

and why do you expect us to foot the bill now after three years?

SHRI SATISH AGARWAL: Sir, the hon. Members must be aware that the excess demands are put before the House under Article 115 of the Constitution. It is on the recommendation of the Public Accounts Committee that the excess demands are put before the House. The Public Accounts Committee submitted its 38th Report in November 1977. It is in pursuance of the recommendations of the Public Accounts Committee contained in its 38th Report which was placed on the Table of the House in November 1977, that these grants are coming before the House for consideration. They relate to the period 1975-76. Whatever amount has been spent by the then Government without proper authorisation has to be regularised now.

SHRI BHUPESH GUPTA: What happened then? Why was it spent without authorisation?

SHRI TRILOKI SINGH (Uttar Pradesh): This House has a right to know why the budget allocations were exceeded.

THE MINISTER OF RAILWAYS (PROF. MADEHU DANDAVATE): These are emergency excesses.

SHRI SHYAM LAL YADAV (Uttar Pradesh): The second Bill does not pertain to emergency period.

SHRI BHUPESH GUPTA: It may be a sort of historical coincidence that Prof. Dandavate and his Government represent the post-emergency 1 P.M. period politically. But that is not the point. When the Government says that due to certain recommendations certain grants have to be sanctioned now which had been made earlier without proper authorisation, it remains to be explained since they are continuing

Governments, successor Governments, why the authorisation was not timely sought. Was it also an emergency excess? They should tell us the reason. Is it the bureaucratic excess? Really bureaucrats in your Department never think that timely permission and sanction should be taken from the Parliament. This is what happens sometimes with regard to some of these Demands for Grants. Therefore, I say the Government owes an explanation to us that in future such things are not repeated. It has been done not for the first time now. It has been done many times before. But everytime in the past people objected to this kind of a thing. Now-a-days nobody bothers about many of the things that happen. Therefore, the Government should give an assurance that such things do not happen in future.

MR. CHAIRMAN: Now the House rises and re-assembles at 2.00 P.M.

The House then adjourned for lunch at two minutes past one of the clock.

The House reassembled after lunch at three minutes past two of the clock, Mr. Deputy Chairman in the Chair.

REPORT OF THE PUBLIC ACCOUNTS COMMITTEE

SHRI SARDAR AMJAD ALI (West Bengal): Sir, I beg to lay on the Table a copy of the Sixty-fourth Report of the Public Accounts Committee on the action taken by Government on the recommendations contained in its 149th Report (Fifth Lok Sabha) on Bangla Desh Refugees.

CALLING ATTENTION TO A MATTER OF URGENT PUBLIC IMPORTANCE

Reported Strike by the Development Officers of the Life Insurance Corporation of India

SHRI SHYAM LAL YADAV (Uttar Pradesh): Sir, I beg to call the

[Shri Shyam Lal Yadav.]

attention of the Minister of Finance to the reported strike by the development officers of the Life Insurance Corporation of India for the last two weeks in support of their demands and the steps taken by the Government in this regard.

THE MINISTER OF FINANCE AND REVENUE AND BANKING (SHRI H. M. PATEL): Sir, It is a fact that Development Officers of the Life Insurance Corporation have proceeded on strike from 8-3-78. According to them, the strike will end on 8-4-78. Development Officers have demanded that they should not be subjected to any cost norms, and they should be granted automatic increments, protection of remuneration and security of service, irrespective of their performance. The Corporation is unable to accept these demands.

The Development Officers have chosen to proceed on strike during March, as during this month 25 per cent to 30 per cent of the annual new business of the Corporation is procured. The House would be interested to know that Development Officers are well-paid employees, considering the fact that the average yearly emoluments of a Development Officer are over Rs. 25000. It is regretted that in spite of their high emoluments they have resorted to a course of action which is liable to disrupt the normal functioning of the LIC.

The main duty of the Development Officer of the LIC is to procure life insurance business through agents. Having regard to the nature of their duties and the Corporation's need, in the interest of policyholders, to operate at a reasonable cost, it is essential that the new business which the Development Officers procure, is adequate and bears a reasonable relationship with the cost incurred on

them. Though the concept of cost limitation was incorporated in the appraisal system for the Development Officers which was brought into force after nationalisation, the system was relaxed over the years and in 1971 the Corporation entered into an agreement with the Development Officers under which the minimum criteria for new business were laid down without any reference to cost norms. The Corporation, however, soon found out that after this agreement there was a deterioration in the performance of Development Officers. A large number were operating at uneconomic levels. During 1974-75, the Development Officers whose cost ratio exceeded the high level of 35 per cent numbered over 2,000 out of a total 8,000 and of these, there were as many as 195 Development Officers whose cost ratio was over 100 per cent, that is to say, their cost exceeded even the premium income which they brought in. In view of this unsatisfactory position, the LIC felt it necessary to link the remuneration of the Development Officers with their performance. On consideration of the various cost constraints, the Corporation felt that the new business premium income brought in by a Development Officer should be at least five times the cost incurred on him. Accordingly, the Corporation introduced a scheme of cost norms in 1976 which provides that the cost ratio of a Development Officer should not exceed 20 per cent. It may be mentioned that this cost ratio is liberal as compared with the cost ratio norm of 15 per cent recommended by the Morarka Committee in 1969.

