

1. THE EMERGENCY RISKS
 (GOODS) INSURANCE BILL, 1962—
contd.

2. THE EMERGENCY RISKS
 (FACTORIES) INSURANCE BILL,
 1962—*contd.*

SHRI SURESH J. DESAI (Gujarat):
 Mr. Chairman, Sir, I welcome these two Bills which are before the House. In the last World War also we had a scheme for compulsory war risks insurance. These are very timely measures and I congratulate the Government on bringing forward these measures before the House so soon.

Now, Sir, coming to the provisions of the Bills, I am glad to note that both the Bills are very well drafted. While dealing with the duration of this measure, Sir, it has been stated that this scheme will continue not only for the duration of the general emergency but for such further period as the Central Government may by notification in the Official Gazette, declare to be the period of emergency for the purposes of this Act. This is very necessary because, as our Prime Minister said in the other House, yesterday, it is a continuing emergency, the Chinese threat will be a continuing threat to our territorial integrity and independence. That is why it is necessary that for certain regions, especially our border States, the scheme must continue, and the scheme cannot continue only for our border States. That is why it should continue, after the general emergency is over, even for the rest of the country. So that the risk, especially in the border States, may be adequately covered.

While defining 'emergency risks' it has been stated as follows:

" . . . such risks arising from . . . precautionary or preparatory measures taken under proper

authority with a view to denying facilities to an enemy, being measures involving a substantial degree of damage to or diminution of value of property."

This is also very necessary, because certain measures may have to be taken in pursuance of a scorched-earth policy and all the risks arising out of such measures will also have to be covered. So, this is also a very salutary provision.

Then, Sir, clause 3 also deals with goods which are not insurable. There is a proviso to this clause which reads as follows:

"Provided that no goods shall be deemed to be insurable under this Act—

(a) in relation to any person, being the owner of the goods, who carries on business as a seller of goods, unless they are owned by him with a view to being sold . . ."

There is a similar provision for the supplier of goods which says:

"(b) in relation to any person, being the owner of the goods, who carries on business as a supplier of goods, unless they are owned by him with a view to being supplied . . ."

This is very necessary. After all, till the goods reach the hands of the consumer, Sir, there are different persons who are interested in goods and goods should be insured for any person who has some interest in the goods. That is why clause 5 further states as follows:

"The Scheme may also extend to the undertaking by the Central Government, in relation to any person carrying on business in India as seller or supplier of goods, of the liability of insuring such a person against emergency risks in respect of goods insurable under this Act which are not owned by him but in

which he has an interest arising in the course of that business."

This is a very salutary provision. Similarly, Sir, it further states as follows:

"The Scheme may also extend without prejudice to the provisions of clause (a) of this sub-section, to the undertaking by the Central Government, in relation to a person carrying on any business in India, of the liability of insuring such a person against emergency risks in respect of—

(i) any goods situated in India which are in his possession, otherwise than under a hire purchase agreement, for the purposes of that business."

This is a very comprehensive and necessary provision. Similarly, Sir, it further says:

"(ii) any goods situated in India which are subject to a mortgage, pledge or charge in his favour held by him in the course of that business."

That is because, Sir, goods are not always kept by the owner in his possession. The owner may require some money and may therefore pledge goods or mortgage goods. So, all those persons who have some such interest by way of mortgage or pledge, those persons also should be allowed to have the goods insured. These are very salutary provisions and it is good that both the Bills are so well drafted.

The main provision to which my hon. friend Mr. Vimalkumar Chordia, yesterday referred to relates to premium. That is a very important point but before I come to that, I would like to draw your attention to clause 5 (3) (a) which says:

"(a) that the liability of the Central Government as insurer shall

not extend to more than eighty per cent. of the insurable value of the property insurable."

