

- (iv) No. 1/28/58-F. 1, dated the 29th May, 1958. (5 declarations)
- (v) No. 1/32/58-F. 1, dated the 27th June, 1958. (2 declarations)
- (vi) No. 1/36/58-F. 1, dated the 9th August, 1958. (1 declaration)
- (vii) No. 1/35/58-F. 1, dated the 18th August, 1958. (1 declaration)
- (viii) No. 23/20/58-F. 1, dated the 27th August, 1958. (1 declaration)

[Placed in Library, See No. LT-921|58.]

NOTIFICATIONS UNDER SEA CUSTOMS ACT

The Deputy Minister of Finance (Shri B. R. Bhagat): I beg to lay on the Table, under sub-section (4) of Section 43B of the Sea Customs Act, 1878, a copy of each of the following notifications:

- (i) G.S.R. No. 741 dated the 30th August, 1958.
- (ii) G.S.R. No. 742 dated the 30th August, 1958.

making certain amendment to tea Customs Duties Drawback (Ivory products.) Rules, 1957. [Placed in Library. See No. LT-922/58]

CUSTOMS AND CENTRAL EXCISE DUTIES DRAWBACK (PYRETHRUM EXTRACT) RULES

The Deputy Minister of Finance (Shri B. R. Bhagat): I beg to lay on the Table under sub-section (4) of Section 43B of the Sea Customs Act, 1878 and section 38 of the Central Excises and Salt Act, 1944, a copy of Customs and Central Excise Duties Drawback (Pyrethrum Extract) Rules, 1958 published in Notification No. G.S.R. 743 dated the 30th August, 1958. [Placed in Library. See No. LT-934/58]

12-10 hrs.

CALLING ATTENTION TO A MATTER OF URGENT PUBLIC IMPORTANCE

REDUCTION IN COMMISSION TO INSURANCE AGENTS

Shri Keshava (Bangalore City): Under Rule 197, I beg to call the attention of the Minister of Finance

to the following matter of urgent public importance and I request that he may make a statement thereon:—

“Reduction in commission payable to insurance agents and its effect upon new business secured for the Life Insurance Corporation”.

The Minister of Revenue and Civil Expenditure (Dr. B. Gopala Reddi):

The Sabha is aware that certain sections of the Insurance Act, 1938 have been applied to the Life Insurance Corporation with or without modification in pursuance of the provisions of sub-section 2 of section 43 of the Life Insurance Corporation Act, 1956 by a notification and while laying the notification on the Table of the Sabha a statement was also made before the Sabha some days back. One of the sections of the Insurance Act, 1938 applied to the Life Insurance Corporation is 40A which deals with the Commission or Remuneration payable to the Agents in respect of any policy of life insurance issued in India by an insurer. This section enjoins that “no person shall pay or contract to pay to an Insurance Agent or no Insurance Agent shall receive by way of commission or remuneration in any form in respect of any policy of life insurance issued in India, through an Insurance Agent, an amount exceeding’, thirty five per cent. of the first year’s premium, seven and a half per cent. of the second and third years’ renewal premium, and thereafter 5 per cent. of each renewal premium payable on

[Dr. B. Gopala Reddi]

the Policy". One of the cardinal principles on which prosperity of insurance business and safety of the policy-holders' money depends is that the expense ratio is maintained as low as possible and the aforesaid provisions of the Insurance Act are in consonance with this principle.

The Life Insurance Corporation also, acting in conformity with the letter and spirit of this provision, pays, in all, approximately 35 per cent. of the first year's premium as commission though in different forms; 25 per cent. of it has been named as commission and about 5 to 10 per cent. as new-business-bonus depending upon the quotas of new business secured. The payment in the form of bonus has been considered necessary so that the agents do not lose proper incentive. Even before Life Insurance Corporation most of the leading insurers had followed a similar practice of paying commission on sliding scale related to the amount of business brought in by individual agents. It is therefore not correct to say that the commission payable to the Insurance Agents has been reduced by the Life Insurance Corporation.

There is, of course, a proviso to the above provision of the Insurance Act which says that "an insurer during the first ten years of the business may pay to an insurance agent and an insurance agent may receive from such an insurer, forty per cent. of the first year's premium payable on the policy". This proviso was meant to help the new companies to stabilise their business in the early stages, in the face of competition from well established big insurers. In the case of the Life Insurance Corporation which is the sole insurer in respect of the controlled business, such a situation does not arise. Nor has it been felt necessary to take recourse to this proviso.

There is also no basis for the allegation that the commission paid by the

Life Insurance Corporation has affected its new business adversely. Though there may have been a slight set back in the initial stages of the setting up of Life Insurance Corporation owing to changes in its set up, the recent figures have shown an upward trend compared to previous years. Figures for the period 1st January, 1958 to 25th August, 1958 show that far from registering a fall, the new business completed by the Life Insurance Corporation has shown a definite increase as compared to the business completed during the corresponding period last year as well as previous years. In fact, the total new business this year upto the 25th August, 1958 has exceeded last year's by 5.3 crores.

In view of the position explained, it will be appreciated that the Life Insurance Corporation has in effect made no reduction in the commission payable to the Insurance Agents nor has the new business of the Corporation been adversely affected.

12-14 hrs.

MERCHANT SHIPPING BILL—contd.

Mr. Speaker: The House will now resume further discussion of the motion for consideration of the Merchant Shipping Bill, as reported by the Joint Committee, moved on the 12th September 1958, and also the amendment recommending that the Bill be recommitted to the Joint Committee moved by Shri Tridib Kumar Chaudhuri on that day.

Out of 5 hours agreed to for the general discussion, 2 hours now remain. After the general discussion is over, clause by clause discussion will take place.

Pandit Thakur Das Bhargava may kindly continue his speech

Shri Naubair Bharucha (East Khadesh): May I know if the time allotted