

Courts Bill, 1968. The names of the members nominated by Lok Sabha to serve on the said Joint Committee are set out in the motion.

MOTION

That this House do concur in the recommendation of Rajya Sabha that the House do join the Joint Committee of the Houses on the Bill to define and limit the powers of certain courts in punishing contempts of courts and to regulate their procedure in relation thereto, made in the motion adopted by Rajya Sabha at its sitting held on the 27th November, 1968 and communicated to this House on the 29th November, 1968 and do resolve that the following thirty members of Lok Sabha be nominated to serve on the said Joint Committee, namely:—

- (1) Shri Nathu Ram Ahirwar
- (2) Shri S. M. Banerjee
- (3) Shri R. D. Bhandare
- (4) Shri Y. B. Chavan
- (5) Shri C. Chittibabu
- (6) Shri Ram Dhani Das
- (7) Shri M. Deiveekan
- (8) Shri Shri Chand Goyal
- (9) Shri Kanwar Lal Gupta
- (10) Shri J. N. Hazarika
- (11) Shri Ghayoor Ali Khan
- (12) Shri Vikram Chand Mahajan
- (13) Shri Maharaj Singh
- (14) Shri B. P. Mandal
- (15) Shri P. Govinda Menon
- (16) Shri V. Viswanatha Menon
- (17) Shri Srinibas Mishra
- (18) Shri Piloo Mody
- (19) Shri Anand Narain Mulla
- (20) Shri C. Muthusami
- (21) Shri Amrit Nahata
- (22) Shri K. K. Nayar

- (23) Shri Bhaljibhai Ravjibhai Parmar
- (24) Chaudhuri Randhir Singh
- (25) Shri K. Narayana Rao
- (26) Dr. Sisir Kumar Saha
- (27) Shrimati Savitri Shyam
- (28) Shri Vidya Charan Shukla
- (29) Shri S. M. Siddayya
- (30) Shri Pravinsinh Natavarsinh Solanki."

THE INSURANCE (AMENDMENT) BILL, 1968—contd.

श्री मान सिंह वर्मा (उत्तर प्रदेश): उपसभापति महोदय, यह बीमा संशोधन बिल जो प्रवर समिति से आया है, जिसका मैं एक सदस्य था और उस समय लगभग 3, 4 दिन तक इस समिति की बैठक चली और कुल बैठकों में माननीय विन मंत्री महोदय उपस्थित रहे। जो जो संशोधन वहाँ पर उपस्थित किये गये, उनको बड़ी उदारता के साथ उन्होंने एकोमोडेट किया, उनको निभाया और अपनी स्वीकृति दी। विशेष रूप से बहुत कम ऐसी बातें हैं, जिनके ऊपर मुझे कुछ कहना है, फिर भी एक दो प्वाइन्ट की ओर मैं माननीय मंत्री जी का ध्यान दिलाना आवश्यक समझता हूँ।

उस समय, जहाँ तक मुझे याद है, कंट्रोलर को जो पावर दी गई है, उसके संबंध में प्रवर समिति के अधिकांश सदस्यों ने अपनी यह आशंका प्रकट की थी कि इस प्रकार के जो अधिकार दिये जा रहे हैं, वे उचित मालूम नहीं देते हैं। जैसा कि माननीय सदस्यों को मालूम है कि जो अधिकार कंट्रोलर महोदय को दिये जा रहे हैं इस बिल के मातहत, वे इतने अधिक हैं कि उसके द्वारा वह डायरेक्टरों का एग्जाइन्टमेंट भी कर सकता है, उन्हें हटा भी सकता है, किसी प्रिमिसेज का सचं कर सकता है और इस प्रकार जो कंपनी की ओर से अधिकार हैं, वे सब कंट्रोलर को दिये जा रहे हैं, तो मैं यह निवेदन करना चाहता हूँ कि उस समय सदस्यों ने यह आशंका प्रकट

[श्री मान सिंह वर्मा]

की थी कि किसी व्यक्ति को इतने अधिकार नहीं दिये जाने चाहिये और उसके ऊपर अवश्य कुछ न कुछ कंट्रोल होना चाहिये ।

जहाँ तक मुझे याद है उस समय माननीय वित्त मंत्री महोदय ने बड़ी उदारता के साथ यह स्वीकार किया था कि वे इस बात पर विचार करेंगे और एक एडवायजरी बोर्ड बनाने की बात उस समय चली थी और यह बात हुई थी कि इस तरह की जो सलाहकार परिषद् बने उस सलाहकार परिषद् का चेयरमैन कोई बाहर का व्यक्ति होना चाहिये । परन्तु बिल जिस रूप में वहाँ से पास होकर आया है, उसको देख कर मुझे आश्चर्य हो रहा है । इसमें केवल कंसल्टेटिव कमेटी का ही विधान रखा गया है जो कि सलाहकार समिति का कार्य करेगी और उसका अध्यक्ष कंट्रोलर होगा । तो श्रीमन्, मैं यह जानना चाहता हूँ कि मुझे भी अपने अन्य साथी सदस्यों के साथ इस बात की आशंका है कि किसी एक व्यक्ति को इतना बड़ा अधिकार दे दिया जाय कि वह उनका प्रयोग किसी भी अनुचित रूप में कर सकता है । बहरहाल वह भी एक व्यक्ति ही है, मानव है और मानव गलती कर सकता है जब कि इस प्रकार के अधिकार मिल जाते हैं । जब इस प्रकार के अधिकार मिल जाते हैं तो उनके दुरुपयोग करने की भावना भी आ जाती है । इसलिए सदस्यों ने जो आशंका प्रकट की थी कि कंट्रोलर के ऊपर कंट्रोल होना चाहिये, नियंत्रक के ऊपर कोई नियंत्रण होना चाहिये उचित ही है ।

यह एक बड़ी विचित्र बात है कि कंट्रोलर उस समित का स्वयं ही अध्यक्ष होगा । ऐसी स्थिति में मैं नहीं समझता कि कमेटी या समिति किस को सलाह देगी । चेयरमैन स्वयं अपने को ही सलाह देंगे, यह बात बड़ी विचित्र लगती है । आवश्यकता इस बात की थी कि जो भी सलाहकार समिति बनाई जाती, उसका अध्यक्ष कोई ऐसा व्यक्ति होता जो कंट्रोल को यह बता सकता कि उसने फलां समय में अपने अधिकारों का अनुचित रूप से प्रयोग किया है, किन्तु यहाँ पर इस तरह की कोई व्यवस्था नहीं रखी गई है ।

माननीया, मंत्री महोदय, शायद यह कहेंगे कि कंट्रोलर यदि कोई अनुचित बात करता है, अपने अधिकारों का गलत रूप से प्रयोग करता है, तो उसकी अपील सरकार को हो सकती है, यह बात तो ठीक है, इस प्रकार का प्राविजन तो इस बिल में किया गया है । किन्तु यहाँ पर मुझे इस बात की आशंका है और मैं प्रायः देखता हूँ कि इस प्रकार के जब कभी डिस्प्यूट्स होते हैं, झगड़ा होता है अधिकारों के दुरुपयोग के बारे में, तब यह कहा जाता है कि उस अधिकारी ने जो कुछ भी किया है ठीक ही किया है । मैं इस तरह के कई उदाहरण दे सकता हूँ । इसलिए मैं निवेदन करना चाहता हूँ कि सरकार को यहाँ पर अपना कर्तव्य समझना चाहिये । परन्तु माननीय मंत्री जी तो इस बात को मानते हैं कि जो भी उनके सेक्रेटरीज या हैड आफ दी डिपार्टमेंट करते हैं ठीक ही करते हैं और वे कोई अनुचित बात नहीं करते हैं, कोई गलती नहीं करते हैं । जब सरकार के मन में इस तरह की भावना है तो फिर अपील करने से क्या लाभ होगा, यह बात समझ में आने वाली नहीं है । होना यह चाहिये था कि इस काम के लिए कोई ट्रिब्यूनल मुकर्रर कर दिया जाता या फिर सरकार की तरफ से तीन आदमियों की एक कंसल्टेटिव कमेटी बना दी जाती और उनमें से एक को चेयरमैन बना दिया जाता । इस प्रकार सलाहकार समिति का गठन किया जाता, क्योंकि कंट्रोलर अगर कोई गलती करता है, तो वह स्वयं अपनी गलती को नहीं पकड़ सकता है । उस गलती को पकड़ने वाला कोई दूसरा व्यक्ति होना चाहिये । जो अपने अधिकारों का दुरुपयोग करता है, वह किस तरह से अपनी गलती पकड़ सकता है । तो मैं यह समझ रहा था कि इस बिल में इस प्रकार का प्रावधान होता चाहिये था । मगर वह नहीं किया गया है । इसलिए मैं मंत्री जी से प्रार्थना करूँगा कि इस संबंध में जो आशंकाएँ हैं अगर उनका इस प्रकार से निराकरण हो जायेगा तो मैं समझता हूँ कि जो भी आशंकाएँ हैं वे दूर हो सकती हैं ।

दूसरी बात मुझे कहनी है कमीशन के विषय में जहाँ तक मेरी सूचना है हमारे देश में लगभग

साढ़े तीन लाख कमीशन एजेंसीज हैं। यह समझ कर के कि कमीशन के द्वारा बड़ा भ्रष्टाचार होता है और बिग बिजनेस हाउसेज जो हैं वे फायर वगैरह का जो इश्योरेंस होता है, उसके कारण एक मडल करते हैं, एक भ्रष्टाचार करते हैं और इस कारण से इस बात को सामने रख कर के कमीशन की जो दर है वह घटा दी गई है। मैं समझता हूँ कि इन साढ़े तीन लाख एजेंसीज में से इस प्रकार के जो बड़े-बड़े बिजनेस करते हैं और जहाँ पर इस प्रकार भ्रष्टाचार होता है, जो मेरा अन्दाज़ है उसके अनुसार लगभग पांच हजार ऐसे एजेंट्स हैं जिनका सम्बन्ध बड़े बड़े बिजनेस हाउसेज से है। उन पांच हजार में से भी प्रत्येक एजेंट सीधा एप्रोच नहीं कर सकता है। प्रत्येक एजेंट का अपना एक स्तर होता है, अपना कंस्टेस होता है और उसके हिसाब से उसका एक सिकिल आफ फ्रेंड्स होता है, वह अपना एक सिकिल बनाता है और उसी सिकिल के अन्दर वह मूव करता है और उसके अन्दर से ही वह बिजनेस लाता है। यह मैं मानता हूँ कि हो सकता है कि अनेक मंत्री महोदय हों, उनको धर्मपत्निया हों, उनकी लड़कियाँ हों, उनके लड़के हों या इसी प्रकार से बड़े स्टैंडर्ड के जो लोग हैं, जो उच्च व्यक्ति हैं, उनके प्रभाव का दुरुपयोग करने के कारण कुछ लोग जो इस प्रकार की एजेंसीज लेते हैं, उनकी एप्रोच बड़े बड़े बिजनेस हाउसेज तक हो जाती हो और वहाँ पर कुछ रिबेट दे कर के वे इस प्रकार की बात कर लेते होंगे। किन्तु अधिकांश संख्या ऐसे लोगों की है, ऐसे एजेंट्स की हैं जिन का निर्वाह केवल कमीशन पर हुआ करता है और वे अपना कमीशन अगर रिबेट के रूप में दे देंगे तो खायेंगे क्या। यह कहने का मेरा अभिप्राय यह है कि इस तरह से कमीशन की दर कम कर देने का अर्थ यह होगा कि धीरे धीरे एक बहुत बड़ी तादाद जो एजेंट्स की है वह समाप्त हो जायगी। या तो फिर उसमें इस प्रकार का प्राविजन होना चाहिये था कि कमीशन की जो पद्धति है, वह समाप्त हो जाय और प्रत्येक एजेंट केवल वेतन पर काम करे। इस प्रकार कमीशन की दर कम कर देने से उनको अपना निर्वाह करना कठिन हो जायगा। इसलिये मैं मंत्री