This is also a very good provision. Now, Sir, coming to the question of premium, we find that clause 5(3) (c) says:

"(c) that any premium under a policy so issued is payable at a rate not exceeding three per cent. per annum of the sum insured as may be specified in the Scheme;"

In the other Bill also the maximum of three per cent. has been provided. Now, Sir, this question of premium on which my friend, Mr. Chordia, yesterday dwelt at length is a very important question. On the one hand, this is not a fiscal measure; the Government does not want to make money out of this scheme; this is not a fiscal measure at all. After all, Sir, a maximum rate of premium has been provided here and it is not that the Government is going to fix it at the maximum rate of 3 per cent. or so. At the same time I can very well appreciate his point that a high rate of premium may unnecessarily increase the price of goods, factory-made goods, indirectly, although to a very limited extent and may give rise to inflationary trends. That is quite appreciable. It may be a burden on factories or a burden on owners of goods. But at the same time the risk which the Government is undertaking is a tremendous risk. After all, anything may happen; a very vast destruction may take place, we do not know what is going to happen, and the Government will have to reimburse the owners of goods, factories and industrial undertakings. The Government have to get enough money so that the Government can very well undertake that kind of risk. In the last War, the Government had given the agency to private insurance companies. At that time Government had no agency of their own but now they have got their own agency and they can give the work to the Oriental General Insurance Company or the Jupiter Insurance Company or the National—com-

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panies which they themselves are managing. When the Government is going to undertake these tremendous risks, they must have enough money so that the claims, which are subsequently to be met at the end of hostilities, can be met properly. That is why due care has to be taken in fixing the premia rates. The total block value of all industrial undertakings in the country today may be something like Rs. 5,000 crores and at the rate of 1 per cent. it may bring a sum of fifty crores of rupees to the Government. The total value of goods, stationary or in transit, may be something like a thousand crores of rupees and this will bring in at the rate of 1 per cent per annum a sum of ten crores of rupees as premium. The total comes to sixty crores of rupees. When there is large-scale destruction, this sum of sixty crores of rupees will be nothing; it is a very small amount. If there is no destruction by God's grace, and everything is settled, then this money will go to enhance the revenues of the Government but that cannot be helped. We cannot say just now that the rate should be low. If we say that, then Government will not be able to find the money to pay the claims that may arise later on.

श्री विपनकुमार पन्नालालजी चौरड़िया:
(मध्य प्रदेश) : क्या आपको यह मालूम है कि दूसरी जो इन्श्योरेंस कम्पनीज हैं, उनकी क्या दरें हैं ? वे फायर या दूसरे ऐक्सिडेंट्स का रिस्क कवर करती हैं और उनके क्या प्रीमियम रेट्स हैं और उसमें और इसमें कितना अधिक अन्तर है ?

SHRI SURESH J. DESAI: These are two different kinds of risks, as my hon. friend, Mr. Chordia, will appreciate.

श्री विपनकुमार पन्नालालजी चौरड़िया:
वह तो मैंने स्वयं नहीं कहा—गवर्नमेंट कहती है। हम तो कहते हैं कि रेट उतना ही रख

करके बाकी हम सब मिल करके कम्पेनसेट करे। यह हमारी इच्छा थी और हम इसके लिये टैक्स देने को तैयार हैं।

SHRI SURESH J. DESAI: The rate which was fixed under the War Risk Insurance Scheme that was in force during the last War, from December, 1940 to March, 1941, was, in respect of goods, six annas per hundred rupees worth of goods and this came to .375 per cent. Later on, it was increased to .75 per cent. In respect of the factories it was four per cent, divided into eight quarterly equal instalments. It actually came to 2 per cent. For factories it was 2 per cent. and for goods it was .75 per cent. Similarly, this time also, Government will definitely take into consideration the risks involved. After all, it is not merely a question of the comparable nature of the rates. It is not reasonable to expect that the rates now fixed should compare well with the rates fixed during the last War. Government will have to take into consideration the risk involved at that time and the risk that will be there now in the present situation. Taking all these factors into consideration, I hope Government will fix a rate which will be reasonable. This is not going to be a fiscal measure. Government does not want to make money out of this measure or enhance its revenue. This is about the premium.