In view of the representations received from the Development Officers for scrapping the cost norms and for restoration of guarantees relating to grant of automatic increments, protection of remuneration and security of service, the LIC reviewed the position and while retaining the basic concept of cost norms has offered several concessions to reduce the rigour of their imple-

mentation. For example, it has agreed to postpone the implementation of norms by a full year in order to enable the Development Officers to improve their performance. Besides, the scheme has been modified to ensure that those Development Officers who suffer a reduction in their emoluments because of poor performance in a particular year will be allowed a restoration of the cut if their performance improves in the subsequent years.

Notwithstanding these relaxations, the Development Officers have continued to insist that they would discuss any new concept of cost norms only if all the guarantees relating to security of service, grant of automatic increments and protection of salary are ensured by the Corporation.

Government are firmly of the view that it is essential to have a scheme of cost norms for appraisal of the performance of Development Officers. Considered in this context, there is clearly no justification for the present strike. However subject to the acceptance by the Development Officers of the principle of cost norms, Government are prepared to consider any reasonable proposals which, while being fair to Development Officers, would, at the same time, safeguard the legitimate interests of LIC's policyholders.

SHRI SHYAM LAL YADAV: Sir, I am very sorry to hear the observations of the hon. Finance Minister on this issue. He has tucked to his guns and has not budged an inch. It is a fact that the LIC came into existence in 1956 amalgamating about 240 insurance companies. At that time, there were only 5,000 development officers. Later on, 2,500 development officers were recruited. But during the last four years, there has been no addition to this cadre. The purpose for which the company, the LIC, was established was to mobilise resources and to cover a large number of people. The duty of the development officers, as

has been enumerated by the hon. Finance Minister, is naturally to motivate people to get themselves insured through agents. Sir, the real dispute has started right from the beginning. What should be the norms of work for these development officers? Because of this dispute, there were mutual negotiations. There were protracted negotiations between the LIC and the Development Officers' Federation, which is the sole representative of all the development officers. They arrived at an agreement in the year 1971 to which the hon. Finance Minister has referred. In that agreement, the work norms have been decided. It is wrong to say that there were no work norms or that there were no considerations of cost ratio. In that agreement, the work norms have been laid down. It has been laid down that the scale of pay of Grade II Officers is Rs. 175—750 and that of Grade I Officers Rs. 250—850; other allowances like dearness allowance, house rent allowance, conveyance allowance and so on may be included later on. But this is the basic salary on which these development officers have been working throughout this period. They have been gone on strike from the 8th March. What will be the expected loss for the LIC? The hon. Minister has not referred to this in detail. But I am told that the loss would be to the tune of Rs. 500 crores worth of new business which would bring fresh premium worth Rs. 20 crores as well as the recurring income that would accrue from such insurance.

Now, I would like to inform the House that the agreement which was arrived at in 1971 provided for the work norms. I quote Part I (a):

"Every Development Officer would be required to produce through his organisation a minimum income of Rs. 25,000 or insure 100 lives. Failure to do so would attract punitive measures."

There was also a provision for a 20 per cent increase in the work. This

[Shri Shyam Lal Yadav.]
agreement has been working all right for the last five years. This has also given good results. There was no dispute. I would just give certain figures to show how the business has been going up during this period. In 1962-63, the number of development officers was 8,203 and the average business was Rs. 8.3 lakhs. In 1965-66, the number of development officers was 8,613 and the average business was Rs. 8.4 lakhs. In the year 1975-76, the number of development officers was 7,690 and the average business was Rs. 23.6 lakhs. From this, it could be seen that this scheme has been working very well. The business has been going up. This disproves the contention of the hon. Finance Minister. There was also provision for punishment. If one fails to procure at least the minimum business that was prescribed in the formula in 1971, for three consecutive years, he could be penalised. He could be shifted from the field work to the main office. This would also result in a loss in emoluments to him. This norm did involve work norms and employment security also. Now by the order of 8th April and 22nd April, 1976, this norm was changed unilaterally. The only thing that has been objected to by the Federation is that this work norm was changed, replaced, and a new work norm was provided by the Government without consulting, without inviting the Federation to a negotiating table. It was a unilateral action of the Government. That is most objectionable.

THE MINISTER OF STATE IN
THE MINISTRY OF LABOUR AND
PARLIAMENTARY AFFAIRS (DR.
RAMKRIPAL SINHA): When?

SHRI SHYAM LAL YADAV: That was most objectionable. Just now the Finance Minister has mentioned that the Morarka Committee recommended in the year 1969 that 15 per cent cost norm should be provided. I am surprised that the Finance Minister has raised this principle so late in

the day. In 1971 when this recommendation of Morarka Committee was before the Government, before the Federation, before the LIC, it was considered and it was rejected totally, being unpracticable, unprofitable and unworkable. Therefore, my submission is that the Government should not rely upon that old recommendation of the Committee. I may just inform the House through you, Sir, that the Committee has made about 112 recommendations and none of those recommendations was carried out. One of the main recommendation was that the zonal offices should be abolished. There are five zonal offices in the country. They are just duplicating the work of the divisional offices. No productive work is being done at the level of zonal offices. But still those offices were not abolished because high officials were involved. Therefore, that recommendation was not accepted. And now that report has been taken out from the grave and brought to life just to sustain this fallacious argument of the Government that 20 per cent norm could help the workers. Therefore, the basic fundamental principle of changing the work norm was not accepted by the Government. Sir, the Janata Government in and outside the House very loudly profess that they are going to have workers' parliament, workers' participation, but why are the workers not being consulted on this issue? It may not have been done earlier, but what prevents the Government from consulting the workers at this stage. I want to ask the Finance Minister.