महोदय का ध्यान इस ओर दिलाना चाहूँगा कि साढ़े तीन लाख में से लगभग पांच हजार एजेंट्स ही ऐसे होंगे, जिनका बिग बिजनेस हाउसेज से सम्बन्ध हो सकता है। इस प्रकार लगभग तीन लाख व्यक्ति कहीं बेरोज़गार न हो जायें और उनकी स्थिति बिल्कुल वैसी ही न हो जाय जैसी कि गोल्ड कंट्रोल ऐक्ट के कारण बहुत से स्वर्णकारों की हुई है। इसलिये अधिकांश एजेंटों के बारे में जो यह आशंका है, इसको दूर करने का आप कुछ उपाय सोच सकें, तो बड़ी कृपा होगी।

तीसरी बात मुझे यह कहनी है कि फारेन म्युचुअल कम्पनीज या जो फारेन कम्पनीज यहाँ पर इश्योरेंस का काम करती हैं, उनके प्रति बहुत सावधान रहने की और सतर्कता बरतने की आवश्यकता है कि कहीं उनके कारण हमारे देश का फारेन एक्सचेंज प्रभावित तो नहीं हो रहा है और देश को नुकसान तो नहीं हो रहा है। इस ओर यदि आप विशेष रूप से ध्यान देने की कृपा करेंगे तो अच्छा होगा।

इन दो तीन प्वाइंट्स की ओर मंत्री महोदय का ध्यान में आकर्षित करना चाहना था। वैसे जैसा कि मैंने शुरू में कहा कि मैं स्वयं इसका एक सदस्य था और माननीय वित्त मंत्री महोदय ने बड़ी उदारता के साथ जो कुछ भी संशोधन वहाँ पर आये उनको मंजूर कर लिया। और कोई विशेष बातें नहीं हैं जिनके बारे में अधिक कहा जाय।
धन्यवाद।

SHRI M. K. MOHTA (Rajasthan) : Madam Deputy Chairman, there are certain provisions in this Bill which are objectionable and I would like to draw the attention of the House and of the hon. Minister to them. The hon. Minister, Mr. K. C. Pant, himself spelt out the difference between life insurance and general insurance when he said that life insurance is essentially a long-term contract of as long as 60 years whereas general insurance is essentially a short-term contract. He also said that by investing a small amount in the share capital of a life

[Shri M. K. Mohta] insurance company, control can be exercised over a very large amount of the monies which belong to the policy holders, but such is not the case with regard to general insurance. He is reported to have said that general insurers do not have any power, economic or otherwise. In view of all these statements by the hon. Minister, I fail to understand the real necessity of the very wide powers that are being sought to be given to the Controller of Insurance. The powers are so wide that they really encroach on the freedom of the citizen to carry on trade or business, and no real case has been made out for encroaching on this freedom and for appropriating such wide powers through the Controller of Insurance.

The Controller of Insurance will have powers to appoint a director of a general insurance company or to remove him, or to appoint or remove executives. These powers, I beg to submit, should be exercised by the owners of these companies, namely, the shareholders. The taking away of these powers from the shareholders and giving them to the Controller amounts to a negation of the democratic processes. Unfortunately, no case has been made out by the Government for such a drastic step.

The hon. Minister himself said that the general insurance business is, on the whole, a relatively small business and the profits of the general insurance companies of India amount to only Rs. 4 crores per annum. Even then, all kinds of controls are being sought to be imposed on these companies. There are controls over investment, over the commissions that may be payable to the agents and over the general conduct of the insurance business. As regards the investment policy, according to a provision in the Bill, 75 per cent of the investible funds would have to be invested in the so-called approved securities. I beg to submit that by this measure the Government is encroaching upon the legitimate field of activity of the private sector. One by one the avenues open for invest-

ment in the private sector are being dried up. First, the Life Insurance Corporation took away a very large chunk of investible funds. Then the banks were brought under the so-called social control. A very large portion of the banking sector was nationalised. And even a very sizable sector of the general insurance business is under Governmental control. Not being satisfied with these measures, the Government now wants that 75 per cent of the investible funds to be invested in approved securities. The Government have come out with a very long list of key industries, priority industries, export-oriented industries and so on. But we fail to understand how these so-called key or priority industries will be able to raise money in the capital market when the possibilities of investment in these industries are being curtailed one by one. I would like to submit in this connection that new industrial undertakings in the key or priority fields may be included in the overall limit of 75 per cent so that they may not have been deprived of the needed funds.

According to another provision in the Bill, the Government-nominated directors will have the power of veto in respect of investments in non-approved securities. In this connection I would like to submit that the money that is sought to be invested is not public money in the correct sense of the word. It is not policy-holders' money. It is only share-holders' money and the share-holders themselves are the only people who should be given the right to decide where all the money should be invested. There are already restrictions on investments being made of more than 10 per cent, of the funds of the insurer or 10 per cent, of the subscribed share capital of the company in which investment is sought to be made. These restrictions are quite enough and I would submit that no further restrictions ought to have been imposed.

As regards the functions of the Controller and the functions of the Consultative Committee, I would like to

submit that the Consultative Committee will become meaningless unless it is headed by a non-official. If the Controller himself is going to be the chairman of this Consultative Committee, the whole thing would be a put-up show and nothing would come out of the deliberations of this Committee.

Again, there is a provision regarding appeal to the Government if an insurer feels aggrieved by the decisions of the Controller. Here again "the Government" would mean the bureaucratic machinery under the Government and no real justice could be assured to the insurer. I would submit -that appeals in such cases ought to be made to a judicial tribunal and not to the Government. Had the Government decided in favour of outright nationalisation of insurance business, outright taking over of the insurance business, it would have been a different matter, because in that case Parliament would have had the power to supervise the Government-controlled insurance business. But in this particular case Parliament would not have any direct power to supervise the acts of the Controller of Insurance.

THE DEPUTY CHAIRMAN: How much more have you to say ?

SHRI M. K. MOHTA : Another five minutes.

THE DEPUTY CHAIRMAN: You may continue.

SHRI M. K. MOHTA : In this particular scheme of arrangement Parliament would not have any power over the Controller of Insurance and it is feared that autocratic decisions may be taken by him which would not be in the best interests of the public as a whole.

Another point I would like to raise in this connection is about the unfair trade practice in which the L.I.C. and the companies under the L.C.L. are indulging. It has been reported that the industrial concerns which go to the L.I.C, or even to the State Financial Corporations for financial aid are forced to pledge their general insurance

business with the L.I.C, or its subsidiary companies. This, if I may suggest, is a very unfair trade practice, and I would appeal to the Government to give directions to the L.I.C, to desist from such practice. I do not mind the L.I.C, or its subsidiary companies competing in the insurance field on a fair basis. Let them compete fairly. Let them try to secure more business by giving better services and by winning the confidence of the insurance seekers but let them not use the weight of the funds available with the L.I.C, for giving loans, or available with the State Finance Corporations as a lever to acquire insurance business.

Another point I would like to submit is the ceiling that is sought to be placed on the commission payable to the agents. It is reported that the ,hon'ble Deputy Prime Minister and Finance Minister himself stated that there is a lot of malpractice going on in respect of the commission that is paid to the agents. He feared that a part of the commission was shared by the agents with the people who took out insurance policies. It is a very strange statement coming from the Finance Minister. After all, everything is recorded. The commission that is paid to the agents is recorded in the books of the insurance company. That information is available to the Income-tax Department. And even in spite of this information if the Income-tax Department is not able to find out whether any sharing of commission has taken place or not, then I must say that it is a very great indictment of the department itself and the remedy to this lies in the tightening up the working of the Income-tax Department and not in lowering the commission payable to the commission agent. The people who form the bulk of the insurance commission agents are all middle income group people and putting any ceiling on their commission would be doing them a great injustice.

I would like to give an instance of the amount of commission that they can earn. A medium.sized cotton mill does

[Shri M. K. Mohta]

not have more than Rs. 75,000 worth of premium payable every year and the commission on this would amount to only Rs. 4,000 in a year. This is the type of commission that an agent would earn. It should not be the Government's policy to place ceilings on the earnings of these middle income group people. With these words I oppose the Bill.

THE DEPUTY CHAIRMAN: The House stands adjourned till 2 P.M.

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

The House reassembled after lunch at 2.00 P.M. THE DEPUTY CHAIRMAN in the Chair.

श्री बी० एन० मंडल (बिहार) : उपसभापति महोदया, आज हम लोगों के सामने बीमा (संगोपन) विधेयक प्रस्तुत है। इस बीमा (संगोपन) विधेयक के पीछे जो भावना थी, उस भावना का ठीक ठीक अमल इस विधेयक के जरिये से नहीं होता है। आज देश में इस बात की जरूरत है कि देश के विकास के लिये जो भी साधन उपलब्ध हो सकें, उन साधनों को सरकार अपने कब्जे में ले। यों तो सरकार ने साधनों के लिये बहुत इंतजाम किया है, लेकिन कुछ इंतजाम तो इस तरह का हुआ है कि जहां चोट पड़नी चाहिए वहां चोट न पड़ कर, उसके बदले में दूसरी जगह चोट पड़ गयी है और जहां चोट नहीं पड़नी चाहिये वहां चोट पड़ी है। इस सिलसिले में इस विधेयक को भी देखने की मैं कोशिश करूंगा। बीमा कम्पनियों में जो रुपया जमा होता है, उन रुपयों का उपयोग देश के विकास के लिये सरकार के जरिये किया जा सकता है। लेकिन वंसा न कर के जो विधेयक आया है, उसमें कहा गया है कि हम नियंत्रण के लिये विधेयक ला रहे हैं, जो प्राइवेट कम्पनियां हैं, उन पर इससे नियंत्रण होगा। इनके कहने का मतलब है कि जो इंश्योरेंस कम्पनियां निजी क्षेत्र में हैं, उनकी ओनरशिप तो उसी ढंग की रहेगी। जिसका नतीजा यह हुआ है कि

जो देश के बड़े बड़े पूंजीपति हैं, उन पूंजीपतियों के प्रभाव में सत्तर प्रतिशत बीमा कम्पनियां चली गयी हैं, जैसे कि न्यू इंडिया इंश्योरेंस कम्पनी लिमिटेड है, जिसका जो 25 परसेंट पेड-अप कैपिटल है वह टाटा के जरिये कंट्रोल होता है, यह बीमा कम्पनी टाटा के जरिये कंट्रोल होती है, इसी तरह रबी जनरल इंश्योरेंस कम्पनी लिमिटेड जो है वह बिड़ला के प्रभाव में है, युनिवर्सल फायर एंड जनरल इंश्योरेंस कम्पनी लिमिटेड जो है वह साहू-जैन के प्रभाव में है, न्यू ग्रेट इंश्योरेंस कम्पनी लिमिटेड जो है वह कमचन्द के प्रभाव में है और नेशनल इंश्योरेंस कम्पनी लिमिटेड जो है वह जे० के० के प्रभाव क्षेत्र के अन्दर है। इसका नतीजा यह होता है कि जिन पूंजीपतियों का प्रभाव जिस बीमा कम्पनी पर है उसके रुपयों का उपयोग उनके जरिये होता है और उनको रुपया देने में अनेक तरह की रियायतें इन कम्पनियों द्वारा उनको मिलती हैं।