One of the Bills covers the goods in transit and stationary goods and the second Bill covers the factories. I do not know whether transport undertakings with large fleets of buses, trucks and lorries are included in this or not. I would like the hon. Minister to enlighten me on this point. I think the transport undertakings are not covered by these Bills but I believe these transport undertakings should be covered by some scheme of war risk insurance. This would not only bring income to the Government but would also provide insurance to a very necessary service. I would also like the Government to consider,

while they are taking civil defence measures, whether it would not be advisable to include in the scheme certain types of urban housing whose value is more than a lakh or two lakhs of rupees. Civil defence measures taken in cities like Calcutta or Delhi certainly envisage some amount of risk in respect of buildings and I think such buildings, above a certain value, should be covered. They should not be left to be covered by private insurers. Government might include houses above a certain value, two lakhs of rupees or one and a half lakhs of rupees, especially in big cities like Calcutta, Delhi, etc. Sir, I have no doubt that the rate of premium which will be fixed by the Government will be a very reasonable one. This is not going to be a fiscal measure and so there should be no apprehension in the mind of anybody that the Government wants to make money out of this measure.

With these words, I strongly support the two Bills before the House. Thank you, Sir.

SHRI R. S. KHANDEKAR (Madhya Pradesh): Mr. Chairman, I rise to support both the Bills before the House.

Sir, the Bills are really welcome because they are necessary at the present time of emergency. Only yesterday we passed the Personal Injuries (Emergency Provisions) Bill and it is, therefore, natural that we should follow up that Bill with these two Bills which seek to insure goods and factories. These are the natural corollaries to the existing emergent situation. We saw, when the Chinese onslaught came, how the tea industry in Assam was paralysed, how the banks refused to give money to that industry because there was no guarantee that the money advanced would be repaid. Therefore, these Bills are necessary and they have come, to my mind, rather late. In fact, they should have been brought forward as soon as the emergency was declared.

The provisions of these two Bills are analogous to the provisions which were existing during the Second World War but their scope is limited. The provisions that were existing then were more comprehensive. These two Bills only provide for the insurance of goods in transit, goods for sale and certain factories. In fact, there is no provision under these Bills to cover agriculture and livestock. As you are aware, Sir, during air raids they are not going to make any distinction between goods and factories or agriculture and livestock. It would have been better if agriculture and livestock had also been included under this scheme.

Secondly, I would point out that there is no provision in these Bills for buildings and shops. As you are aware, the big cities of this country are within the bombing range of the enemy and it is likely that these cities may suffer on account of air raids. Therefore, the buildings which are so essential and which are so costly and also the shops which store so much essential goods should also be governed by the provisions of these Bills.

There is also one more commodity which ought to have been included in these Bills and that is jute. As you are aware, Assam and other northern areas also produce a lot of jute and jute also is likely to be affected by enemy action. Therefore jute also should be governed by these Bills.

Having said this, I would like to say a word about the agency. It is reported that many private concerns are trying to get the commission. There is provision here that the Government will start some agency to cover the risks but the private companies are trying to get this business. So I would suggest that the Government should not be tempted to give this business to the private concerns. They should give it to the L.I.C. or if the L.I.C. is overworked and if they cannot cope up with this work which is bound to rise in course of time—and they are already overwork-

[Shri R. S. Khandekar.]

ed with life insurance business—the Government should set up its own agency or, if I may suggest, they should hand over this business to the Board of Trade but they should not in any case give this business to any private concern.

SHRI SURESH J. DESAI: May I point out to the hon. Member that the Government have already got three general insurance companies managed by them and they are going to give it to the Oriental General Insurance Co. which is managed by them? It is their own company.

SHRI R. S. KHANDEKAR: There is no such provision in this Bill. I do not know the Government's mind and therefore I want a clarification on this point as to whether the Government is going to hand over this to the general insurance companies or to the L.I.C. or to the Board of Trade or to any other agency. My submission is if there are Government agencies naturally the work should be given to them. I have no objection if it is so. But how am I to understand the Government's mind in this case? It is not mentioned in the Bills; nor has the Government explained the position during the introductory remarks of the hon. Minister. So how am I to know? The point is that this business should not be given in any case to the private enterprise. That is my submission; it should be given to Government agencies.