Now, Sir, what is this norm that has been introduced in the year 1976? I would like to inform the House that it says that the Field Officer has to bring five-times value of business of his total emoluments for year. For example if a worker gets Rs. 1000 per month, say Rs. 12,000 per year, he has to get business worth Rs. 60,000 a year. He will get one-fifth of the salary if he does not bring that business. The conditions of the norm

are serious. One is dismissal from service. Another is reduction in salary. An officer who is getting Rs. 1500 a month, if he does not bring so much business, his salary could be brought down to Rs. 250/-. Such a thing is unheard of. In the morning, when the question of temporary commission bearers of railway canteens was raised, one of the Ministers of the Janata Government, Prof. Dandavate, was taking great pride in saying that these temporary bearers of railway canteens are being made permanent. Whereas the able Finance Minister is reducing these permanent Development Officers of the LIC to a status of the temporary commission agents. These Development Officers of LIC have raised resources, mobilised resources have carried the insurance business to every nook and corner of the country and they are being reduced to a status of temporary commission agents. That is very surprising.

I do not know what has prompted this Government not to negotiate with the Federation and still the Minister is insisting that unless they agreed in principle, he is not ready to negotiate. I think this is an anti-labour attitude and anti-people attitude. This should not be there and the Government should be fair to discuss all these things with the Federation.

Sir, the norm does not take into consideration the situation that prevails in the country, the service, the age, the health, the natural impediments like famine, drought, cyclone and tornado—it does not take care of all these things. For the first time in the year ended March, 1977, the business fell short by Rs. 10 crores over the previous year. In the current year also, it is going to be a big deficit. This formula has not worked so far. This will result in removal of 500 persons from service within the next month and 1600 Development Officers will get reduced salaries. The salary of some of them will be reduced to the minimum.

Therefore, it will lead to very disastrous results in the entire profession.

Sir, I would like to read out what the Foreign Minister, Shri Atal Bihari Vajpayee, said on the 9th March, 1977, just on the eve of elections. I would remind the Finance Minister about that if you would just bear with me for a few minutes. This is what he said:

“Development Officers of the Life Insurance Corporation of India have been put to a lot of unmerited hardship. Their bilateral agreements have been cancelled and they have been made contractual employees. We shall fight against the wrong done to the LIC Development Officers. We shall definitely get the wrong rectified”.

I would like to know from the Finance Minister how he is going to rectify this wrong—whether by insist-cost ratio or by having an open mind? The Federation, we are told, is ready to negotiate with the Finance Minister on any matter. They are not opposed to negotiation. But the LIC and the Government are not ready to negotiate at any cost. That is our charge. I would like to know from the hon. Finance Minister whether this 1971 Agreement was entered into in spite of the Morarka Committee's recommendation to fix 15 per cent work norm; whether it is not correct that the 15 per cent norm was rejected both by the Government and the Federation. Secondly, I would like to know whether it is not a fact that the average production in terms of new business per Development Officer has been steadily rising from the figure of Rs. 250 crores per annum to Rs. 2300 crores in a decade and the per capita business has increased from Rs. 6 lakhs to Rs. 23 lakhs. Thirdly, I would like to know whether as a result of this new work norm, the business this year, as I have just now mentioned, has not gone up; it has

[Shri Shyam Lal Yadav]
rather gone down. Fourthly, whether there were ever any negotiations with the Federation on this new 20 per cent work norm and whether the Government is ready to negotiate, bringing all sides to a round table conference. The Federation is ready to conduct talks. If the Federation is conducting its agitation, it has been compelled to do so. I would like to congratulate the Development Officers for having conducted the agitation so far in a most dignified and peaceful manner.

They have brought their grievances before the Government, before Parliament and the people in a very praiseworthy way, without indulging in any type of agitational attitude. I apprehend that this Government is not ready to heed a peaceful demonstration or a peaceful agitation by the workers. It wants that some type of force should be generated. I would like to know from the Finance Minister whether he is going to accept the views that had been expressed by the Foreign Minister just on the eve of the elections. Was it a real promise to the Federation of Development Officers, or just a dupe to get their votes? The Foreign Minister just cheated them, rather gave them a false promise and got their votes. Is it a real promise and are they going to stick to this promise—I would like to know. I would like to know why the Finance Minister should not discuss the whole matter with the Federation of Development Officers. Fortunately, in this organisation, all the Development Officers are members of one union—the National Federation of Insurance Field Workers of India—and about 6,000 out of 7,500 Development Officers were here in Delhi yesterday. They held a demonstration at the Boat Club and I am told that 62 Members of Parliament, mostly belonging to the Janata Party, went there, addressed them and promised before them that they would get their demands acceded to by the Government.

What hinders the Government from doing that, I am at a loss to know. Therefore, I would like to know from the hon. Minister whether he would accede to this. If he does not, then I think he will betray the field officers and put the Life Insurance Corporation, a public sector undertaking which has been brought into existence with great hope, into disarray. It will affect our financial position also. Therefore, I think the hon. Minister will be kind enough to answer my questions.

