put the amendment to the House. Does the hon. Member want to say anything?

**Shri Tangamani:** It may be put to the House.

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

Page 3,—

lines 12 and 13, omit:

"notwithstanding anything contained in any judgment, decree or order of any court"

*The motion was negatived.*

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

"That clause 6 stand part of the Bill".

*The motion was adopted.*

*Clause 6 was added to the Bill.*

*Clause 7 was added to the Bill.*

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

"That clause 1, the Enacting Formula and the Title stand part of the Bill".

*The motion was adopted.*

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

**Shri T. T. Krishnamachari:** I beg to move:

"That the Bill, as amended, be passed".

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

"That the Bill, as amended, be passed".

**Shri Sadhan Gupta:** It is perhaps fair that this Bill is going through the House. We note the hon. Finance Minister's assurances that he would follow the path of negotiations in order to settle these differences and to bring in uniformity in terms and conditions of service, uniformity in remuneration and so forth. That would be a very happy thing. Now, unfortunately he has made an exception in the case of doctors. I should have thought that the case of doctors is one of the simplest cases and involve no complications whatsoever. Formerly, there used to be many doctors, it is true. They used to earn not on the basis of any remuneration paid to them, but simply on the basis of the number of cases examined. It happens that these doctors earn a substantial income. In the case of some of them whom I know in Calcutta, this income was the major income. In the case of others it was a substantial supplementary income. This sudden chucking of these doctors has resulted in what can be called unemployment or under-employment, in the medical profession. There is no difficulty in arriving at a settlement by negotiation. For instance, the Indian Medical Association represents those doctors, and they have suggested that some other procedure should be adopted and there should be some negotiation in order to determine how this matter

may be settled, how the doctors may best be utilised and what can be done without chucking out a very large number of doctors altogether.

It may be that it is necessary some time or other to rationalize the medical examination in Insurance. I do not vouch any opinion on it, but the point is that certain things have come along from very old times. If you suddenly disturb the existing order of things, you create a lot of hardship. It is not necessary to create it in these cases because you do not suffer anything by retaining those doctors. You can distribute your cases and ensure a more or less equitable income. In that way, you can see to it that the doctors get something and there is no dissatisfaction among the medical profession. You can negotiate with the Indian Medical Association with a view to see what the proper number of doctors to be retained, on what basis the cases should be distributed and so forth, because the Indian Medical Association is apparently an association of quite reasonable persons and will appreciate the necessity of paying the medical examination on the Insurance system on a satisfactory footing. Therefore, I would request the Finance Minister not to rule out negotiation in the case of the doctors and he can have a negotiation with the Indian Medical Association and settle the matter of the doctors also satisfactorily, as in the case of others, for instance, the field staff, or the agents.

Therefore, I would request him in exercising the powers conferred by the Bill, once more, to stick to the part of negotiations, and not make an exception in the case even of the doctors in the Insurance line.

**Shri T. T. Krishnamachari:** Among most of them, there will be I think, one or two cases who are depending on Insurance for their livelihood.

**Shri Sadhan Gupta:** Quite a lot.

**Shri T. T. Krishnamachari:** Quite a large number of them, to my knowledge are part-time people and they get some additional remuneration. I

[Shri T. T. Krishnamachari]

am afraid I am unable to accept the suggestion made by my hon. friend opposite and extend to the doctors the privileges that we have given to permanent employees or people who are permanently wedded to the Insurance profession. I have already told the management that they should exercise their judgment in such a manner that people who are full-time people are not deprived of their livelihood. I shall certainly ask the Corporation to take what I have said today as a direction and see that if anybody is inconvenienced, whether they could be accommodated. Beyond that I am unable to agree.

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

"That the Bill, as amended, be passed.

*The motion was adopted.*

RESERVE BANK OF INDIA  
(AMENDMENT) BILL AND STATE  
BANK OF INDIA (AMENDMENT)  
BILL.

**Mr. Deputy-Speaker:** We pass on to the next item. There is the Reserve Bank of India (Amendment) Bill and the State Bank of India (Amendment) Bill. As recommended by the Business Advisory Committee—that recommendation was approved by hon. Members of this House this morning—we have decided to discuss these two Bills together. So I suggest the discussion shall be on both the bills. The motion will be made first by the hon. Minister and then we will have discussion.

**The Minister of Finance (Shri T.T. Krishnamachari):** Sir, I beg to move:

"That the Bill further to amend the Reserve Bank of India Act, 1934, be taken into consideration".

I also beg to move:

"That the Bill further to amend the State Bank of India Act, 1955 be taken into consideration."

These Bills are more or less interlocked. The main object of introducing these two Bills, as will be seen from the Statements of Objects and Reasons, is to enable the Reserve Bank of India and the State Bank of India to provide the private sector of industry with medium-term finance facilities. I think it would be of help to the hon. Members and save the House some time if we could consider these two Bills as one.

In spite of the existence of bodies like the Industrial Finance Corporation, the State Financial Corporation and the Industrial Credit and Investment Corporation, medium-term finance facilities in the private sector of industry are still inadequate for the purposes of the Plan. The difficulty is particularly noticeable in the case of industries of medium size. I have been considering how best we can meet the difficulty and create conditions under which deserving industries of medium size can secure medium term loans on reasonable terms and contribute to increase in production.

I also know a fact which came within my knowledge because of the present stringency in the monetary market that most of the banks usually convert their short term loans into medium-term loans. Though they are ostensibly intended to cover a short term period, they are more or less renewed from time to time and this seemed to be a very unhealthy position, because what we would like to be known as medium-term loans is not categorized under the requirements of law and it happens that the State Bank of India could not simply own such a practice; even there, the tradition has been that way.

It happens that according to the Agricultural Commodity Agreement signed in August 1956 between the Governments of India and the United States under American Public Law 480, a sum of about Rs. 26 crores

\*Moved with the recommendation of the President.