Regarding valuation also I would like to say something. We always find that whenever goods are insured they are overvalued and whenever banks advance money they advance money on the basis of certain valuation and in most cases such valuations are exaggerated. So I would submit that special care should be taken so that the valuation is not exaggerated. It should be done properly and then the goods be insured. So I would welcome the appointment of valuers in this connection.

Now, as the hon. Member has pointed out, this is not a fiscal measure. This is meant only to insure against risks and the Government has no intention to raise any money or to make money out of this emergency. They only want to secure the safety of the goods. Therefore I would submit that by introducing these Bills the Government should not try to raise money. If they want funds for the national effort they should come up clearly with some fiscal measure, and I have no doubt, the House will give them whole-hearted support. The Government should not be tempted to raise any money through these measures. In this context, I would also like to submit that the premium of three per cent. is little high. The Government should fix as far as possible only a nominal premium. I can quite understand that in case of loss or damage by air raids, the Government will have to give compensation to a large extent but, after all, it is insurance. Supposing there is no air raid or there is no destruction, then the money so collected will be quite considerable and therefore the Government can afford not to raise it if there is no contingency of such raids.

Sir, it is also a welcome sign that in these Bills both the private sector industries and public sector industries are included and it is also a welcome sign that the Bill is extended to the whole country; I mean to say, it extends to Jammu and Kashmir also, because usually Jammu and Kashmir is not included in the Bills. Now as Jammu and Kashmir is also within range, it is encouraging to find that Jammu and Kashmir is also included in this scheme.

There is also another welcome provision that the goods in transit as well as goods for sale are also covered.

Now, Sir, it may not be out of place if I give some suggestions in this context. As I said, the Bill ought to have been more comprehensive. The provisions of this Bill are akin to the

United Kingdom War Risks Act. Under that Act shipping, machinery, furniture, all things were insured. Here, there is no such provision that all things including furniture etc., will be covered by this scheme. So I would suggest that the Bill should be more comprehensive, and these things which are liable to destruction may be covered under this scheme.

Then there is a provision which says that the payment will be made within one year after the damage. This provision, I find, is little harsh. In fact, as soon as destruction takes place the factories should be given their compensation immediately. If there is a time lapse of one year it will be rather a long period. So I would suggest that the Government should reconsider this provision.

In this connection I would like to say that these two Bills are before us because there might be destruction on account of air raids. So, in order to prevent air raids we must build up a strong air force and I am glad that the Government has also realised that we must build up a strong air force. We must have bombers, we must have fighters, we must have anti-aircraft guns and we should try as far as possible that air raids do not take place. It cannot be said, of course, when such air raids will take place but the country should be prepared both for offence and for defence. So, if we take offence, if we are strong enough in air power, the chance of destruction will be lessened.

Then there is one provision in clause 15 of the Emergency Risks (Factories) Insurance Bill, 1962. It exempts certain factories. I am not able to understand why this provision is there and I do not know which sort of factories will be exempted under clause 15. This clause says:

"The Central Government may, by notification in the Official Gazette,

exempt any class or description of factories from the provisions of this Act requiring such factories to be insured or to continue to be insured under this Act; but such exemption shall not prejudice the infliction of any penalty or the accrual of any liability incurred before the date on which the exemption takes effect."

Now, I do not understand why this exemption has been made and to which factories this exemption will be applied. So, on the whole, the Bills are welcome and they are not here a day too soon. In fact, as I said, they ought to have been brought here much before; they should have been brought here much earlier.

With these words, Sir, I support the Bills.

SHRI M. P. BHARGAVA (Uttar Pradesh): Mr. Chairman, Sir, I rise to give my whole-hearted support to the Bills brought forward by the Minister of Finance. I had no intention to take part in this debate, but on going through the Bills some doubts have arisen in my mind and it is only to express those doubts and to seek a clarification that I have risen. I shall refer to clause 4 in the Emergency Risks (Factories) Insurance Bill. It reads as follows:—

"The Central Government may, by notification in the Official Gazette, employ or authorise the employment of any person to act as its agent for any of the purposes of this Act, and may pay to the person so employed such remuneration as it may think fit."