SHRI H. M. PATEL: Sir, the hon. Member made a number of statements, some of which are not quite accurate. But I would like to tell him that far from my not wishing to meet them or see them, only this morning when the LIC workers came in a large demonstration, they said that I should meet their leaders and receive a memorandum from them, and I did so. I met the President, the Secretary and another senior officer of their federation and they gave me a memorandum. I discussed with them for quite some time as to what exactly was their difficulty. I said that so far as the Government is concerned, we are quite prepared to discuss with them fully everything they wanted but on one condition and that one condition was that they must accept the concept of cost norms which should be reasonable and fair to the policy-holders and also fair to the development officers. This was the only condition. In fact, it is not a condition; it is really an understandable point which any business corporation should make. My hon. friend, said that the rule is that business worth five times the salary should be procured. Now, what is the objection to that? Is it not realised that the LIC is, after all, there to serve the policy holders and not only to look after the emoluments of the development officers? As I said, the development officers are there to procure business, and business should be procured at a sufficiently reasonable

cost to make it possible for the insurance business to be carried on satisfactorily. My hon. friend referred only to the basic salary of the development officers. As I said, the emoluments of no development officer are less than Rs. 2,000 per month. Therefore, the procurement of business must be more than that. As I said in my statement, after the 1971 agreement, as many as 195 development officers could only procure business at a cost exceeding 100 per cent; that is to say, their cost was more than the premium they brought in. Now, in addition to whatever is the cost of development officers, the LIC has to give to the agents 35 per cent of the first year's premium. Then there are medical expenses. There are a great many other costs. So if we really do not get from the development officers, an adequate volume of business, then the LIC would not be able to run in a satisfactory manner. Therefore, the necessity for a cost norm is clear. My hon. friend asked me what was the agreement in 1971. Of course, there is no question of rejecting the recommendations of the Morarka Committee. But the Morarka Committee's recommendations were not acceptable to the development officers and, therefore, some arrangement had to be arrived at. The arrangement that was arrived at, as he rightly pointed out, was this, that the minimum norm of performance per development officer was fixed at Rs. 25,000 of premium income and 100 lives in the first year; and after the first year, they were raised to Rs. 30,000 and 125 lives. These work norms did not make any reference to a desirable cost ratio—nothing at all. In essence, the so-called work norms were mere targets and the prescription of such work norms did not in effect serve any real purpose so far as the cost ratio of a development officer was concerned. But the other drawback was that the same volume of work was expected of each Field Officer irrespective of

the grade in which he was working. This meant that better performance was not expected from those who were in receipt of a higher remuneration. I might also mention that development officers not only get their salary but also certain incentives. If they procure a certain volume of business, they get an additional bonus so that the whole business depends upon the Development Officers procuring as much business as possible and certainly, unless a reasonable cost norm is fixed—I agree that it is a matter which can be discussed and therefore I said that we are prepared to accept discussions without any fixed cost norm or anything of that kind—it can't work. Let us sit down and discuss but this cost norm, I think, must be accepted. This is the only point I am just explaining. This is the only point subject to which I said, we will be prepared to discuss. Now if there are other points that you want me to answer, I can answer but I think it is important to realise.

My hon. friend said that the business went up and so on. Certainly the business has increased over the years, but what happened is this. The improvement in average performance per Development Officer in terms of average sum assured is quite different. For instance, the average yearly emoluments per Development Officer went up from Rs. 4,479 in 1958 to Rs. 25,485 in 1976-77 and the business went up by four times. From Rs. 6.5 lakhs it went up to Rs. 24.8 lakhs per Development Officer so that whereas the business went up only four times, the emoluments went up six times. That is why one of the consequences has been that the policyholder has never got a fair deal; he has got a raw deal. Sir, within a matter of days after nationalisation, a one rupee across-the-board reduction in premium rates was given to the policyholder and thereafter, in all these years, there has been no reduction. So the policyholder has

[Shdi H. M. Patel]

suffered. I would not like to say that it is only the Development Officers' emoluments which is the cause of it. But this is one of the causes of it. Now I would like to ask the hon. Members whether, when a man gets certain emoluments—whatever they may be—it is wrong to link them with his performance. You give a salary to somebody and in return you expect a certain quantum of work from him. This is all that is being discussed and is at dispute.

I would be quite prepared, therefore,—as I said before—to discuss with them on this basis.

SHRI BIPINPAL DAS (Assam): Sir, at the very outset I must make it clear that I do not generally sponsor the cause of the white-collared employees, because in this country 60 per cent of the people live below the poverty line—that is our major problem—and therefore we should pay more attention to the cause of the workers and peasants at the bottom level. But, Sir, here the case is a little different.

Sir, I am a little disappointed by the explanation given by the hon. Finance Minister. My friend, Shyam Lal Yadavji, has put forth the case very well. What is the history behind the case?

Now, Sir, on 24th May, 1957, the then Finance Minister, Shri Krishnamachari had given a solemn assurance—it was a Finance Minister giving a solemn assurance—on the floor of the Lok Sabha that the service conditions of the LIC employees would not be altered to their detriment from time to time. In 1965 and 1971, two agreements were entered into, when Mr. Pai was the Chairman of the Life Insurance Corporation. Why were these agreements arrived at?

AN HON. MEMBER: Who was the Finance Secretary at that time?

SHRI BIPINPAL DAS: Why were these agreements arrived at in 1965 and 1971? I do not think the management of the LIC did so at that time without bothering about the possible losses the LIC might incur because of these agreements. So the whole question just now before us is: What led the present Government, or the Government in 1976, to scrap the agreements? What was the reason? Who did it? That is the basic question. You cannot run away from that.