कांग्रेस ने भी एक प्रस्ताव पास किया था और उस प्रस्ताव के जरिये जो कांग्रेस की सरकार थी, उसको कहा गया था कि इनका पूरा नियंत्रण हो और उसका मतलब यह था कि बीमा कम्पनियों का राष्ट्रीयकरण हो लेकिन जो कांग्रेस की सरकार है, जो बड़े पूंजीपतियों के प्रभाव में है, उसने अपने संगठन की भी बात न मान कर जो कानून यहां लाई है, उस कानून से जो प्रस्ताव कांग्रेस ने पास किया था, उस प्रस्ताव का भी एक तरह से कांग्रेस की सरकार ने उल्लंघन किया है। हिन्दुस्तान ऐसे मुल्क में इस बात की जरूरत है कि सरकार जिस पार्टी की हो कम से कम उस पार्टी की जो नीति हो, उस नीति का तो पूरी तरह से पालन सरकार के जरिये से हो। ऐसी व्यवस्था रहनी चाहिये, इस तरह का एटमासफियर देश में रहना चाहिये, लेकिन कांग्रेस सरकार ने जो उदाहरण दिया है, उसको अगर डिसओबिडिएंस नहीं कहा जाय तो कम से कम उसको नेगलेक्ट करना जरूर कहा जा सकता है।

जो यहां बिल प्रस्तुत किया गया है वह 8-4-68 को इंट्रोड्यूस किया गया था और वह 13-8-68 को ज्वाइंट कमेटी में भेजा

गया था और उसकी रिपोर्ट नवम्बर में इस हाउस के सामने आई है। इस बिल का जो मतलब है उसके बारे में मिनिस्टर साहब ने कहा है : एक मकसद है कि premium rates को fair—सुविधापूर्ण बनाना—और दूसरा मकसद है कि there is complete security to policyholders और तीसरा मकसद यह है कि इश्योरेंस कम्पनी की ओनरशिप और उसके धन का यूटेलाइजेशन पब्लिक इंटरेस्ट में हो। यह इसकी मंशा है ऐसा मिनिस्टर ने कहा है और यह कहा है कि यह जो इश्योरेंस की कम्पनियां हैं, ये साउंड लाइस पर चल सकें और इसमें कोई मालप्रैक्टिसेज न हो। इस डंग की बात मिनिस्टर ने अपने पूर्व भाषण में कही है।

आज जो बर्बादी इश्योरेंस कम्पनीज को प्राइवेट सेक्टर में निजी क्षेत्र में रहने से हो रही है उसका एक उदाहरण तो मैं यह देना चाहता हूँ कि न्यू-इंडिया एश्योरेंस कम्पनीज के जो मैनेजिंग डाइरेक्टर्स हैं, इनके वेतन में 7 हजार रुपया महीना दिया जाता है और पररिक्विजिट्स और उनके दूसरे एलाउमेंस वगैरह में 3 हजार रुपया और दिया जाता है यानी 10 हजार रुपया माहवार उनको मिला करता है। इसी तरह से 300 टाप-एजेंसिज जो हैं, उनका औसतन वेतन 3 हजार रुपया महीना लगाया गया है। अब करीब 72 इंडियन और 64 फारेन कम्पनियां हैं, जिनकी प्रीमियम से इनकम 75 करोड़ रुपया होती है। अगर इनका राष्ट्रीयकरण कर दिया जाता, तो करीब 75 करोड़ रुपया जो है इसका मुनाफा वह रुपया भारत सरकार के हाथ में आ सकता था और राष्ट्रीयकरण करने के बाद जो खर्च की कमी होती वह 1 करोड़ 10 लाख रुपये की हो सकती थी और यह सारा का सारा रुपया सरकार के हाथ में विकास के काम के लिये रह पाता। इनके खर्चा को और भी कम किया जा सकता था; क्योंकि आज जो 136 कम्पनियां हैं इन हर कम्पनी को अपना अपना एडवर्टिजमेंट का इंतजाम करना पड़ता है, लेकिन इनके राष्ट्रीयकरण होने से सब के प्रचार में जो खर्च होता है, वह खर्चा भी

एक जगह से होता और वह खर्चा बहुत ही कम पड़ता। इसके अलावा जो मैनेजमेंट का कास्ट होता है उसमें भी कमी होती। जब कि लाइफ इश्योरेंस कारपोरेशन का जिस समय राष्ट्रीयकरण नहीं हुआ था, उसमें साढ़े 17 प्रतिशत पेड अप कैपिटल का खर्चा होता था, मैनेजमेंट कास्ट में खर्चा होता था लेकिन उसके बाद जब कि उसका राष्ट्रीयकरण हुआ तो 1957-58, 1958-59 में सिर्फ 11 प्रतिशत उसमें खर्चा हुआ है। इधर कीमत वगैरह करीब करीब 100 प्रतिशत बढ़ जाने से यद्यपि कास्ट में कुछ वृद्धि हुई है 15 प्रतिशत वह कास्ट चला गया है, लेकिन फिर भी जो लिमिट रखी गयी है, कास्ट आफ मैनेजमेंट में, उसके अंदर ही वह है। उसी तरह से इन्वेस्टमेंट में भी चाहे गड़बड़ी होती है, इन्वेस्टमेंट से 120 करोड़ रुपये के एसेट्स इन कम्पनियों के हाथ में हैं, लेकिन उसका जो गवर्नमेंट सिन्डिकेटाइज वगैरह में इन्वेस्टमेंट किया गया है वह सिर्फ 12.32 लाख रु० ही खर्च किया गया है जो कि 9.80 प्रतिशत होता है। इसका मतलब यह हुआ कि आज भी जो कानून देश में लागू है और जो पावर रिजर्व बैंक को दिया गया है कि इन सब रुपयों को विकास के काम में लगाने के लिये रिजर्व बैंक कंट्रोल करे, यह भी नहीं हो पा रहा है, जिसका नतीजा यह है कि आज इस देश में जो फारेन एक्सचेंज की कमी है, उसका हमेशा संकट बना रहता है और खासकर जो विदेशी कम्पनी है, प्राइवेट कम्पनी है, उनके जरिये से करीब करीब 3.84 करोड़ रुपये हर साल विदेशों को चला जाता है।

यह जो विधेयक हम लोगों के सामने प्रस्तुत किया गया है, इसमें एक एडवाइजरी कमेटी की चर्चा की गई है लेकिन यह एडवाइजरी कमेटी क्या एडवाइज देगी, इसकी मान्यता कहां तक हो सकेगी, इसके बारे में कोई बात साफ तरीके से नहीं कही गयी है। ऐसा मालूम पड़ता है कि अवश्य एक कोई बोर्ड चीज पब्लिक को ठगने के लिये यह एडवाइजरी कमेटी है और जो कंट्रोलर है, उसको भी उसका चेयरमैन बना दिया गया है और बहुत तरह का पावर इस कंट्रोलर के हाथ में आया है। यह चेयरमैन इस बिल के पास होने के बाद इतना

[श्री बी. एन. मंडल]

बड़ा बलवान इस क्षेत्र में हो जायेगा जितना कि मैं समझता हूँ इस देश के हित के लिये अच्छा नहीं होगा और उसके जरिये जो पूँजीपति हैं, उनका बहुत काम चल सकेगा।

इंश्योरेंस का काम करने के लिये जो फील्ड वर्कर्स देहातों में या दूसरी जगहों में दौड़ते हैं, उनके रेम्यूनरेशन में भी कमी करने की बात इस विधेयक के जरिये की है। इसको मैं अच्छा नहीं समझता। अभी इसमें जो व्यवस्था की गयी है कि सरवेयर और लोन असेसर की 7 वर्ष काम करने की ट्रेनिंग हुई हो तब यह लिये जा सकते हैं, मैं समझता हूँ यह बहुत से लोगों को बेकार बना देगी और यह सात वर्ष का जो समय है यह बहुत अधिक समय है। अगर इसको करना ही हो तो दो या तीन वर्ष से बेशी यह समय नहीं होना चाहिये। आज देश में जितनी भी बीमा कम्पनियाँ हैं, उन बीमा कम्पनियों में जो प्रीमियम वगैरह का रेट है वह रेट भी कम करना चाहिये। लाइफ इंश्योरेंस में एक रुपया आपने प्रीमियम में कम किया तो भी उससे कोई नुकसानी नहीं हो रही है। उसने अपना खर्चा घटाया मगर उसका काम चल रहा है। इसलिये इस बात की जरूरत है कि पूरे तरीके से जो निजो इंश्योरेंस कंपनी है इसको सरकार अपने हाथ में ले ले, लेकिन जैसा कि बैंक के संबंध में भी हुआ है वैसे ही इसके संबंध में भी सिर्फ नियंत्रण की बात कह कर इस विधेयक के जरिये ऐसी व्यवस्था होगी कि जिस चीज पर नियंत्रण रखने के लिये, जिस चीज को रोकने के लिये, राष्ट्रीयकरण की बात उठी वह मकसद पूरा नहीं हो सकेगा।

SHRI U. K. LAKSHMANA GOWDA (Mysore) : Madam, in general terms I oppose this Bill, as I feel that the social control which is proposed under this Bill does not meet the objectives of the original demand for nationalisation of the general insurance industry as well. The Insurance Act is a very old one brought into force before India became independent and there have been very many amendments to it and subsequently there has been a persistent demand for nationalisation of in.

surance, both life and general, in this country. Because so many malpractices which took place in the past were taken into consideration and even in the Congress circles, a persistent demand for nationalisation arose, as a result of that, life insurance was nationalised. Subsequently there have been pressures for the nationalisation of the general insurance as well. As I see it, the whole of life insurance is nationalised, and some of the subsidiaries of the nationalised Corporation that deal with general insurance are also part of the nationalised scheme. Hence I cannot see why it could not have been possible to bring the remaining small portion of the general insurance also under the scheme of nationalisation. It is said that it covers only about Rs. 4 crores and the statement has been made that it is not very remunerative and it is more complicated so that it cannot be nationalised. Either it could have been nationalised to fulfil the objectives or if it was so insignificant, it could have been completely left out. Now we find that instead of this a social control over the general insurance is sought to be brought in by the introduction of a few changes in this Insurance Bill. One of the things is that full control is being handed over to the Controller who will be the main arbiter and decision-maker on the policy about general insurance. I do not feel that this Bill fulfils the purpose of social control, as it is only a compromise for nationalisation. If nationalisation had been done, the whole insurance industry would have been under the control of the Parliament and there would have been the Public Undertakings Committee to look into the dealings of it, but now it is directly under the arbitrary control of the Controller. Of course a provision has been made for appeal to the Government. I do not know how in practice it is going to increase the efficiency of these units or provide the social control measures which have been sought. I am one with Mr. Varma and others in suggesting that it would be better to have an Appellate Tribunal to hear the appeals against the decisions of the Controller.

Coming to the Consultative Committee, I find that it is going to be composed of representatives of the insurance companies themselves. It might so happen that it might be alleged they influence the Controller or if it is very much against them, the apprehension may be there that arbitrary decisions are taken by the Controller. For allaying these apprehensions a Tribunal is certainly necessary for appeal. So far as the deposit scheme is concerned, I welcome it because that will certainly weed out the very inefficient and small units which may not be doing proper business.

At the same time the difference in deposits between a sum of rupees ten lakhs, applicable where the general insurance business did not exceed rupees one crore, and a sum of rupees twenty lakhs, applicable where the general insurance business exceeded rupees one crore is a big difference and such a large difference, I feel, might result in encouraging the growth of the smaller units in which malpractices have been found to be not less than in the larger ones. This is a matter for consideration.

And again, Sir, so far as this Consultative Committee is concerned, I would like to support Mr. Humayun Kabir's suggestion that it is better to have a non-official person nominated to be the Chairman of the Consultative Committee, and not hand over the powers of the Chairman to the Controller himself, so that it may not result in arbitrary powers being used very frequently.

