

during the year ending on the 31st day of March, 1962, in respect of 'Other Capital Outlay of the Ministry of Transport and Communications'."

DEMAND No. 138—DELHI CAPITAL
OUTLAY

"That a sum not exceeding Rs. 1,01,77,000 be granted to the President, on account, for or towards defraying the charges during the year ending on the 31st day of March, 1962, in respect of 'Delhi Capital Outlay'."

DEMAND No. 139—CAPITAL OUTLAY ON
BUILDINGS

"That a sum not exceeding Rs. 80,75,000 be granted to the President, on account, for or towards defraying the charges during the year ending on the 31st day of March, 1962, in respect of 'Capital Outlay on Buildings'."

DEMAND No. 140—OTHER CAPITAL OUT-
LAY OF THE MINISTRY OF WORKS,
HOUSING AND SUPPLY

"That a sum not exceeding Rs. 19,75,000 be granted to the President, on account, for or towards defraying the charges during the year ending on the 31st day of March, 1962, in respect of 'Other Capital Outlay of the Ministry of Works, Housing and Supply'."

DEMAND No. 141—CAPITAL OUTLAY OF
THE DEPARTMENT OF ATOMIC ENERGY

"That a sum not exceeding Rs. 45,50,000 be granted to the President, on account, for or towards defraying the charges during the year ending on the 31st day of March, 1962, in respect of 'Capital Outlay of the Department of Atomic Energy'."

APPROPRIATION (VOTE ON
ACCOUNT) BILL

Shri Morarji Desai: Sir, I beg to move for leave to introduce a Bill to provide for the withdrawal of certain sums from and out of the consolidated Fund of India for the services of a part of the financial year 1961-62.

Mr. Speaker: It is for the appropriation of the Vote on Account that we just now passed?

Shri Morarji Desai: Yes.

Mr. Speaker: The question is:

"That leave be granted to introduce a Bill to provide for the withdrawal of certain sums from and out of the Consolidated Fund of India for the services of a part of the financial year 1961-62."

The motion was adopted.

Shri Morarji Desai: Sir, I introduce* the Bill.

Shri Morarji Desai: Sir, I beg to move†:

"That the Bill to provide for the withdrawal of certain sums from and out of the Consolidated Fund of India for the services of a part of the financial year 1961-62, be taken into consideration."

Mr. Speaker: The question is:

"That the Bill to provide for the withdrawal of certain sums from and out of the Consolidated Fund of India for the services of a part of the financial year 1961-62 be taken into consideration."

The motion was adopted.

Mr. Speaker: The question is:

"That clauses 2 and 3 stand part of the Bill."

The motion was adopted.

*Introduced with the recommendation of the President.

†Moved with the recommendation of the President.

[Mr. Speaker]

Clauses 2 and 3 were added to the Bill.

The Schedule was added to the Bill.

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

Shri Morarji Desai: Sir, I beg to move:

"That the Bill be passed".

Mr. Speaker: The question is:

"That the Bill be passed."

The motion was adopted.

INSURANCE (AMENDMENT) BILL

The Deputy Minister of Finance (Shrimati Tarkeshwari Sinha): Sir, I beg to move:

"That the Bill further to amend the Insurance Act, 1938, be taken into consideration."

Insurance falls into two broad categories: life insurance and general insurance. By general insurance we mean all insurance which is not life insurance and it includes fire insurance, marine insurance, accident insurance, motor insurance, burglary insurance and so on.

An important aspect of general insurance business is what is known as re-insurance. I shall give a very simple example to explain what is meant by re-insurance. Suppose a mill worth Rs. 20 lakhs is insured with in insurance company to cover any loss of property caused by fire or some other calamity. If by some misfortune, fire destroyed the whole mill, then the insurance company is bound to pay the entire sum of Rs. 20 lakhs to that party. Now Rs. 20 lakhs is a very large sum to pay at one stroke by any company and will break any small or medium-sized company and cause serious strain even to a very big company. So as to safeguard against such an eventuality, the insurance company shares the business with

other insurance companies. The original insurance company and nine other companies, say, may take a tenth share each, every one contributing one-tenth of the loss. By this arrangement each company will have to pay only Rs. 2 lakhs, if there is a claim for Rs. 20 lakhs arising out of the destruction of the mill by fire. If the insurance companies concerned are all of some reasonable size, then they can all stand this loss of Rs. 2 lakhs each without any embarrassment. A smaller company will naturally take a much smaller share of this business. The arrangement by which the original insurance company shares its business with other companies is called 're-insurance arrangement'. That is to say, the original insurance company re-insures a part of the business with each of the other companies.

I shall now say a word or two about the financial aspect of the transaction between the original insurance company and the other insurance company with which it places its re-insurance, and which may be called the 're-insurer'. The original insurance company passes on to the re-insurer a proportionate part of the premium according to the share it re-insures, and recovers commission called 're-insurance commission', at a rate agreed to between the two companies. Of course, when any claim arises on the policy re-insured, the re-insurer has to pay its share of the claim. This process of re-insuring goes on all the time in the insurance business. I may mention one more point here, and that is that the re-insurer, the party, in its turn re-insures some of its own business with the original insurer by way of reciprocation. That is to say, there is some exchange of business between the two companies.

I am explaining this matter, Sir, in a little greater detail because I want to make this matter as simple as possible and I want to make this very clear to the House. As it is, re-insurance is a very very technical business, a very difficult business. Though there are