Well the word used here is "person", and I personally feel the authorisation will be to some company. So this is point number one. And point number two is whether all the companies doing general insurance work will be authorised to take on this insurance work, or it will be one or two companies to be nominated by the Government for this purpose.

[Shri M. P. Bhargava.]

In the same connection I have to invite the attention of the hon. Minister to clause 6 which reads:—

“After the date on which the scheme is put into operation, no person shall, except as a person authorised by the Central Government as its agent to issue policies in pursuance of the Scheme, carry on the business of insuring factories in India against emergency risks in respect of property insurable under this Act.”

Now, anybody else except the authorised Government agent is prohibited from doing this business. I would like to know from the hon. Minister whether all those companies which are doing general insurance work at the moment—burglary, fire, and all that work—will cease to cover the risks of any such insurance. Or what will be the demarcation between the emergency risks and the ordinary risks because in the second sub-clause of clause 6 a heavy penalty has been provided and the sub-clause reads as follows:—

“Whoever contravenes the provisions of sub-section (1) shall be punishable with fine which may extend to five thousand rupees and with a further fine which may extend to one thousand rupees for every day after the first on which the contravention continues.”

So, my fear is—and I would like a clarification on that point—that there may be an overlapping between the normal business and the emergency business, and then, if it is considered that sub-clause 6(1) has been contravened, the person will be faced with a heavy fine. So, what will be the line of demarcation exactly? This is what I would like to know.

My remarks apply to the same extent to clauses 6 and 9 in the Emergency Risks (Goods) Insurance Bill. This is all what I have to seek a clarification on.

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI B. R. BHAGAT): Mr. Chairman, Sir, I am very grateful to the hon. Members who have participated in this debate, and it is very gratifying that all the hon. Members, who did choose to speak on these Bills, have given their whole-hearted support to the measures.

While moving both these Bills for consideration, I explained that these were as a result of the demand made by the business and the trade and the various chambers of commerce, and also our experience of the last War when such a measure was in operation. Also, we felt that in the event of war the risks involved would be enormous, and therefore it was natural that there was almost unanimous agreement on this that there must be some such Scheme of insurance. This matter was very carefully gone into as a result of which these two Bills are before the House.

Sir, several doubts have been expressed and I propose to clarify the doubtful points. It has been said that the limit, which has since been reduced to thirty thousand rupees for goods to be insured compulsorily, should not have been so reduced, because it would make the provision more stringent and that the element of compulsion would become applied to a larger number of people in trade. For the benefit of the hon. Member who raised this doubt, I may inform him that originally the limit in the Bill was fifty thousand rupees. This was put on the following basis. In the last War the limit was twenty thousand rupees, and on the basis of the value of money today we had put the comparable figure of fifty thousand rupees, which was not very high. But in the other House there was almost a unanimous demand from the Members to reduce it, and the Finance Minister said that he was entirely in the hands of the House, and if the House wanted this limit to be reduced to thirty thousand rupees, he would have no objection, and the

House almost unanimously reduced it to thirty thousand rupees. I just wanted to say this for the benefit of the hon. Member who raised the point, that it was in compliance with the desire expressed by the Members there that this limit was brought down to thirty thousand rupees.

Then, Sir, the same hon. Member also said that like the limit on goods, the same limit of thirty thousand rupees should be the limit in the case of factories also. The Scheme of the Bill for factories is entirely different because in the case of factories we have provided that all those factories, which come under the definition of the Factories Act, would be included in the Scheme. To make any departure from this, based on any other ground, would lead to difficulty. He suggested that it should be either on some capital value or on some other distinguishing features. Now, to make a departure on that basis would create many loopholes and it would make it administratively very much unworkable, and therefore, this suggestion cannot be accepted.

On the same score, I may point out that we have taken powers, which again has created doubts in the mind of one or two Members, and one hon. Member asked why we have taken the power for exemptions and which factories do we want to exempt. At present we do not intend to exempt any and we have no idea now as to which factories may have to be exempted. This is merely an enabling power to introduce an element of flexibility in the Act in case at a later stage we think that some factories should be exempted on public grounds. Well, we have taken the power, and it would be in the interests of the general public if we exempt any at a later stage; at present we have no idea of exempting any factories from the operation of this Bill.