And coming to the question of the appointment of Surveyors and Valuers, I feel that this seven years experience limit put in this Bill is a little too hard and it might result in big unemployment among this section of the people. I would suggest that at least the people who are already working there even when this Bill is enacted be continued and this insistence on seven years may not be there.

And so far as the agents are concerned, Madam, there are over three lakhs of agents, and as has been

brought out by my other hon. friends, if anybody has been indulging in sharing of commission and other things, it will be the agents who are doing rather very big business, where that sharing might result in sufficient income for them. Trying to reduce the premium to a flat rate of five per cent will definitely hit the smaller agents and the middle group agents very badly, and it will hit that section of the agents who are the main backbone of insurance business. It is not that the insurance agent can make his business every day and then collect his commission. He might be required to contact a person several times; it might be days, it might be weeks, by the time he picks one business, and for that the commission is just a flat rate of five per cent, and that in my opinion, is too low. So it must be retained at what it is now. Competition is very essential in insurance business, both life insurance and general insurance, and unless sufficient incentive is provided to the agents, I am afraid it will not serve the purpose of increasing the business of insurance as desired. So I would suggest that the present rate of commission may be retained.

So far as the question of premiums is concerned, it is certainly desirable that the premium rates should be reduced. But proper care should be taken while applying this to fire insurance because any arbitrary low cut on the premium might result in big loss to the insurance companies as that part of the business is a rather risky one. Madam, because of competition in this particular line there has been very effective business done by the private insurance companies even now, and that spirit of competition should be retained, by the Life Insurance Corporation. General insurance by Life Insurance Corporation should also be in a position to compete with the other companies so that they could attract more business as is done by the different private companies, which with competition have built up their business so well.

In general, Madam, this social control which has become a compromise for nationalisation, I hope, will result

[Shri U. K. Lakshmana Gowda] in something useful and beneficial. In the provisions which have been made about the investments, I am glad there is sufficient control to see that proper investments of the funds of these insurance companies are made, because there have been allegations in the past both in the life and general insurance, that the investments have been detrimental to public interest and they have resulted in cornering of shares and then encouraging rebating and other malpractices. I hope that this section which has been introduced here, which has been taken from the corresponding section of the General Insurance Act, will have useful results.

In spite of all that, Madam, even though certain benefits could be considered to be coming out of this, I feel that the restriction of investments in securities to the extent of seventy-five per cent is a little hard for the other growing industries, particularly key industries, which are anxious to attract more funds and investments into them. Unless we make a provision to see that a part of this investment could be done in the key industries also, it will be very hard for the developing industries in the future plans to attract funds from elsewhere. Even though this has been a sort of compromise and half-way measure to fulfil the objective of nationalisation, which has been pressed for both by the public and the ruling party itself, I hope some good at least will come out of the few useful provisions which have been included here. But I am apprehensive whether this will result in the achievement of the main objectives of nationalisation which was sought to be brought in through the social control measures which have been introduced in this Bill.

With this I oppose this Bill and I have nothing more to say.

SHRI BALACHANDRA MENON
(Kerala) : Madam, I do not want to speak much about it. Following the social control on banks we have now come to insurance. All the Left par-

ties in India and whatever is left of the Left in the Congress have always been demanding that we should be ready to nationalise both banking and insurance so that we can have an appropriate investment policy, a policy which will help the Government to decide which industries should have priority and how industrialisation should take place. Such a social objective should have been there and we have been always insisting on that. The Congress passed a Resolution and the Left parties here wanted it. But, unfortunately, we are still tinkering with the idea of social control. Why are we so much afraid of this, I do not know. Why the Government still feels shy of nationalising insurance? When already the nationalisation of the life insurance business, when already the Life Insurance Corporation has clearly shown to us that, with all the defects that the L.I.C. has in its management, it has been able to advance very well, certainly general insurance nationalisation would have also been able to advance likewise. But that was not done. The result is we try to have some type of New Deal Government in India.

One can understand in America which was developed when Roosevelt thought about it but in a backward country which is so backward is it possible for us to have any such Government? Every possible investment should be on the basis of a plan but you do not do it. You have spoken about the approved security, that 75 per cent of it should be invested. The 25 per cent will go to the persons whom they want. Even in the case of the approved security it will not help much unless you plan it properly, so as to see that such industries which develop should be helped. Again the plastics and the lipsticks will get it because they have a better return. They will get all the advances. These are the industries which will have the advances. Though they are un-essential industries they will be in a position to give an immediate return and they will find favour with these people. That is the difficulty. Therefore I still plead with those who are anxious to

see that the money which we can get, "to see that the scarce resources that are there in the country are invested in a proper way to consider this thing seriously. I still appeal to those who still believe in democracy to see that the money is invested in such a way that our country advances. Otherwise it will only mean that the present difficulties will continue. We were unable to nationalise the banks and we are not going to nationalise the insurance. What will happen is the control of the monopolists will still be there in both these sectors. These are the monopolists who are having insurance companies; they are the people who have the big banks; they are the people who control our industries and they will still be the people who will decide. Whether the present arrangement with all the restrictions that we have put will not help us, that is what you might ask. I am definite that the Controller whom you may put there might very well decide—because he has got unfettered rights—that in the interests of the advances of the insurance companies the present investment policy is correct and the Government will not be in a position to have much say in that.

I agree with those friends of mine who suggested that such wide powers should not be there for the Controller. This Advisory Committee should be presided over not by the Controller but by somebody else, by a non-official. That will be much better.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI K. C. PANT) : By a non-official, you said?

SHRI BALACHANDRA MENON: Yes; because I have greater faith in the non-officials. I do not want large powers to be given to the bureaucrats or to the so-called technical experts who will only hear the bureaucrats. It should be somebody who knows the country. The non-official is not such a big danger as you consider. When so many Parliament Members here decide

how the country should be governed I am very confident that a proper non-official will be in a position to give direction to our insurance companies in the proper way. Proper directions will be given by them; I am not in any way worried.

SHRI AKBAR ALI KHAN (Andhra Pradesh) : You must give more time then.

SHRI BALACHANDRA MENON: There is always some time-lag in the case of democracy; we cannot help it but it is good in a way. Such faith only in the bureaucracy will only mean that we hand over all our powers to someone who will think for us and the people will not get benefited. There is no harm in having a non-official; that is what I am suggesting.

I would also request that an attempt should still be made to seriously consider why we should not have a nationalisation Bill even at this stage. Withdraw this Bill; let the money be devoted to proper purposes and that will be much better if we are able to have a Bill which will nationalise the insurance companies.

I have nothing more to say except that I would also insist that in the case of the insurance companies the employees representatives can be there in the Advisory Board. We are speaking so much about social control. Which is the biggest force for that ? It is the ordinary worker, it is the ordinary peasant, it is the ordinary middle class people. These are the people who must have control otherwise it will be the bureaucrats who will control. So I would again insist that such of those unions which have got a really representative character, or it may be all the unions together, can choose one representative to the Board so that the workers' representatives will begin to have a little voice in the policies of the insurance companies. Let us try that here. After all in the case of the banks when we demanded it was not granted saying that it is very difficult and that the employees there will create certain problems. Here such a situa-

[Shri Balachandra Menon] tion does not arise. You start with this and let us see. I would therefore request that an attempt may be made to have some representatives of the insurance company unions in this Board. That is all I have got to say.

SHRI KESAVAN (THAZHAVA) (Kerala) : Madam, this Bill is introduced for an extension of social control over the insurers. My submission is that that purpose is not achieved by the amendment proposed in this Bill. Social control is not defined anywhere. If we want to bring an institution under social control the first thing which we have to do is to nationalise it. Only by nationalisation it can be brought under social control, that is, under the control of the society; that means the control of the Government. So without nationalisation to say that the working of the general insurance is brought under social control is absolutely a fraud and nobody on earth is going to be deceived by this.

My submission is that our great national leader Nehru at the time of the struggle for independence made several speeches, wrote several articles, by which people like me thought that after independence socialism would be brought about by him. But even after independence till 1956 he could do nothing in that direction. At last in the All India Congress Committee held in 1956 at Avadi a resolution was passed which afterwards came to be known as Avadi socialism. Thereafter several committees were held in several places. At one place it was decided to nationalise the rice mills in the country but we came to know nothing about it afterwards. Then we heard that the privy purses of the Rajas are going to be taken away but I do not know how the matter stands now. Then there was some resolution to nationalise the banks in the country. Of course our Finance Minister introduced the Banking Laws (Amendment) Bill to bring them under social control. But it was in fact a Bill curtailing the rights of the employees of the banks and nothing else. And in this Bill it

is stated that only four or five crores of rupees will be available for use in the public sector if insurance is nationalised. So far as the banks are concerned the amount available was nearly Rs. 3,000 crores but there also the Government never wanted to nationalise the banks. That was a big thing; this is a small thing. Now in May 1967 the Congress Working Committee met and passed a resolution asking the Government to work out some scheme to bring the general insurance under the public sector. Now we get this Bill stating that by the provisions of this Bill the general insurance can be brought under social control.

In the Congress I used to find some speaking about socialism. Now, they are not here. For example, the hon. Members, Mr. Dharia and Mr. Chandra Shekhar, are not here. That may be the result of the altercation that took place between the Finance Minister and Mr. Dharia on the occasion of the discussion of Banking Laws Amendment Bill. Anyhow they are not here. If they speak of socialism, I know that a section of the Congress people, who represent the monopolists and capitalists of the country, will call them communists. Also, the Swatantrites call them communists. We are communists and we are proud of it. My humble submission is that they are conspicuously absent today.

SHRI AKBAR ALI KHAN : That is not the right inference. They may be busy otherwise.

SHRI KESAVAN (THAZHAVA) : I infer like that. They are conspicuously absent today. My submission is that there is a powerful section in the Congress representing the monopolists and capitalists of India. They really represent the interests of America, West Germany and Britain. When they speak of the people of India, they mean only the Birlas and Tatas. Whenever they think of the interests of the people of India, they have the interests of the Birlas and Tatas and not the interests of the ordinary people, the

ordinary workers or the starving millions. They have no care for them. My humble submission is that I stand for socialism. When we speak of socialism, they say that our loyalty is to China. I may say that in the case of these people their loyalty is to America, Great Britain and West Germany. It is high time to ask them to go away to their motherland of America, Great Britain or West Germany because they represent their interests. I represent socialism. I believe that unless and until socialism is established in India, there is no safety for the toiling millions, the workers, the peasants and the starving Indians who form the vast majority of the people of India, who are the wealth of our country, who are the strength of our country, who go before the enemies and die and sacrifice their life for the freedom of the country. The freedom of the country itself was obtained not on account of the Morarjis, the Birlas and the Tatas. Hundreds and thousands of poor people, poor workers, sacrificed their life for the freedom of India, but now they are going day by day to starvation. We came to know from the statement given here that the Birlas have grown during the course of three years, i.e., from 1963-64 to 1966-67, from Rs. 292 crores to Rs. 437 crores. That is the growth of the Birlas, but what is the growth of the ordinary people? They are going from starvation to starvation. There is no work. If they ask for food, they get lathis and bullets. That is what happens today. My humble submission is that unless and until socialism, full-fledged socialism, is established in this country, there is no safety for the poor people, the poor people who form the majority of India. I must say that in the ruling party, the Congress, the powerful section represents the vested interests. That is why when the Congress people, a section of the Congress who believe in socialism asked for the nationalisation of banks and the nationalisation of general insurance, social control has come to us. But I may say that Mr. Morarji alone will be defrauded by this. The people of India are not going to be defrauded by measures like this.