The Finance Minister has said a lot of things about the relation between the salary and the performance. Had there been such a principle accepted by this Government, it would have been an ideal situation. Is that policy applicable to the employees even under the Central Government? Is there any correlation between the salary and the performance? Do you fix a salary according to performance? Do you increase a salary according to performance? Here the question is not about raising in the salary. The basic question is about the so-called new conditions of service imposed in 1976, as a result of which there may be decrease in salaries down to zero. This is the question. Do you want to enforce a certain system, certain conditions, by which the salary of a man may be slowly reduced to zero? Now he says there must be a correlation between the performance and the salary. Take an LIC Development Officer working in Bombay and an LIC Development Officer working in Nagaland. Are their situations the same? Can they procure the same amount of business? Should the same set of rules be applicable to both of them? It is a matter of common sense. Take a Development Officer of 50 years of age and a Development Officer of 30 years of age. Are they expected to procure the same amount of business? As you proceed in your career, your salary goes up. And therefore you are expected to procure more business

when you are ageing. Is it humanly possible? Is it a human proposition? Is it a realistic proposition? Therefore, let us look at the basic aspects of the problem. He has not given any explanation why the business went up when those agreements were under operation when Mr. Pai was the Chairman. He talked of poor performance. How could the business go up if the performance was poor? Of course, he said that the cost of servicing had gone up. The question is that the performance was not poor, there was no deterioration in performance. If the performance deteriorated, how is it that the business went up by four times? These are the basic questions which the hon. Minister has failed to answer. As recently as on the 6th February, 1978, the Chairman of the LIC, while speaking to the newsmen at Delhi, had said that in 20 years of LIC's existence, there had been a 15-fold increase in insurance covering, the business in force having gone up from Rs. 1200 crores in March, 1955 to almost Rs. 18,000 crores in March, 1977. This is the statement made by the Chairman of the LIC himself as recently as the 6th February, 1978. If the performance has been so bad, if there was a deterioration in the performance of these people, how do you explain the business going up like this?

Sir, the Minister has talked about the basic salaries, allowances, and so on. I do not want to go into that question. Shri Yadavji has already said what the basic salaries are. What kind of an officer is this Development Officer? He is called the Development Officer, but he has no staff under him, he has no office to work in, he has no table, he has no stationeries given to him. And he is supposed to appoint the agents. The agents, later on become responsible to the Managers. What kind of officer is the Development Officer? He talks of giving all kinds of privileges and facilities to him.

Linking of bonus with production, I agree on. Therefore, if you want to

relate anything to the amount of business to be covered by the Development Officer, it should be bonus. I can understand that. That is rational, that is reasonable. I am always in favour of connecting bonus to performance, but not the basic salary. It is inhuman to connect basic salary to performance. As explained just now, for raising the salary of an ageing man, you want him to give more business even though he is 60 years old? These are the basic questions that have to be answered.

He said about the Federation. The Federation is prepared to talk with the Government. Do not fix conditions. Do not fix conditions if you are honest and talk with them. They are prepared to talk. And you talk of performance. The Federation has in writing given a statement that it is prepared to find out any reasonable formula for measurement of performance. Have a talk with them. They are prepared.

I do not want to take much time of the House. I want to ask a few questions. The first question is, as I put earlier, has this principle of relating salary to performance, as has been explained just now, been applied to any other category of employees under the Central Government, let alone others? I want to know about the Central Government, not the private industries. If it is not, why has it been related in the LIC alone? The second question is, why was it necessary to scrap the agreements of 1965 and 1971 when it was found that those agreements worked well, the business went up and the performance went up. Sir, may I ask the hon. Minister, who decided—was it the management or the Ministry of Finance—to scrap those agreements?

रेल मंत्रालय में राज्य मंत्री (श्री गिब नारायण) : यह तो सुब्रमण्यम साहब से पूछिये।

श्री बिपिनपाल दास : थोड़ा ठहरिये, साहब, इसका मैं जवाब दूंगा।

[Shri Bipinpal Das]

It was known, Sir, that when Shri T. A. Pai was the Chairman of the LIC, because he developed the whole business to a great height, there was a lobby in the higher echelons of the LIC, working all the time against the lower officers, but because of Shri T. A. Pai they could not do anything. This anti-Development Officers' lobby in the LIC marked time. When Shri Pai retired, came away from the Chairmanship, they took advantage of it and got the thing done. May I ask: Will it be reasonable on my part to suspect that there was some kind of collusion or conspiracy between the bureaucracy of the LIC and the bureaucracy of the Finance Ministry? Shall I be justified in saying that, in supposing that and suspecting that?

My last question is this. The Janata Party talks of excesses of the emergency. I also think that the decision of 1976 was an excess of the emergency. They made promises in the public meetings before the elections that they were going to undo the excesses. Why is it then that now you have continue the decision of 1976? What prevents you from altering the decision and from going back to the 1965 and the 1971 agreements?

He talked of Mr. Subramaniam. Leave aside Mr. Subramaniam. What is Mr. Patel doing now? Forget Mr. Subramaniam. It is expected of Mr. Patel to undo that and do justice which is due to these officers.

I want very clear and categorical answers to these points.

