

Parikh had his tirade against the public sector and used all types of adjectives. One fundamental thing has to be remembered in the exploitation of the mineral wealth of the country. There can be exploitation of the mineral wealth in a manner that the receipts may be quick and considerable but ultimately the country will lose because it is not economic exploitation of the mineral resources. Therefore, Government's method of tackling this important matter will be in such a manner that the overall development of the mineral resources of the country is such that it is used to the maximum extent and in the most economical manner and so that the economy of the country as a whole receives strength from that exploitation and it does not get weakened. In that connection, suggestions which have been made by my friend, Mr. Sinha, about the use of the coal that might be exploited are worth examining. I cannot detail, in the course of this debate, as to what is going to be the attitude with regard to each particular suggestion that has been made but obviously these are the types of considerations that will have to be kept in view while utilising the coal that is produced as a result of the activities of the Corporation. Therefore, Sir, the Bill will be implemented in such a manner as to produce coal—and produce it in an effective manner—and to utilise it in the overall interests of the industrial development of the country.

MR. DEPUTY CHAIRMAN: The question is;

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

THE LIFE INSURANCE CORPORATION (AMENDMENT) BILL, 1957

THE DEPUTY MINISTER FOR FINANCE (SHRI B. R. BHAGAT) : Sir, I beg to move:

That the bill further to amend the Life Insurance Corporation Act, 1956, as passed by the Lok Sabha, be taken into consideration."

Sir, an Ordinance was promulgated by the Central Government on the 20th April 1957 amending section 11(2) of the Life Insurance Corporation Act, 1956. It is primarily to replace that Ordinance that this Bill is being brought before the House. Advantage has, of course, been taken of this opportunity to amend a few other sections of the Act also in the light of the experience gained in the working of the provisions of this Act. The House would, no doubt, Sir, expect me to indicate on this occasion, though briefly, the reasons underlying the promulgation of the Ordinance by the Central Government. As the Members are aware, consequent on the nationalisation of the life insurance business, all the two hundred and odd former insurance companies went out of existence and their business was taken over by the Life Insurance Corporation. Along with the business it took over, the Corporation also succeeded to the services of the employees of the former insurers, and all of them became from the 1st September 1956, employees of the Life Insurance Corporation. As employees of different insurance companies with different resources and standing, the various groups of employees, who came into the establishment of the Corporation enjoyed varying conditions of service. It was realised that it would be necessary to bring all these groups on to a common set of conditions of service. It was in view of this need that section 11 of the Life Insurance Corporation Act was inserted in a fairly elaborate form. Under the first of the subsections of this section, that is, section U, the Life Insurance Corporation was granted powers to revise the terms and conditions of service of its employees in accordance with normal statutory enactments. This alone would not have been enough to meet the needs of the case, and therefore section 11(2) was inserted enabling the Central Govern-

[Shri B. R. Bhagat.] ment to make changes In a manner considered necessary, overriding the subsisting contracts and provisions governing conditions of employment.

Sir, soon after the establishment of the Corporation it set itself to the task of bringing the employees over to a common establishment with common terms and conditions of service, and promulgated with the approval of the Central Government new pay scales and other conditions, which would take effect from 1st September 1956. It was explained that in regard to the benefits of pay, gratuity and retirement, the employees would be protected in so far as the scales of pay, etc., formerly admissible to them, were more favourable than the benefits announced by the Corporation. The Corporation assured the employees that where it was more beneficial to them, the employees could prefer to remain on those pay scales and that the difference in the emoluments between the old scale and the new would be made up by the grant of a personal pay and also that gratuity and retirement benefits would take into account such personal pay. The new pay scales, etc. were not on the whole unfavourable as compared with the old ones. However, the matter was taken to the court by a section of the employees and a ruling was obtained from the High Court of Bombay that the action of the Corporation and the Government in promulgating the revised pay scales, etc., was bad in law and that the Corporation should desist from enforcing these new pay scales and conditions of service. The High Court conceded that the Central Government were empowered to alter the terms of service of employees as respects remuneration but ruled that they had no power, in terms of section 11(2) of the Act, as it stood, to alter other conditions of service.

This created an awkward situation as the clock was set back, and it meant that the Corporation should have to deal with everyone of itf>

employees strictly in accordance with the terms and conditions of service which applied to him under the former employer. The extent of confusion that would have followed such a step would be obvious if I refer to some of the matters in regard to which there was a great disparity in the service conditions existing under the former insurers. Take for example the working hours. They were different in different companies, in some from 9 A.M. to 5 P.M. in others from 10 A.M. to 5 P.M. and yet in some others from 10 A.M. to 6 P.M. Similarly in the case of overtime, well, in some companies the employees did not become entitled to overtime allowance, unless they worked for more than half an hour after office hours, but in others they became entitled to it for any time after the office hours. In the matter of retirement the age at which the Employee was retired varied between 55 and 65, and some companies, especially the smaller ones, retained their employees in service as long as they continued efficient and fit, irrespective of any age limit. They again about leave the rate at which the leave was earned varied widely. Some had prescribed rules regarding the grant of such leave, yet, in the case of others there was no fixed rule at all. Leave was granted at the discretion of and to the extent approved by the Principal Officer. All these and a number of other items were covered by various awards of Industrial Courts and so were held to be beyond rationalisation.