If he means social control, let him first nationalise and bring it under social control. Without nationalisation, how can it be brought under social control? It is impossible. My submission is that this Bill does not in any way fulfil the intentions of the Mover. My humble submission is that this Bill is not sufficient. It has to be withdrawn. There must be some other provision. The Government must take steps to nationalise general insurance. Whatever it be, whether there is money or not, a large amount is going out of the country. We are losing foreign exchange also. Why should we allow people of other countries to take away our money? If it is the intention of the Government to nourish the capitalists and monopolists, I have no objection, but the people of India will rise against you and they will throw you away and nationalise all these things, if not today, tomorrow. It is not far off.

SHRI A. D. MANI (Madhya Pradesh) : Madam Deputy Chairman, I wonder why the Government brought forward this Bill imposing such severe restrictions on general insurance business in the country. I would have liked the straightforward step of nationalisation of general insurance business, rather than a Bill of this character. It has been pointed out in this debate that the total sum involved in the nature of profits is about Rs. 4 crores from general insurance. It has been argued as one of the grounds for the nationalisation of general insurance that the Life Insurance Corporation has done much better than the companies in the private sector before the days of the Corporation. I quite grant that the turnover of business by the LIC is very much more than that of the private companies and that this turnover could not have been achieved if life insurance had not been nationalised. Further, there was great misuse of funds by the life insurance companies before the LIC came into existence and the case of Mr. Ramakrishna Dalmia's transactions can be borne in mind, in this connection. There are, of course, malpractices in general insurance business also, but by and large

[Shri A. D. Mani] general insurance has done well in our country. It has been so far confined to the urban centres. Even if the business is nationalised, as it might be one day, it is not likely that general insurance would spread to the villages. There is not that sort of risk involved in a village as we have in the cities, where people know that valuable assets might disappear in fire and smoke as a result of an accident. I feel, therefore, that the Government should not have succumbed to the pressure of this section of the ruling party which wanted what is called social control of general insurance business. The sum involved, as I said, is small and general insurance might have been allowed to continue to function in the country, as it has done in the past, with restrictions imposed on it in respect of misuse of funds. That is the first point I would like to make in the debate.

I would like to draw the attention of the House to the very great powers that have been given to the Controller of Insurance. He can remove a Director, he can reorder the work of an assurance company if he feels that it is necessary to do so in the public interest. Yet, if he is going to exercise these powers, the Controller of Insurance must be a far more sagacious person than the Chief Justice of India. Where are we to find a man, who will occupy this position and who is going to exercise such powers ? I would have been very glad if provisions had been made in the Bill to institutionalise the powers of the Controller of Insurance, namely, vesting all these powers in a Board. I could have understood it.

Now the Controller of Insurance virtually functions as an appendage of the Finance Ministry. So the Controller of Insurance necessarily means, I believe, he has got the status of a Joint Secretary to the Government. The Controller of Insurance means the Ministry of Finance working through the Controller of Insurance.

In this connection it is necessary to bear in mind that foreign-owned gene-

ral insurance companies have been doing substantial business in our country. Our Life Insurance Corporation also is trying to explore an overseas market. If we try to do anything which will frighten the foreign insurer in the Indian field, we might get it recoiling on us when we seek a foreign market outside India. I have a feeling that the Life Insurance Corporation does do business in African countries and they might insist that we should be subject to the same restrictions to which we are subjecting foreign companies here.

Madam, the Bill envisages the setting up of a Consultative Committee to advise the Controller of Insurance. As I said earlier, it would have been better to institutionalise this office. If it was not possible, it was quite possible for Government to have called it an Advisory Board. A Consultative Committee does not have the same authority as an Advisory Board. If the Controller of Insurance sets aside the recommendations of an Advisory Board, he will have to justify his position before Government and before the public. But if it is a Consultative Committee, the seriousness of the position is very much reduced, and I would have liked the Committee to be called an Advisory Board and given the real powers of an Advisory Board. I am not in favour of the Controller of Insurance being the Chairman of the Consultative Committee. If in the Bill you are going to give draconian powers to the Controller of Insurance, it is necessary that he should also be subject to some checks. The Consultative Committee should be presided over by an Indian Insurer, not one of the foreign insurers and not by any official nominees of Government, because that would inspire confidence among the insurance companies in the country.

I would like to go on to the provisions regarding the investment of the funds of the general insurance companies. One of the hon. Members pointed out that 75 per cent has to be invested in approved Government securities. This is a very big percentage. The Life Insurance Corporation has taken the cream of banking business

in the country by investing funds, and it is well known that many of the companies in the private sector have large share-holdings of the L.I.C., in them, and with the limited capital available to the private sector in the funds of the general insurance companies I feel that the ceiling of 75 per cent placed on investible funds of the general insurance companies is too high. I would have very much liked it to be reduced to 60 per cent giving a chance to general insurance companies to promote capital formation in our country so that new industrial undertakings might come up. In regard to investments in private companies there are severe restrictions imposed in the Bill, namely, that they should have paid dividends for a period of three years. But this is too much of a stipulation, too much of a restriction on the discretion of the general insurance companies to invest funds because this would prevent general insurance companies taking interest in new industrial ventures. We want more money, we want more capital formation to go on in the country, and even this last segment of capital that was available is now sought to be controlled by the Government under this Bill.

Madam, a reference has been made to the reduction of the commission in clause 18 of the Bill from 15 to 5 per cent. In this connection it has been argued that a large number of insurance agents give secret rebates. I may inform the hon. Minister of State of Finance that this is also being done by the insurance agents of the L.I.C. It does not come to the notice of the public. There is a good deal of rebating going on even in the business booked by the L.I.C. The only thing is one does not want to take the trouble and give evidence in a court of law. This is also a part of the advertising agency business. There is a good deal of rebating going on and we cannot check it, and I am not sure whether this evil is confined only to India and not prevalent in England. It is also known to exist in other fields of business, namely, bookings in the airlines. We cannot check it. After all in a commer-

cial business rebate forms part of such business. Why should Government come in the way of the enterprise of the insurance agent by limiting his commission to 5 per cent ? Madam, they have got to go out. An insurance agent is a far more enterprising person than the salesman of a product. He has got to wait for long hours. He has got to pester people. You ought to reward his ability also. This restriction of commission would only frighten away people from the general insurance business and drain it of talent. It is too late for us to suggest that this should be raised, but we would like the Government to place the matter before the Consultative Committee when one is set up under this Act and ask its opinion because I feel that no obstacle should be placed in the way of the enterprise and initiative of the general insurance agents.

I would also like to refer to the provisions of the Bill regarding the amalgamation of small insurance companies. There are quite a number of insurance companies which are very much of a nuisance in this field, and they perhaps would do good to themselves and to general insurance business if they merged into one unit, but this should be done not merely by the Controller but on the advice of the Consultative Committee. The Consultative Committee is an expert body. It will have representatives of insurance companies; it will have representatives of Government; it will have the Controller of Insurance; it will have also the representatives of Indian insurance interests. All these persons must recommend the amalgamation. We do not want Government to use the enormous powers of the Controller of Insurance to secure unnecessarily the amalgamation of small units. If a small unit can go into a big unit, what harm is there in allowing it to function ? This should not be done arbitrarily and I would like the hon. Minister to give an assurance that even on matters regarding amalgamation of small companies the opinion of the Consultative Committee would be taken.

[Shri A. D. Mani]

Madam, I would like to go on to one aspect of this matter about the surveyor. The Bill has stipulated the qualifications of the surveyors. Surveying is a very hard job. It requires considerable knowledge of market conditions. It requires a good deal of past experience. It also requires a good deal of accountancy and actuarial background. It is necessary that strict qualifications should be provided for surveyors. But there are already a number of surveyors in the field. Many of them may not be qualified under this Act, and I would like the Government to consider that all persons who have been at work as surveyors on a particular day should be regarded as qualified surveyors. We have adopted this device in dealing with the maintenance of the Register of Homeopathic medical practitioners. At some stage laws have been enacted which prescribe qualifications for Homeopaths, but they have said that those who have been practising on a certain date shall be regarded as having the requisite qualifications. Madam—I would not take more than a minute—I feel that it is necessary because we do not want a large number of surveyors to be thrown out of employment. While it is necessary that qualifications should be insisted upon for future entrants, existing surveyors, whoever have been in business, should be allowed to be regarded as qualified under this Act.

3 p.M.

I would like to conclude finally by saying that even though we may pass the Bill, we would like to have an idea about the way in which this Bill is going to be worked out in practice. There is a Consultative Committee and the Consultative Committee will naturally have an Annual Report. I would suggest to the hon. Minister of State that he should give an assurance to this House that the Report of this Consultative Committee which would be with the Controller of Insurance will be placed on the Table of both Houses of Parliament so that Parliament may have from time to time occasion to ex-

press its views on the progress of general insurance in the country.

THE DEPUTY CHAIRMAN: Mr. Shejwalkar.

SHRI N. K. SHEJWALKAR (Madhya Pradesh) : No, I do not want to add anything more.

THE DEPUTY CHAIRMAN : Not speaking ? The Minister.

SHRI THILLAI VILLALAN (Madras) : I want to speak.

THE DEPUTY CHAIRMAN: No, your name is not here. It is only on the amendment.

SHRI K. C. PANT: Madam, I am grateful to the hon. Members who have taken part in the debate and I am glad to find that except for the desire of some hon. Members to propose even at this stage that it would have been better if nationalisation had been resorted to, apart from this basic difference of approach, so far as the Bill itself is concerned, so far as the provisions of this Bill are concerned, there has not been very much of a divergence of opinion. By and large, there has been, I think, a wide measure of acceptance of the provisions of the Bill and the debate, by and large, has been very sober, and all the concrete and constructive suggestions that have been made will certainly be borne in mind by all the authorities to whom they are addressed—some have been addressed to the Government, some suggestions have been offered to the Controller.

SHRI A. D. MANI: Will you place the Report of the Consultative Committee on the Table ?

SHRI K. C. PANT: I have listened very carefully to Mr. Mani . . .

THE DEPUTY CHAIRMAN: Mr. Mani, you should let him reply.

SHRI K. C. PANT: ... and since he has studied the matter and made a few suggestions, I would begin by saying that all these suggestions would be considered.

One thing has surprised me in this debate and that is that three or four hon. Members have referred to Surveyors or loss Assessors, and have said that it would be better if instead of enjoining upon them a training period of a certain number of years, we should allow the Surveyors who have been practising up to a certain date to continue to practise. Some have suggested that seven years is a long period and, therefore, should be reduced to two or three years. Mr. Mani has suggested a particular date. Some other hon. friends have suggested some other similar provision. Now, why I am surprised is because, in the Lok Sabha this has already been done. Madam, when the Bill came from the Joint Committee there was a provision that those who have been actually in practice as Assessors or Surveyors for seven years previously, should be allowed to continue to practise, that the others should be required to acquire certain technical qualifications and so on. But in the Lok Sabha, the Government accepted an amendment whereby those Assessors or Surveyors who were in practice on the 26th of October, 1968 shall be allowed to continue to practise. Therefore, on this point the Government has in fact gone beyond what most of the hon. Members have been asking for, and I hope that there will be full satisfaction on this point.

Now, I would like to explain once again very clearly as to why the Government, after full consideration, did not decide to nationalise general insurance.

SHRI BALACHANDRA MENON: General insurance employees' representatives have asked for nationalisation.