SHRI H. M. PATEL: Let me first of all answer all his questions. He asks, "Are there any other categories of Government officers who have this condition of performance?" This is an extraordinary question. The Development Officers are in a totally different category. They are there for achieving a certain purpose, procurement of business, and their emoluments are linked with that. Before

nationalisation they were never on any permanent service posts.

SHRI BIPINPAL DAS: The entire work of the Government is directed towards one objective, the economic and social development of the country. Do not forget it.

SHRI H. M. PATEL: The development of the country ...

SHRI KAMESHWAR SINGH (Bihar): On a point of order, Sir. I gather from the reply of the Minister, that he has given so far that he has not yet gathered any wisdom from the reply of the hon'ble Member, Shri Bipinpal Das.

MR. DEPUTY CHAIRMAN: He has hardly replied. He has not yet finished the sentence.

SHRI KAMESHWAR SINGH: One can gather anything from whatever he said. He should have accepted the observation in its totality.

MR. DEPUTY CHAIRMAN: He has not yet finished the sentence. Please sit down.

SHRI H. M. PATEL: The hon'ble Member is so impatient that even before I began one sentence ...

SHRI KAMESHWAR SINGH: He spoke for 1½ minutes.

SHRI H. M. PATEL: I do not wish to enter into any controversy about this thing. But let me tell him that it is good that he regards whatever was the decision taken in 1976 as an excess. I am glad that such matters become clearer. What have we said? We are not saying that this is something which we are not prepared to change. I have said clearly that I am quite prepared to negotiate with them, discuss with them. I only wanted this one point to be recognised, the underlying principle for a discussion. That is to say, they must agree to see that their emoluments must have some relation to performance. On what basis, and what con-

dition should be laid down in order that that performance is procured can be discussed. I said that the concept of cost norm should be accepted. What does that mean? I do not say a particular cost norm, 10 per cent., 50 per cent., nothing. I am merely saying that we will sit down and discuss the cost norm, something to judge, to appraise the performance of the Development Officers. There has to be development. My hon'ble friend says we are all working for development. Yes, there should be development. I say there is no question if the officers procure development and achieve development, development commensurate with the emoluments given to them, development which will ensure that the policy holder is dealt with fairly. I am surprised, Mr. Deputy Chairman, Sir, that while they are very much disturbed over the fate over the conditions of these 8,000 officers, there is no tear of sympathy, not at all, in so far as hundreds of thousands of policy holders are concerned who have not benefited in the least. This kind of approach has been responsible ...

SHRI BIPINPAL DAS: We are not discussing the issue of policy-holders. Do not mislead the House. We are not discussing the policy-holder.

SHRI H. M. PATEL: These questions are related. The consequence is of certain actions which take place. These consequences have to be borne in mind. I am not even saying ...

SHRI BIPINPAL DAS: May I ask how many lakhs of rupees are spent every year on only cancellation charges of air tickets of L.I.C. officers from Bombay to De hi.

SHRI H. M. PATEL: I am very glad that my hon. friend is so anxious about economy. After all, this Government came in only a year ago. It has been trying to see that there should be economy. But what did he do about economy all these years? I was avoiding political controversy. I was

avoiding any reference to politics. But they keep on bringing this up. The decision was taken in 1976. By whom? Why were all these people silent then? My hon. friend was there. Why did they not say anything then? You talk about the Finance Minister giving an assurance. What was that assurance? That the L.I.C. staff will not be dealt with adversely. I think there has been no question of dealing with them adversely or operating adversely to the L.I.C. officers. There it is a question not of development officers but the totality of the L.I.C. staff.

I wish this controversy was not unnecessarily raised. I have already said that I am prepared to see that we enter into discussions with them if they are prepared to discuss.

If you want to start *de novo*—we have discussed this completely—I agree, I am prepared to do that. I said this just now in the other House, that I have no desire that any section of the staff should be dealt with unfairly. But I am also anxious, although my honourable friends do not like my referring to the policy holders that the interests of the policy-holders have also got to be safeguarded and somebody has got to speak for them. I am prepared to go into this whole question.

SHRI P. RAMAMURTI (Tamil Nadu): I had something to do with the 1971 agreement. I had a lot of discussion with Mr. T. A. Pai at that time. Taking into consideration both the factors we discussed the question—the question of services to the policy-holders and again the volume of business being connected with the amount of work that they do. It is for that purpose a specific formula was evolved at that time, namely, a basic salary plus certain incentives. In fact, what he says, that the basic salary is between Rs. 135 and something but the total emoluments are about Rs. 2000, refers to the fact that

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it is connected to the performance; otherwise, how would they draw Rs. 2000? It is connected to the performance. This was also taken into consideration in the year 1971. But what I want to point out is his pointing out that 195 people out of a total of 8000 officers—195 people—did not perform their duty properly, is no answer to the basic question. After all, 195 out of 8000 is a small thing and you can take penal action against them. Nobody prevents you from taking penal action against them. The agreement itself provides for taking penal action against them. The only question is the agreement which was entered into solemnly in 1976 by the two parties, was broken unilaterally. If any change is considered necessary, nobody prevents them from having bilateral negotiations.