Then I refer to what was said by the hon. Member, Mr. Chordia. He seems

to have completely misconceived the objects and principles of the Bill, because the doubt he has expressed is completely beside the point. For example, he said there should be no element of compulsion, that the premiums should be paid by others, that they should be paid by the tax-payers and that the premiums should only be nominal. I do not know how he says all this. He is usually a knowledgeable Member. The operation of a scheme like this, today, will be the same as it was in the last War, when it was operated in this country or in any other country which was involved in the last War—the European countries particularly. This Bill is based on the pattern of the English law, and rather than make a departure from that we may have a Bill like this or we may not have a Bill like this—it is for the House to decide that there need be no war risks insurance and let the tax-payers bear the loss of factories, whatever the factories be. For example, if a steel factory is destroyed by bombing, let the country reconstruct it paying whatever its value is, Rs. 200 crores or Rs. 300 crores or whatever it may be.

SHRI V. M. CHORDIA: The country can pay only through the Government of India, not directly.

SHRI B. R. BHAGAT: Pay to whom? Who will pay?

SHRI V. M. CHORDIA: The country will pay through the Government of India to the persons who have suffered.

SHRI B. R. BHAGAT: That is what I say. My point is that the hon. Member is thinking of an entirely different scheme which cannot come under this scheme. It would not be an insurance scheme. I can understand that. And I have said it very, very clearly that this is not a taxation measure. The Finance Minister in the other House has explained that this is not a taxation measure, and that is why we

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introduced those two amendments putting a ceiling on premium both with regard to goods as well as with regard to factories—2 per cent. per annum with regard to factories and 3 per cent. per annum with regard to goods, paid every quarter. We have put a ceiling so as to say that this is the maximum ceiling.

Sir, it is our intention to start with a lower rate of premium because the idea is not to collect money but it has to be made a flexible scheme, so as to fit in with a dynamic situation, which may operate in an emergency like this. If there are not much damages, or the situation does not become grave and much damage does not occur, there may not be any occasion to raise the premium rates. But certainly if a large area is threatened, or the damage conceived may be of a very high order, certainly the premium rates have got to be high so as to get a larger fund for payment. Therefore, the idea is that the premium will be changed from time to time as the situation demands.

Then, Sir, an hon. Member suggested that there should be no delay in payment of compensation. I do not know. There is no intention of having any delay in paying compensation for damage if it occurs to the factories or the goods in trade. But certainly the process of valuation, estimating the extent of the damage, all this will take some time. The intention is that, well, whatever minimum time is required in coming to a correct estimate of the damage or the extent of the damage, that will be the time required. It cannot be a prompt payment immediately—today the damage occurs, tomorrow we pay—unless we know what we have to pay. Therefore, to say that it may be paid immediately will not be administratively workable.

Then, some hon. Member said that we should include the transport sys-

tem. He said that the fleet of buses should be included. It is true that they are not included at present because the scheme of the Bill is, firstly, for the goods and, secondly, for the factories. A fleet of transport is neither goods nor factories. We have taken power to extend this to the facility of the inland water transport system or the facilities which operate in a highly sensitive area at present. The idea is not to cover everything, for example big house buildings, big residential buildings etc. In fact, in case of bombing in any town the damage may be of a large extent. They are not covered. Similarly, transport or buses cannot be covered. It can only be done if we want to cover other risks. But the idea is not to cover every risk. It is only goods in trade or factories which are covered.

Then, another suggestion made was that jute should be included. I do not know. The hon. Member wants to put jute on the same analogy as a standing tea crop which we have included. But tea has a different position. Jute is purely cultivation. It is not different from any other crop. But tea is different. It is a plantation, while jute is grown as any other crop is grown. So jute as a standing crop cannot be compared with tea. But certainly jute as goods or jute facility will be covered under other insurance risks for goods.

Then, some points of detail have been mentioned. It was said that valuation should not be exaggerated or valuers should be appointed. That is a matter for the scheme because we have taken the powers and the idea is to put into operation the scheme. That is being worked out. When that scheme will be announced and notified and copies of it laid on the Table of both the Houses of Parliament, all these matters can be taken care of.