SHRI K. C. PANT: Mr. Menon, I have just begun to explain. I hope that after my explanation, although I do not expect him to agree with me publicly, privately at least he will be convinced, and will not insist upon his customary stand on this matter. (*Interruptions*) Well, Mr. Menon's contribution to this debate has laid him open to this because—if you had listened to what Mr. Menon has said—he has said,

"Nationalise. Why don't you nationalise? You must nationalise". And then he went on to ask, "Why do you give the Controller so many powers?" Did you listen to that speech? I was amazed that he, of all people, should have questioned the Government giving powers to the Controller when these powers are meant to be exercised in favour of social control. That is the heart of the whole matter—social control is to be exercised by giving powers to the Controller. I can understand opposition from the Swatantra Party to this particular provision, even from the Jana Sangh, perhaps. But that Mr. Menon should have opposed giving powers to the Controller is something that has completely amazed me, and I am very surprised by it. Then, he goes on to ask: Why make the Controller the Chairman of the Consultative Committee? Make a non-official as Chairman. And I am very glad that he also is realising the position of non-officials in society. Usually, Madam, he is apt to plead for the public sector, plead against bureaucrats getting into the public sector. But now having lived in a democracy for so long, gradually, the place of the non-officials has also come to impress itself upon his mind. I am very glad.

SHRI BALACHANDRA MENON : A non-official is better than a bureaucrat.

SHRI K. C. PANT: I am very glad that this is the impact. This is what living in a democracy means and this is how gradually people's ideas are changed. That is why, as I mentioned earlier, I find that he is open to conviction. And if he has fallen into the trap of the Swatantra Party by questioning the powers given to the Controller, I think he should be open to conviction the other way also. So, I dare suggest that he may persuade Mr. Mohta about it.

We have to consider various conditions. The Government has gone into the whole matter and finally, have come to the conclusion that the best method of exercising social control is what we have put before the House.

[Shri K. C. Pant] The reasons I will very briefly mention. Some of them have in fact been mentioned. First of all, as was said by Mr. Mohta, life insurance is different from general insurance. And I think it is necessary to appreciate that difference because otherwise there is a general feeling that because life insurance is nationalised, general insurance also ought to be nationalised and that the advantages that have flowed from the nationalisation of life insurance would also automatically flow from the nationalisation of general insurance. Now, this is not so. Firstly, life insurance is a long-term contract, sometimes stretching to 60 years, the life of the individual, or the period of maturity. On the other hand, general insurance is a short-term contract, usually for one year. Sometimes for a few hours as when you go on an air journey where you are covered only for a few hours till you reach your destination. So in that case, the contract lasts just for a few hours. And because of this difference, the funds that are generated in life insurance are not generated in general insurance. It is not, as in life insurance, that in general insurance also the funds "are the trust money of the policy-holders. That is not the case here. In the case of general insurance, we must understand that the business is a trading activity and the policy-holders are only creditors. Then in the case of life insurance, because of the long-term nature of the contract, you cannot go and change your insurance company. But in the case of general insurance, a policy holder can change the insurer if he is dissatisfied.

It is very easy for him to do so because the contract is a very short-term one. In the case of life insurance, the profits legally belong to the policy holders except for a small part, and in the case of general insurance the profits belong, both in law and equity, to the shareholders.

Now I come to the second difference between life insurance and general insurance. Several honourable Members have said, "You need resources. Why

do you not tap these resources ?" But let us understand clearly whether general insurance can yield sizeable resources for the Plans or for our social schemes or for other nation-building purposes. Let us understand what the magnitude or the size of the resources that will become available is. In the case of life insurance, the increase in the investible funds every year is of the order of Rs. 100 crores. And in the case of general insurance companies it is of the order of Rs. 5 crores.

Then we come to profits. In the case of general insurance companies the total net profit, after paying taxes, to the Indian insurers is less than Rs. 4 crores per annum.

Then we come to the question of concentration of economic power. It is stated that this business helps in concentration of economic power. One of my friends in fact waxed eloquent and he blamed certain elements in the Congress Party for not nationalising banking and insurance. Madam, this game of dividing the Congress Party is a very old one. We know that nothing suits certain friends opposite more than to divide the Congress Party on one pretext or another. I can assure him that we are not going to fall a prey to this kind of division, and we are well aware of what they have in mind.

Coming to the question of concentration of economic power, general insurance does not confer economic power or any other power. The funds are small and no one can, by investing small amounts in shares of general insurers, control vast funds. The total funds are roughly five times the paid-up capital and reserves. In life insurance, the ratio was 100 : 1.

SHRI A. D. MANI : Would you tell us the exact amount ?

SHRI K. C. PANT : I have told you the annual accretion in investible funds is of the order of Rs. 5 crores. That is all. In fact in general insurance it is the insurer who goes after the business. If he controls so much power, it would have been the other

way about. He has to go and seek business from this company and that company. And as many hon'ble Members, who are aware of the functioning of general insurance companies, know general insurance involves a lot of exercise of discretion, and the exercise of this discretion by Government officers or the people managing the nationalised industry would tend to expose the Government to the charge of discrimination. But the more important thing is that it is a risky business. Every day or every now and then in the Houses Members raise questions about the malpractices in the general insurance business. They talk of frauds. They talk of arson cases where attempt is made to get insurance money by collusion between the insurer and the insured. All these things come up in the House; they come up before the public. All hon'ble friends present in this House know this fact that it is a risky business and provides for this kind of collusion. It is for them to consider whether on the one hand there is this small limited amount of resources that the Government can have, and on the other there is this risk in this business. They have to consider as friends of the public sector whether it would be desirable and wise to nationalise general insurance with this broad background that I have placed before them, and I am sure that they would come to the conclusion that what we have now done, namely, social control, is by far the better method of dealing with the problem of malpractices in general insurance than nationalisation.

Madam, this does not mean that the Government has any fixed ideas on the question of nationalisation of general insurance. In fact, some of the general insurance companies have been nationalised. The L.I.C. has certain subsidiaries which do carry on general insurance business and, in fact, public undertakings do give their business to these nationalised insurance companies. Therefore, you will see that a certain area is already covered by nationalised industries and the rest, we feel, at the moment should not be nationalised.

6—58 R. S./68.

Then the question is raised by Mr. Mani that if the resources are not big and if there is risk in the business, why do the Government go in for social control measures? I think that question should be answered.

I have explained the objectives of the Bill and I have also explained what kind of malpractices are known to occur in the general insurance business. This Bill seeks to control all these malpractices; it seeks to curb them, and it seeks to put the general insurance business on healthy lines. I have gone into details about them in my opening speech and I shall not repeat them. But I would just briefly explain that the malpractices will be curbed because the premiums will be made scientific.

Madam, the premiums will be made scientific by an Advisory Committee which will do this job. I think it was Mr. Menon who did not fully comprehend the functions of the Advisory Committee. He raised certain doubts about certain matters. This Committee is merely going to fix the premium rates. It is a committee which will be required to be manned by technical people because its functions will be largely technical; they will be largely actuarial. Therefore, we are going to put on it people who have this kind of experience so that they can do this kind of technical job. The Controller will be the chairman. This is the scope of its functions. If you understand the scope of its functions then you will understand why we have tried to set it up in the manner that we have and with the composition that we have chosen.

The second thing that we have provided in this is the periodic and surprise inspection. That you will agree is essential.

Then there is the question of claims and general powers of supervision. These have been provided for as these will curb malpractices. Apart from this, the power of exemption and all the other powers which I have gone into earlier are there.

[Shri K. C. Pant.]

Then the question was raised with regard to the foreign exchange drain. Again, I would like to make this point clear. A small amount of drain appears to be unavoidable in the sense that it is impossible to re-insure only within the country because some of the risks are very large. For example, a ship or an aeroplane is worth huge amounts of money. Every insurer tries to spread his risk. Some of these risks are so large that it is necessary often to spread the risk inside the country and even abroad. In fact, while there was a foreign exchange outgo in earlier years of the order of about Rs. 2 crores per year, during 1965 and 1966 there have been gains of foreign exchange. In 1965 and 1966 it was Rs. 4.7 crores and Rs. 6.9 crores respectively.

Therefore, it is not as though it is always a one-way traffic. Sometimes we gain. But nevertheless we have provided in this Bill for a proper scrutiny of the proposals and we propose to exercise control so that the unavoidable drain can be minimised.

Then, Madam, a few other points were raised and I do not want to go into all the details. But one point which I do want to tackle is with regard to this Consultative Committee and the powers of the Controller and why the Controller has been made the Chairman of the Consultative Committee. This point was raised by several Members. Now, first of all, let us understand the role of this Committee. I think there is some misconception about the role of this Committee. The primary responsibility for administering the Act should be and has been vested in the Controller. The Controller is a statutory authority and under this Bill the Parliament is placing certain responsibilities upon him and giving him certain powers and certain authorities. Now this Consultative Committee is not intended to be an appellate body over and above his head. The appellate body is provided elsewhere. This is a body of persons who know this business, who can sit

give him an informed second opinion on various problems; and the Controller can benefit from those opinions. I hope that in due course of time a convention will develop as to how the Controller should function in this Committee and what weight he should attach to the advice and the opinion expressed by the Members of the Consultative Committee. But I think you will agree that we cannot do anything which detracts from the responsibility of the statutory officer to accept responsibility for his decisions. He alone must be responsible for his decisions. He can certainly take the advice of the Consultative Committee.

Now so far as this fear that the Controller might exercise his powers arbitrarily is concerned, as I said, we have already provided for an appeal to the Government and when the Government looks into a case it will look into the proceedings of this Consultative Committee and the opinions of both the Controller and the other non-official members of that Consultative Committee. All their opinions will go before the Government and the Government will then be able to consider all of those opinions before arriving at a decision. This is the best safeguard there can be for seeing that the Controller does not exercise his authority arbitrarily.

श्री मानसिंह वर्मा : यह जो कंसल्टेटिव कमेटी है उसकी स्टैट्यूटरी पावर्स होंगी नहीं क्योंकि स्टैट्यूटरी पावर्स कंट्रोलर के पास हैं। अगर कमेटी किसी प्रकार के मामले में कंसल्टेशन के बाद उसको एडवाइस करती है, तो यह जरूरी नहीं है कि उसको वह माने।

SHRI K. C. PANT : That is precisely what I was saying, Madam. Controller must take the responsibility for his decisions. That responsibility cannot be diluted. But if the Controller takes a wrong decision, then the Government can always sit in appeal on that and the Government can correct that decision. If we dilute the respon-

sibility of the Controller, then there will be two bodies—the Consultative Committee and the Controller—which will have to take decisions and it will create a lot of confusion. You cannot make both binding. You cannot make the opinion of the Consultative Committee binding and also make the opinion of the Controller binding. It can be only one. It is obvious that while the Consultative Committee can express its opinion, the Controller must take the responsibility and must have the authority to take the final decision in a matter and that is what the statute provides for.

SHRI MAN SINGH VARMA: In case the Members and the Controller differ, g-sf ;pr
=>rr ?

SHRI K. C. PANT: In case they differ, both the opinions will go to the Government and the Government will look into both of them and come to a decision. That is why I have said that this safeguard is provided. Now another practical reason why the Chairman can only be the Controller and not a non-official is that in many of these cases confidential files will have to be gone into, confidential files not only in respect of that particular insurer but other similar cases, and obviously a non-official cannot be entrusted with or should, not be asked to go into these confidential files. They may not be easily accessible to him. Therefore, an official, and in this case it cannot be any official other than the Controller, must be the Chairman of this Consultative Committee.

Then, a question was raised as to why we do not have an appellate tribunal instead of providing for an appeal to the Government. Well, Madam, if we provide for an appellate tribunal, there is bound to be a lot of delay and we do not want that delay. We want this social control not to be subjected to any procedural delays and we want expeditious action. This is the main reason why we feel that the Government should be the appellate body and not a tribunal of the kii'd suggested.

So far as the powers of the Controller go, well, I for one cannot agree with those who say that these powers are excessive. Considering the nature and the magnitude of the questions he has to deal with, he needs these powers. If he does not have these powers, he cannot deal with these questions. So we have given him adequate powers. If one says that he should not have powers, then obviously social control has no meaning. And unless we give him these powers, he cannot be expected to deliver the goods. So I cannot really understand how one can object to giving the Controller powers. If we do not give the Controller powers, then the whole Bill becomes meaningless.