Since it was done in 1976 unilaterally without having consultations with them it is being brought into force only now, and therefore, the question is: Are you prepared to enter into negotiations with them? He said he is prepared to enter into negotiations with them. I am very glad about it. The condition of costs they will certainly accept. But you have got to agree that performance also has got to be taken into consideration when entering into an agreement. On the question of LIC Field Officers the major question is, without unilaterally changing it, are you prepared to restore the *status quo* and discuss the whole question? That is the main question. Restore the *status quo*; and, the wrong that you have done of unilaterally changing it. Restore the *status quo* immediately. Are you prepared to discuss with them? Then I would also like to point out that the Calcutta High Court has today struck down this order, and again the Madras High Court has stayed the implementation of the order. Do you want them to go to every court and get it stayed before doing this? Instead of that, what applies to the Field Officers under the jurisdiction of the Calcutta High Court and under

the jurisdiction of the Madras High Court must equally apply to all the other officers also. Therefore, are you prepared to respect the verdict of those two High Courts and stay the order and then enter into negotiations? If you are prepared to do so, then, respect the opinion of these people and also undo the wrong that has already been done. Restore the *status quo* go into negotiations, taking into consideration all those things, and, if necessary, if some new norms have got to be worked out, if some new conditions have got to be worked out, enter into negotiations. That is all what we want. Are you quite prepared to do that?

SHRI H. M. PATEL: Of course, I told the Development Officers before and I would say it even now that if discussions are to begin in this manner, that is to say, if you want to start *de novo* completely, with no reference to anything before on either side, I am prepared to stay the implementation of the order. In fact, I have said to this morning also. I am prepared to do that provided of course at that time in my discussion with them this morning I was insistent upon the cost norms—they agree to the cost norms. I still would consider that that is something to which they should agree. In view of the fact that you feel that—no, I need not even put that condition, I do not mind if we start from scratch—their not talking of the previous agreement—sit down, talk and evolve a new formula. I am quite prepared and if anybody has been sacked or given notice, I will see that these orders are stayed. These discussions should go forward and a settlement reached quickly. But I would like again to point out that these orders were not passed by this Government...

SHRI P. RAMAMURTI: That we know. I agree with you.

SHRI H. M. PATEL: Still, I thought I should make it clear. At the same time this one underlying principle ap-

pears to me to be very reasonable and therefore I want to keep on emphasising it. Somehow there has to be some very clear link with performance in whatever we do.

SHRI MURASOLI MARAN (Tamil Nadu): The hon. Minister is sticking to his gun. But I am very glad that he has accepted that this present situation is one of the excesses of the emergency. So if the hon. Minister considers it as one of the excesses, why should he not undo this excess? That is my first question.

It seems that the hon. Minister sees some kind of hidden virtue in this excess. It seems he attaches some kind of sanctity to the concept of cost norms. I want to know the background. Why should he stick to this concept of cost norms because this has happened after the bilateral agreement was given a go-by?

Next, if you are so anxious to implement the cost norms, I would like to know whether this concept will be extended to the other public sector undertakings. Is it a policy decision? If you are very serious about it in the case of Development Officers, are you going to extend it to other public sector units also?

Secondly, the Minister says that he is prepared to negotiate, discuss and deal with them provided the Development Officers agree to the concept of cost norms. Let us take the cost norms. I want certain clarifications on them. There are certain wrong things in the so-called cost norms. I want to point out some five wrong aspects of these cost norms.

Firstly, they are based on some unreasonable premisses. For example, the concept of five times premium income of the annual remuneration is based on the workers in the urban centres. That average or the minimum standard itself is not based on the right premisses. The entire thing is based on unreasonable premisses.

Secondly, there is no permanency for the Development Officers. For example, the Development Officers will get different salaries in different areas.

Thirdly, it is so very highly unrealistic. For example, while a shortfall in the premium income will bring about a decrease in their salaries according to the concept of cost norms, if they produce surplus premium they should get more. It is not like that. It stops at some level. This is the third anomaly.

Fourthly, there is no difference between the rural sector and the urban sector. As Shri Bipinpal Das pointed out, should there not be a difference between an urban locality like Calcutta and a tribal area? These work norms do not go into this also.

Fifthly, there is insecurity. For example, in case a person's premium income in a single year falls short five times the starting point, that is Rs. 250 per month of the salary scale, then his services will be automatically terminated. That is why I want a specific answer from the hon. Finance Minister when he says that they should agree to the concept of cost norms. Will the honourable Finance Minister give a categorical 3 P.M. assurance here and now that these five norms would be reconsidered? Sir, I want a categorical answer from the honourable Finance Minister.

SHRI H. M. PATEL: Sir, it seems to me that the honourable Member has not been listening to whatever has been going on here. I have already said that these days the concept of cost norm does not mean precisely that this will be done or that will be done. That is a matter for discussion. This is what will be done with an open mind and after going into the merits of the case. Take this question, for instance: It was asked whether the cost norm would be the same for a person living in an urban

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area and for a person living in a rural area. Now, that is a point which would be considered. But, as I have said clearly, I am prepared to see that we enter into negotiations if the Development Officers are also prepared to come along with a clear mind for discussions *de novo*. No conditions, I am also prepared to waive my condition. I will do so because it is quite obvious that whatever arrangements must be made, there has to be some relationship to performance in a thing like this. They have a feeling that I have a particular cost norms. I have no cost norm in my mind. I referred to the Morarka Committee's recommendations because they exist and they are something which are there. A reference was made and I think Mr. Bipinpal Das made a peculiar point—I am sorry, he is not here now—he said that there are only 200 people whose cost is higher than 100 per cent. But what should not be forgotten is that at the present moment, fifty per cent of the Development Officers procure business up to 68 per cent working under a cost norm below 20 per cent. So, it is not as if the Development Officers are not doing this or are not able to achieve this volume of work. Nothing like that. The rest of them are producing some 30-odd per cent and it is really not very satisfactory if looked at that way. But, as I have said, without going further into all those things, I would say that there need be no doubt on this point. If they are willing and if they want to discuss, we are prepared to discuss it.