Then, another important point was made. It was said that it should be more comprehensive as it is not com-

prehensive enough. I would request the hon. Members to wait for the scheme to come. All the details will be fitted into it. The hon. Member also said that furniture should also be included in "factories". Well, I think the word "factories" is well defined under the Factories Act. Even the factory building is provided under that. But if furniture is not there, I think it is not there for very good reasons. So furniture need not be included.

Then, Sir, I would like to deal with the last one point. An hon. Member said that there should be demarcation. It is connected with the scheme, he said. Possibly, Mr. Bhargava raised the doubt that in the Bill it provides for "any person". That is a legal expression. "Any person" means any legal person. That includes a company. It is a juridical personality. It is a legal person. That is the expression in law. And, therefore, the idea is to give it to the Oriental General and Fire Insurance Co. That will be in charge for the operation and administration of this scheme. To say that it should be some private company, maybe associated or otherwise, all this matter was considered and it was considered whether it should not be given to all the private companies—now, during the last war some of the companies were associated, I think—it was difficult to make a choice between whom to select and whom not to select. That made the position very difficult. Apart from that, the risk involved is so enormous that it may be beyond the capacity of some of the companies, particularly the Indian companies, to bear it. So, from all these points of view it was considered more feasible that the Oriental General and Fire Insurance Co. should administer the scheme, and it has been decided that they will be entrusted with the task of administering the scheme.

SHRI BABUBHAI M. CHINAI (Maharashtra): Will the hon. Minister kindly explain to us whether in the

past, during the last war, the other Indian companies were in a position to cover this scheme or not, and if they had handled it, are they not capable now, are they not stronger today than they were in the past during the last war?

SHRI SURESH J. DESAI: May I..

MR. CHAIRMAN: No, no. It is for the hon. Minister to reply.

SHRI B. R. BHAGAT: I think both as regards the quantum and the nature of risks involved during the last war and today, the extent of the risk involved today is entirely incomparable. If you see the last war we had to pay only one compensation with regard to the Bombay explosion. But today, I think the hon. Member would be aware that the amount of risk involved is enormous. So there is no comparison between the two situations.

SHRI BABUBHAI M. CHINAI: I am sorry the hon. Minister has been mixing up the Bombay explosion and the last war. During the last war all the Indian companies which were existing then had this business. But during this emergency the Indian companies are asked not to handle it. I do not think there would be any difference in the stability or the capacity of the companies. Will the hon. Minister kindly explain what is the difference between the capacity which exists today and the capacity of the companies then?

SHRI B. R. BHAGAT: I am sorry, Sir, I am not mixing up the point. I am only stating a fact that during the last war under the insurance scheme only one payment was made and this was resulting from the explosion in the Bombay harbour. But today the simple point is—well, it is as clear as daylight but the hon. Member...

SHRI SURESH J. DESAI: May I just put in a word? In the last World War the private companies were

[Shri Suresh J. Desai.]

merely operating as agents to the Government.

And they were paid only the bare remuneration for carrying out their duties. In the last World War, in the War Risks Insurance Scheme the risk was carried by the Government and not by the private companies.

SHRI BABUBHAI M. CHINAI: But on a point of information .

MR. CHAIRMAN: I will not allow a subsidiary debate. The Minister will please go on.

SHRI B. R. BHAGAT: That is exactly what I have pointed out. The situation during the last War was entirely different. The extent of the risk involved today is enormous as compared to the last War. Today the character of the government is different, it is a National Government. Then it was a different type of government. Government has experience of this insurance as well as general insurance. So, it is considered suitable from all points of view that it should be entrusted to the Oriental General and Fire Insurance, and not to the private companies.

With these words, I move that the Bills be taken up.

PANDIT S. S. N. TANKHA (Uttar Pradesh): Sir, may I be permitted to seek a clarification of a point from the hon. Minister? According to the Financial Memorandum as given in the two Bills, the cost of administering the scheme, in each of the Bills, will be approximately Rs. 1.5 lakhs. May I know whether it will not be possible for the Government to put the charge of administration of the schemes under the two Bills under one and the same organisation so that the cost may be reduced, instead of the cost being Rs. 3 lakhs? It may be less than that.