.I think, Madam, I have dealt with almost all the main points that were raised. The last point that I want to touch on is the warning which was given to us by our Marxist friend that the people will rise against us. But I find that the people have begun to rise against his party in Kerala. So this kind of warning we need not bandy here on the floor of the House. Similarly, Madam, he has called us a lot of names. There was a time when the Congress Party felt that it was in the singular position of being called names. But ever since the extremists have broken off from the C. P. I. (Marxist), I think they themselves have begun to realise what it is to be called names and the names that they are called (Interruption) are as juicy, if not juicier than those he calls us in the House. Thank you, Madam.

THE DEPUTY CHAIRMAN : The question is :

"That the Bill further to amend the Insurance Act, 1938, so as to provide for the extension of social control over insurers carrying on general insurance business and for matters connected therewith or incidental thereto, and also to amend the Payment of Bonus Act, 1965, as passed by the Lok Sabha, be taken into consideration."

The motion was adopted.

THE DEPUTY CHAIRMAN : We shall now take up clause by clause consideration of the Bill.

Clauses 2 to 16 were added to the Bill.

Clause 17—Insertion of new section ZIA—Power of Controller to prepare scheme of amalgamation

THE DEPUTY CHAIRMAN : There is an amendment in the name of Mr. D. L. Sen Gupta.

SHRI D. L. SEN GUPTA (West Bengal) : Madam, I move :

3. "That at page 28 —

(i) in line 21, after the words 'employees of the word 'retrenchment' be inserted ; and

(ii) in lines 21-22, the words 'if any, to which they are entitled' be deleted."

Madam, in regard to this amendment, I shall read a portion from page 28—

"(j) notwithstanding anything contained in clause (i) where any of the employees of the insurer not being workmen within the meaning of the Industrial Disputes Act, 1947..."

Here I should tell the House that the word "workman" is denned in section 2 of the Industrial Disputes Act.

"... are specifically mentioned in the scheme under clause (i) or where any employees of the insurer have by notice in writing given to the insurer or, as the case may be, the transferee insurer at any time before the expiry of one month next following the date on which the scheme is sanctioned by the Central Government, intimated their intention of not becoming employees of the transferee insurer, the payment to such employees of compensation, if any, to which they are entitled under the Industrial Disputes Act, 1947, and such pension, gratuity, provident fund or other retirement benefits ordinarily admissible to them under

the rules or authorisations of the insurer immediately before the date of the amalgamation."

That is the position. Now, a workman is not entitled to any benefit of the Industrial Disputes Act. The amendment that I proposed is that when compensation is promised, the only compensation that is payable under the Industrial Disputes Act is retrenchment compensation and lay-off compensation. He is not seeking employment or rather is asking for going out. The question of compensation that is relevant here is retrenchment compensation. What I propose is payment to such employees of retrenchment compensation. This 'retrenchment' should be specific here ; otherwise there is no sense in the word "compensation".

Then, the next portion I want to delete is "if any, to which they are entitled". If a man or a workman is not retrenched, but he rather resigns, he will not be entitled to any compensation in law because it is not specifically a case of retrenchment. It is a case of giving one month's notice while terminating his services. So, if the Bill intends to give that person any relief, you should, by a specific provision, say that he will be entitled to retrenchment compensation even if he seeks to go.

The question was proposed.

SHRI K. C. PANT : Madam, the words to be excluded as suggested by him are "if any, to which they are entitled". I do not see how these can be excluded if they are to be entitled to compensation. The object of the amendment was not clear to me. Now that he has explained it I can understand it a little better. In this particular sub-clause the Bill provides that an employee who does not want to be transferred to the transferee insurer, can give notice to that effect and he will be entitled to compensation, and this provision is a copy of the corresponding provision of the Banking Companies Act. Therefore, I cannot accept this amendment.

SHRI D. L. SEN GUPTA : What is the compensation you offer here in this section. . .

THE DEPUTY CHAIRMAN : I do not think you can ask anything now. Both the sides have made their points clear. Mr. Sen Gupta, are you pressing your amendment or are you withdrawing it?

SHRI D. L. SEN GUPTA : I am pressing it, Madam.

THE DEPUTY CHAIRMAN : The question is:

"That at page 28,—

(i) in line 21, after the words 'employees of the word 'retrenchment' be inserted ; and

(ii) in lines 21-22, words 'if any, to which they are entitled' be deleted".

The motion was negatived.

THE DEPUTY CHAIRMAN : The question is :

"That clause 17 stand part of the Bill."

The motion was adopted.

Clause 17 was added to the Bill.

Clauses 18 to 21 were added to the Bill.

Clause 22—Insertion of new sections 52H, 52I, 52J, 52K, 52L, 52M and 52N.

SHRI D. L. SEN GUPTA : Madam, I beg to move :

4. "That at page 34, lines 17 to 19, the brackets and words '(excepting such of them as, not being workmen within the meaning of the Industrial Disputes Act, 1947, are specifically mentioned in the scheme)' be deleted."

5. "That at page 36, line 31, the words 'or has been' be deleted."

The questions were proposed.

SHRI D. L. SEN GUPTA : Madam, amendment No. 4 is on page 34 in the new clause 52I(2) (c). It says—

"the continuance of the services of all the employees of the acquired insurer (excepting such of them as, not being workmen within the meaning of the Industrial Disputes Act. . ."

Now, the word "workmen" in the Industrial Disputes Act has been the subject matter of lots of litigation and controversy. Its definition is not yet settled. In fact, the relevant section had to be amended more than once to bring the definition to a certain stage. All that I want to know is why it is that the legislation shall not promise employment to everybody, why it should be to the workmen alone. Why should it not include those not covered by the term "workmen" also? I want a clear, categorical, assurance from the Minister that everybody, unless he wants to walk out, will be absorbed. And that was the provision in the Insurance Act when life insurance was nationalised. Nobody was thrown out. I submit my amendment will only ensure for the existing employees, whether they are workmen or petty officers or officers, that their interests are secure. That is one.

The next amendment is on page 36, in the new clause 52K(2). It says that the tribunal shall consist of three members, one is a judge—present judge or ex-judge—one from the insurance business, and another member will be a chartered accountant. My point is this. My amendment seeks to delete the provision in regard to an ex-judge. Mr. Gajendragadkar, the former Chief Justice of the Supreme Court of India, is now the Chairman of the National Commission on Labour. Very reasonably, I believe, the Chief Justice has expressed his views in unmistakable terms that if judges have no place in the industrial tribunals or law courts. . .

SHRI M. P. BHARGAVA (Uttar Pradesh) : Why did he accept the chairmanship if he had those views ?

SHRI D. L. SEN GUPTA : Please try to understand me. He was saying for obvious reasons that judges should not get employment after retirement if they are not fit to be judges in a regular court. But, if they are fit, then why should they hold any responsible posts elsewhere ? Besides the questions of corruption, etc. if they are good enough to continue as judges, then, their tenure should be extended in the regular courts. Why not ? Here, "the Chairman shall be a person who is, or has been. . ." In this I want to delete "or has been" because "has been" means in the past. That portion should be deleted so that there may be provision for the existing judges. I am opposed, to their service in any form, in the industrial tribunal or insurance tribunal, wherever it might be, or even in the election tribunal. That does not matter. There should be no place for the retired judges.

SHRI K. C. PANT : Madam, so far the first amendment goes, that is No. 4, in the bracketed portion workmen under the Industrial Disputes Act are excluded because they are governed by the provisions of the Workmen's Compensation Act in respect of their terms and conditions of service. This provision is also identical with a similar provision in the Banking Companies Act. Therefore, I oppose this amendment. So far as amendment No. 5 is concerned, the Bill, as it stands, stipulates qualification as a judge for becoming the Chairman of this body. And he wants that a retired judge should not be made Chairman. A retired judge, as he himself admitted, does not necessarily lose his competence. He just now said that there was a man of exceptional competence who was a retired judge. But surely he does not want to debar him.

THE DEPUTY CHAIRMAN : Are you pressing your amendments ?

SHRI D. L. SEN GUPTA : Yes, Madam.

THE DEPUTY CHAIRMAN : The question is :

4. "That at page 34, lines 17 to 19, the brackets and words '(excepting such of them as, not being workmen within the meaning of the Industrial Disputes Act, 1947, are specifically mentioned in the scheme)' be deleted."

The motion was *negatived*.

THE DEPUTY CHAIRMAN : The question is :

5. "That at page 36, line 31, the words 'or has been' be deleted."

The motion was *negatived*.

THE DEPUTY CHAIRMAN : The question is :

"That Clause 22 stand part of the Bill".

The motion was *adopted*.

Clause 22 was *added* to the Bill.

Clauses 23 to 36 were *added to the Bill*.

Clause 37—*Insertion of new sections* HOD, HOE, 110F, HOG and 110H.

SHRI THILLAI VILLALAN : Madam, I beg to move :

1. "That at page 60, for lines 11 to 15, the following be substituted, namely : —

'HOG. (1). The Central Government shall constitute an Insurance Advisory Committee consisting of five members having special knowledge and experience of the business of insurance of whom the Controller shall be one and the Central Government shall nominate one member from the remaining four members to be the Chairman thereof.'

2. "That at page 60,

(i) in line 17, for the words 'Consultative Committee' the words 'Insurance Advisory Committee' be substituted ;

(ii) in line 19, for the words 'Consultative Committee' the words 'Insurance Advisory Committee' be substituted ; and

(iii) in lines 23-24, for the words 'Consultative Committee' the words 'Insurance Advisory Committee' be substituted."

The questions were proposed.

SHRI THILLAI VILLALAN : The Members who participated in the general discussion, all of them, referred to this clause and they all said and the Minister also said : 'We want social control, we must give powers to a particular individual and then only we will have social control.' My submission is, it must be institutional and not individual. The powers must be taken by the Government but it does not mean that all the powers should be given to an individual. Here the attempt is to give enormous powers to a particular officer. Further the Committee contemplated here says that it will be a Consultative Committee. Consultation is one thing, taking advice is another. The Committee must be powerful. The Committee must give advice to the Controller but it should not be that the Controller should consult the Committee. The Committee should therefore be constituted in the name of an Advisory Committee and it should be given powers to advise the Controller in the conduct of the business of the insurance industry. That is why the original sub-clause (i) should be deleted and my amendment should be inserted.

Further the Minister said that there is difference between general insurance and life insurance, that we have nationalised life insurance but not general insurance. In our part there is one idol, called Ardhanareeswar. The deity will be decorated with half female dress and ornaments and half with male dress and ornaments and the deity is worshipped like that in that area. Like that during this session we come across social control of banks which is entirely different one but we

come across social control of insurance which is just like Ardhanareeswar. We have nationalised a part of it but for another part we want social control. For that we want no social control by Government but by a particular bureaucratic officer. This is not social control but it is only bureaucratic control or Controller's control. So my amendment must be accepted. It will be real at least. It will be social control if the Advisory Committee is formed and advice is taken by the Controller. So I press my amendment.

SHRI K. C. PANT : I do not understand my hon. friend's objection to the Controller's controlling. After all, who else will control except the Controller? You want social control but you do not want the bureaucrat to head it. Who will exercise the control? Will you explain it to me ? Will it be the Parliament or will it be the Minister ? Would you prefer that or will it have to be an officer of the Government ? Obviously it cannot be one of the four. He cannot replace the Controller. When he objects to the Controller I would like him to explain what he means ?

SHRI THILLAI VILLALAN : I want the Committee to be Advisory Committee, not a Consultative Committee. Then I do not want the Controller to be the Chairman because he must get advice from the Committee not as the Chairman of the Committee. He must be one of the Members. The Chairman must be another man because he must get advice but when he presides over the Committee how can he get advice ? That is the amendment.