SHRI INDRADEEP SINHA (Bihar): Sir, I would like to point out that the Finance Minister has tried to mislead the House on the question of cost norms. He admits that in the 1971 agreement the same concept of cost norm was there. It may not be the same which governs the 1976 order. But the concept was there. So, the question really is this: What concept of cost norms should govern the emoluments of the LIC Development Officers? That is a matter to be discussed

and I am glad that the honourable Finance Minister has agreed that he will not lay this down as a pre-condition. That is welcome. The second point is this: This unilateral decision about the LIC Development Officers was only one of the steps taken by the then Government under the cover of emergency against the working class. The other steps were amending the Bonus Act, then scrapping the bilateral agreement between the LIC and its staff on which question they went to the Supreme Court and they won the case—they won the case; they went against the LIC in the Supreme Court that was one step—and there were other steps in the name of civil liberties and constitutional amendments. Now, the Janata Party has come to power and it is committed to undoing all the wrongs done during the emergency. Then, Sir the first thing should be for the Finance Minister to undo the 1976 Order. I am glad that he has said that he will do it. But I want a categorical assurance from him in this House that the operation of the 1976 Order will be stayed throughout the country till the LIC Development Officers and the Government or the Finance Minister, through bilateral negotiations, reach a fair settlement. Let them meet without any pre-condition. We do not want to impose any condition on our part. We only support the just cause of the LIC Development Officers.

Only one more point. The Finance Minister has just stated that 50 per cent of the LIC Development Officers procure 68 per cent of business. He also stated that in the case of only 25 per cent LIC Development Officers the cost works out to 25 per cent of the premium earned. So, in the case of at least 75 per cent, the performance, even according to his judgement, is satisfactory. Now, what is the reason for this poor performance in the case of these other people is it due to their inefficiency or is it because they are placed in areas where business is not so much, as, for example, in big industrial and commercial

centres; or is it because there are areas of drought and floods in certain parts...

AN HON. MEMBER: Or cyclone.

SHRI INDRADEEP SINHA: In 1974-75 the whole country passed through an unprecedented economic crisis. The agricultural production declined, the industrial production stagnated and there was even stagnation of national income. So when everything declines, to except that the performance of the LIC Development Officers must go on increasing—this is a stand which no reasonable person can take. So I will again request the hon. Finance Minister to advance one step further and give a categorical assurance that the 1976 order will be kept in abeyance and he is prepared to discuss the matter with the LIC Development Officers without any pre-conditions being laid down either on his behalf or on their behalf.

SHRI H. M. PATEL: I have already answered that.

SHRI INDRADEEP SINHA: Sir, this is very strange.

SHRI H. M. PATEL: Sir, I have already said more than once that I am not prepared to commit anything. You charge me with misleading the House. This is not only unmerited but, I think, is highly objectionable... (Interruptions.) Therefore, I am not prepared to discuss the matter when people make such entirely baseless statements.

SHRIMATI NORJEHAN RAZACK (Tamil Nadu): I would like to know from the hon. Minister whether he can give an assurance that the Agreement would be stayed and this would be followed by bilateral negotiations.

SHRI H. M. PATEL: No.

श्री नगेश्वर प्रसाद शाही : (उत्तर प्रदेश) :
मैं मंत्री महोदय से जानना चाहूंगा कि इन

तमाम विषयों पर विचार करते समय और निर्णय लेते समय क्या वे इस बात पर ध्यान रखेंगे कि पालिसी होल्डर्स के लिए मिनिमम डिविडेंड का प्रायोजन किया जा सके ? अब तक कोई मिनिमम नहीं है और पालिसी होल्डर्स के लिए कोई अग्रेनाइज्ड फॉर्म नहीं है जो अपने क्लैम्स को सरकार के सामने रख सकें ।

SHRI H. M. PATEL: Sir, I pointed this out earlier—of course, certain hon. Members did not like it—that the policy-holders' case has been going by default, because there is nobody to speak for them. But I would also like to keep the matter in proper perspective. It is not just the Development Officers' failure to perform satisfactorily which is responsible for this, but there are other causes also, and I will certainly go into all of them in order to see that the policy-holders' interests are also safeguarded...

(Interruptions)

I. THE APPROPRIATION BILL, 1978

—contd.

II. THE APPROPRIATION (NO. 2) BILL, 1978. —contd.

SHRI NRIPATI RANJAN CHOU-
DHURY (Assam). Mr. Deputy Chair-
man, Sir, the Appropriation Bill, 1978,
is really a procedural matter and so
I have nothing to say about that. The
present Government has also come
forward with this Bill as a matter of
procedure. So I think I should not
devote much of my time to this Bill.
Sir, the Appropriation Bill No. 2
relates to supplementary grants. Sir,
before I start my observations on the
performance of the Janata Party
Government during the last one year,
I pick up the thread from where the
Finance Minister concluded his replies
to the Calling Attention. The Finance
Minister is very much firm in his
stand that the cost norm should be
very much observed while fixing the