SHRI B. R. BHAGAT: The same organisation will deal with it. It will not be two organisations.

PANDIT S. S. N. TANKHA: Under the Financial Memorandum as given separately under each of the two Bills, the cost for each scheme has been given as Rs. 1.5 lakhs approximately.

THE MINISTER OF FINANCE (SHRI MORARJI R. DESAI): The cost is divided between the two. That does not mean that it will be duplicated.

SHRI M. P. BHARGAVA: I had raised another point about the demarcation of the normal business and the emergency business. What is the reply to that?

SHRI B. R. BHAGAT: It has been very clearly defined as to what are the risks and what will be the insurance coverage as a result of the war risk. As far the general business, fire risk or marine risk or whatever it may be, it is entirely different. There is already a very clear demarcation and the risk under this will accrue only when it is covered by the provisions under the Act. It has been very clearly demarcated.

MR. CHAIRMAN: The question is:

"That the Bill to make certain provisions for the insurance of goods in India against damage by enemy action during the period of emergency, as passed by the Lok Sabha, be taken into consideration."

The motion was adopted.

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

Clauses 2 to 17 were added to the Bill.

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

SHRI B. R. BHAGAT: Sir, I move:

"That the Bill be passed."

The question was put and the motion was adopted.

MR. CHAIRMAN: The question is:

"That the Bill to make provisions for the insurance of certain property in India against damage by enemy action during the period of emergency, as passed by the Lok Sabha, be taken into consideration."

The motion was adopted.

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

Clauses 2 to 20 were added to the Bill.

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

SHRI B. R. BHAGAT: Sir, I move:

"That the Bill be passed."

The question was put and the motion was adopted.

THE WORKMEN'S COMPENSATION (AMENDMENT) BILL, 1962.

THE DEPUTY MINISTER IN THE MINISTRY OF LABOUR AND EMPLOYMENT AND FOR PLANNING (SHRI C. R. PATTABHI RAMAN): Sir, I move:

"That the Bill further to amend the Workmen's Compensation Act, 1923, as passed by the Lok Sabha, be taken into consideration."

The Workmen's Compensation Act, 1923 was the first piece of legislation laying an obligation on the employers to compensate their employees for injuries caused by industrial accidents or for occupational diseases. The Employees' State Insurance Act, 1948 provided for the introduction of a limited scheme of social insurance, transferring the responsibility for the payment of compensation and the provision of medical benefits from the employers to a statutory corporation. However, it will take a considerable time to extend the scheme to all

workers who are presently obtaining benefits under the Act of 1923. Pending this extension, a large body of workers can obtain relief only under the 1923 Act.

[THE DEPUTY CHAIRMAN in the Chair]

The scope of the Workmen's Compensation Act was extended from time to time and it was last amended in 1959 with a view *inter alia* to removing the distinction between adults and minors in matters of compensation rates, enlarging the list of occupational diseases, etc., etc.

The need for revising the Act at frequent intervals arose from changes in the cost of living, introduction of new and more complicated machinery and alterations in the methods of production giving rise to new occupational diseases.

The most important change contemplated in the present Bill is, firstly, to enhance the rates of compensation for temporary disablement and, secondly, to double the rates of compensation payable in the case of death and permanent total disablement. This upward revision in the rates is justified by the increase in the cost of living.

At present the wage limit for coverage under the Act is Rs. 400. It is now proposed to bring workers drawing wages up to Rs. 500 within the scope of the Act. This extension was recommended by the Indian Labour Conference at its 17th Session held in July, 1959.

The Bill also seeks to slightly modify Schedule III of the Act which lists the diseases for which compensation is payable and the occupations in which they are likely to arise. This list includes the diseases mentioned in the list appended to I.L.O. Convention No. 42 concerning Workmen's Compensation for Occupational Diseases. But the description of certain employments in the Schedule to our Act does not fully cover the trades, industries or processes specified in the Convention. This is now