SHRI K. C. PANT : That I understand. I am merely asking when he says that a bureaucrat should not be the Controller, who should be the Controller ? I am not at all clear. Should it be the Parliament or the Minister concerned? It has to be a Government Officer.

Coming to the main point, I have gone into it at some length in the course of my reply. First of all I do

[Shri K. C. Pant]

not see the difference between calling this body a Consultative Committee or Advisory Committee. Between consultation and advice there is difference in the words but in actual practice it is not these words that count. So I do not think the words as such are very important. The point is, why should the Controller be the Chairman ? That is the central point. As I explained, certain decisions will have to be taken in certain matters provided for in the Act by the Controller. What that area is has been specified in the Bill. When any of those matters come up and a decision has to be taken, the Controller has to take that. In the Joint Committee when this matter came up, it was suggested that there should be scope for another opinion to be given to the Controller so that he may have the benefit of that second opinion. So this Consultative Committee was constituted, but this does not detract from the responsibility of the Controller in taking those decisions. It is only to give him a second informed opinion and therefore if you do not make the Controller the Chairman of this Committee, that does not help in this matter at all because as I explained, so far as the Consultative Committee goes, it can only advise the Controller and then the decision has to be taken by the Controller. If the company is dissatisfied, it can go in appeal and the Government can sit over the matter after that and decide.

So far as the second point is concerned, the Controller has to be the Chairman because official files have to be gone through. Non-official cannot go into the files. Those files are not within their reach. They are governed by the Official Secrets Act. etc. and therefore since he has to look at those files in relation to those cases and others, it has to be an official and in this case it has to be the Controller.

THE DEPUTY CHAIRMAN : The question is :

I. "That at page 60, for lines II to 15, the following be substituted, namely :

'HOC (1) The Central Government shall constitute an Insurance Advisory Committee consisting of five members having special knowledge and experience of the business of insurance of whom the Controller shall be one and the Central Government shall nominate one member from the remaining four members to be the Chairman thereof.'"

The motion was negated.

THE DEPUTY CHAIRMAN : The question is :

2. "That at page 60,

(i) in line 17, for the words 'Consultative Committee' the words 'Insurance Advisory Committee' be substituted;

(ii) in line 19, for the words 'Consultative Committee' the words 'Insurance Advisory Committee' be substituted ; and

(iii) in lines 23-24, for the words 'Consultative Committee' the words 'Insurance Advisory Committee' be substituted."

The motion was negated.

THE DEPUTY CHAIRMAN : The question is :

"That clause 37 stand part of the Bill."

The motion was adopted.

Clause 37 was added to the Bill.

Clauses 38 to 41 were added to the Bill.

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

SHRI K. C. PANT : I move : "That the Bill be passed".

The question was proposed.

SHRI D. L. SEN GUPTA : Madam, now that the Bill has gone through the Second Reading, I would draw the attention of the Minister here to Mr. D. N. Tiwari's report on this which says :

"During the course of discussion on clause 14, an assurance was given by the Government that clauses 14 and 41 would not be brought into force until the Payment of Bonus Act, 1965 was suitably amended in relation to the employees of the insurance companies carrying on general insurance business."

I would like him to see that the Payment of Bonus Act is amended in the next session without any delay. Otherwise this will be of no use. So far as clause 41 of the Bill before us is concerned, it says :

"In section 32 of the Payment of Bonus Act, 1965, in clause (i), the words 'employees employed by any insurer carrying on general insurance business and the' shall be omitted."

So far as section 32 of the Payment of Bonus Act, 1965, is concerned, it says which are the industries not to be covered by the Payment of Bonus Act, and in that provision this insurance industry is outside the purview of the Payment of Bonus Act. And now, after this Bill is passed, unless it is enforced, practically the employees employed by any insurer carrying on general insurance business will get no benefit of the bonus. So that is my first suggestion, and I expect that expeditious steps will be taken to amend the Payment of Bonus Act.

Now another aspect of the thing is this, that I have already discussed in the course of my amendment. It is that there should be an assurance that nobody will be retrenched. Now automation in the insurance industry has become a great problem. There is a serious agitation against the introduction of automation. There is a clause in the Bill which only assures employment to the workmen under the Industrial Disputes Act, nothing about the non-workmen. So it has become all the more imperative that there should be an assurance that there should be no automation in the insurance industry or, if there is automation, it should be

sparingly and without affecting any employee at present in the industry. Thirdly, the Finance Minister should take note also of the fact that this is a vast country and there are lakhs and lakhs of unemployed people and automation is not appropriate in this situation.

My last thing is this. Social control, we have heard enough but we don't know what social control means. It will all depend on how the Act works. As a confirmed socialist I believe in nationalisation. But my experience of the nationalised industries is very sad. We have failed and it would be a failure, not for the reason that nationalisation is bad but for the reason that, whoever is at the helm of affairs, he is antagonistic to it, he is absolutely against the theory of social control, is against the theory of nationalisation. So this bureaucratic rule must be curtailed and must be cut to size, and men of character and integrity in public life, they must be the people at the helm of affairs, not these bureaucrats and others in the top-heavy administration.

SHRI LOKANATH MISRA
(Orissa) : Do you mean Malaviyaji ?

SHRI D. L. SEN GUPTA : I do not take the name of anyone. All that I want to emphasise is that they should not be defeated Ministers and defeated M. Ps. but men of character. Otherwise you cannot enthuse the workers who are working. Unless you put men of integrity at the helm of affairs and unless you enthuse the people, the idea of nationalisation or social control is a mere misnomer; it is bound to fail. So I hope you will be conscious of the responsibility and the meaning of social control.

SHRI M. P. BHARGAVA : Madam Deputy Chairman, I am very happy that in a few minutes this House will be passing this Bill about the social control of general insurance. I am sure, if the provisions of the Bill are implemented in a proper manner, it will go a long way in fulfilling the demands of the two Houses.

[Shri M. P. Bhargava.]

Now, at the final stages of the Joint Select Committee Report I had expressed my doubts regarding the assessors and surveyors because we had decided to regulate their profession. I am happy that the Minister, in the Lok Sabha, has accepted an amendment to the effect that all the surveyors and assessors, who are on the list on the 26th day of October, 1968, will be accepted as assessors and surveyors. And that is a very happy amendment which has been accepted, and that has removed my doubts.

The second point which I would like to impress at this time is that we have reduced the commission on the first year's premium for general insurance to ten per cent of the premium, and to fifteen per cent of the premium in the case of miscellaneous insurance. Now the necessary corollary for that is that the commission on the first year's premium in life insurance is also reduced, to bring it in line with general insurance. And for this purpose, as the House is aware, I have introduced a Bill on last Friday. But the House also knows the fate of non-official Bills. Even if it is passed, it will take four to six years if I remain a Member by that time. Therefore I will urge upon the Government to get that matter examined, and try to bring forward an official Bill for that purpose, for the purpose of reducing the commission on the first year's premium in the case of life insurance also to ten per cent. That is what I have said in my Bill and I will urge upon the Government to get it examined seriously, and bring it up in an official Bill as early as possible.

SHRI K. C. PANT : Madam, my hon. friend, Shri Sen Gupta, referred to the need to amend the Bonus Act, 1965, in the next session. This is something which concerns another Ministry. I shall certainly pass on his suggestion to them.

SHRI D. L. SEN GUPTA : The Labour Minister is there. You can put it to him.

SHRI K. C. PANT : Yes, but I want to be quite formal about it. Then the

second point that he made was that there should be no automation because it leads to retrenchment, that there should be no automation in insurance unless we can be sure that it does not affect any employee. I think that is what he said. And then he said that there are many unemployed people in the country and therefore it should not be resorted to light-heartedly. Well, I agree with him that automation is something which will have to be considered in the context and in the background of the unemployment situation in the country, and no one would like automation to be resorted to in a light-hearted manner, or where it is not absolutely necessary. But in the field of insurance it was felt that the policyholders were not getting the kind of service to which they were entitled. And there were complaints in this House and in the Public Undertakings Committee and in other bodies, which looked into this problem, to the effect that the service must improve. And in order to improve the servicing of policies, which after all is the heart of life insurance business, and upon which depends the rate at which it can expand, since this was felt necessary, automation was introduced there. And it was stated on the floor of the House that, while we are going to introduce automation, this will not lead to retrenchment, this will not also lead to any employee even being transferred from one place to another, or for him to suffer in emoluments. And I am glad to inform my hon. friend that we have stuck to this, and although we have introduced the computer in Bombay, we have not retrenched anybody so far. Nobody has suffered in emoluments and nobody has been transferred on this account and, therefore, he will, I hope, lend his full support to automation in those areas where it is absolutely necessary in the larger interests of the life insurance business as such, and in the interests of the public sector undertaking, which he and I are both committed to support and advance. And it is in this context that his support at Calcutta to instal a second computer there would be most welcome to us. He referred to defeated M. Ps. being male

heads of public undertakings. I hope he does not include those who do not contest elections at all. I hope the door will be left open for them.

4 P.M.

SHRI LOKANATH MISRA : But is there any undertaking left with a vacancy for those with some credit in the market? All the discredited people have flooded in all the public undertakings.

SHRI K. C. PANT : When Mr. Misra enters the fray in the political field he will realise that elections are a very fickle thing. Sometimes even very eminent and desirable people lose the elections.

SHRI LOKANATH MISRA : In a democracy you cannot help it. That really reflects the will of the people,

SHRI K. C. PANT : I am sure he will approach the problem with the greatest sympathy if he enters the fray directly.

THE MINISTER OF STATE IN THE MINISTRY OF FOOD, AGRICULTURE, COMMUNITY DEVELOPMENT AND COOPERATION (SHRI ANNASAHEB SHINDE) : That is more pertinent.

SHRI K. C. PANT : My hon. friend Shri Bhargava spoke about his Bill and he has asked us to examine that Bill. We shall certainly examine it very carefully.

THE DEPUTY CHAIRMAN : The question is :

"That the Bill be passed." *The motion was adopted.*

THE FOOD CORPORATIONS (AMENDMENT) BILL, 1968

THE DEPUTY CHAIRMAN : We now come to the next item—the Food Corporations (Amendment) Bill. The time allotted is two hours.

THE MINISTER OF STATE IN THE MINISTRY OF FOOD, AGRICULTURE, COMMUNITY DEVELOPMENT AND CO-OPERATION (SHRI ANNASAHEB SHINDE) : Madam Deputy Chairman, I beg to move :

"That the Bill to amend the Food Corporations Act, 1964 and to declare the Central Government as the appropriate Government under the Industrial Disputes Act, 1947, in relation to the Food Corporation of India, as passed by the Lok Sabha, be taken into consideration".

THE DEPUTY CHAIRMAN : There is noise in the House and the Minister is not heard.

SHRI ANNASAHEB SHINDE : Madam Deputy Chairman, hon. Members are aware that the Food Corporations Act was passed in the year 1964 and thereafter in January 1965 the Food Corporation came into existence as a public sector agency to handle the procurement of food, transport of food, storage of food, etc. During the last four or five years the Food Corporation has been functioning in this country as a public sector agency and is trying to increase its scope of work more and more. The main functions of the Corporation are purchase, storage, movement transport, distribution and sale of foodgrains and other foodstuffs. The Corporation may also with the previous approval of the Government promote by such means as it thinks fit the production of foodgrains and other foodstuffs, set up or assist in the setting up of rice mills, flour mills and other undertakings for the processing of foodgrains and other foodstuffs and discharge such other functions as are supplemental, incidental or consequential to any of the functions referred to above. These functions are being carried on by the Food Corporation.

The main issue in this Bill is a very limited one. With more and more work which was being done by the Food Department being transferred to the Food Corporation of India a question arose as to how the persons who were discharging these functions in the