Hon. Members will agree with me that, after the Corporation had been set up as a single unit, there would be no justification for following different practices in respect of different groups of employees. So long as all the employees worked for a common employer, administrative reasons would require that all of them should be subject to the same set of rules and regulations and other conditions of service. Anything else is not only administratively impracticable of working, but also it will result in endless confusion and in avoidable

friction among the employees and the Corporation, and even among the employees themselves.

Government considered the situation arising out of the ruling of the Bombay High Court very carefully. As a result they came to the conclusion that it was immediately necessary to take comprehensive powers for themselves for altering the terms and conditions of service of the employees notwithstanding the provisions of any award, etc., which applied to them while in the employ of the former insurers. Accordingly the ordinance was promulgated. I may mention, however, that despite the issue of the ordinance the Government and the Corporation continued their efforts to arrive at a satisfactory understanding with the employees, and I am glad that the employees and their organisations have shown themselves alive to the need for a settlement. They have co-operated and in consequence it has been possible for the Corporation to arrive at a set of terms and conditions which are acceptable to the employees. An order is now being issued in terms of section 11(2) of the Act providing for the new scales of pay and conditions of service.

I shall now, Sir, briefly refer to some of the more important details of the revised pay scales. All clerical employees will henceforth be on a single grade starting from Rs. 75 and going up to Rs. 325 in twentyfive years as against two scales previously, one Rs. 55 to Rs. 220, and the other Rs. 90 to Rs. 300. The maximum of the scale applicable to the lower grade staff has been improved from Rs. 60 to Rs. 95. Dearness allowance has been improved by increasing it from Rs. 40 to Rs. 45 for salaries upto Rs. 50. Wherever the dearness allowance scale was lower than the Corporation scale, the dearness would be increased to the appropriate figure without affecting the basic pay if such increase is Rs. 25 or less; in other cases the basic pay would be reduced to the extent of half of the excess of the increase over Rs. 25. In the clerical grade alone there will be about four thousand persons who will benefit by this arrangement.

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Then again one feature of the new scheme of things which, I am sure, has appealed to the employees, is that everyone fitted in the new grade will receive an increase of Rs. 10 if he belongs to the clerical grade and Rs. 5 if he belongs to the inferior grade. Further, employees with long service will receive in addition to the minimum of this scale one increment for every two years of service. This was particularly necessary because in some of the insurance companies in the olden days the scales of pay were ridiculously low as compared to certain others so that, in spite of a long service under the insurance companies, employees generally found themselves, on coming over to the Corporation drawing less than the minimum of the Corporation scale. It is quite possible that even with this formula there might be some unfortunate cases of hardship, and it is our intention, Sir, that such cases should be collected together and reviewed to see What relief could be given to them.

It has been worked out that the new pay scales and conditions of service formulated by the Corporation would involve an additional expenditure of about Rs. 50 lakhs per annum over the present wage bill of Rs. 432 lakhs. This figure will progressively increase with the grant of annual increments and promotions.

We have always realised. that the experiment of nationalised insurance can be successful only if the Corporation had a contented staff since loyalty and efficiency arise only out of contentment. The Finance Minister took a personal interest in this question of satisfactory settlement regarding the pay scales of the employees. In fact, as the employees are aware, he agreed to even more than they had asked for. We should have been happy if this could have been done earlier, but the matter having been taken to the court by a section of the employees, Government had no option but to await the judgment of the High Court. Members will observe that within three 1 P.M. weeks of the judgment of the High Court, the Corporation

[Shri B. R. Bhagat.] had arrived at an understanding with its employees about the scales of pay and other conditions of service applicable to them. This, I am sure, will provide proof of the earnestness of the Corporation and the Government to settle such issues urgently and amicably.

Sir, Government, however, will be able to give effect to all such changes only if they are vested with powers to do so under the Act. It is, therefore, necessary to continue the provisions introduced by the Ordinance. Clause 2 of the Bill seeks to achieve this purpose, and clause 6 protects the action already taken by Government.

Clause 3 of the Bill is intended to streamline the working of the Corporation and to make for expeditious grant of licences to the agents who procure business for the Corporation. They had formerly to obtain their licences from the Controller of Insurance. Clause 3 will empower certain officers of the Corporation to act on behalf of the Controller of Insurance.

Clause 4 of the Bill is a redraft of section 45 of the Corporation Act to clarify the manner in which the business of Administrator-managed companies should be transferred to the Corporation. Section 45 of the Act was intended to cover two such companies who are in the midst of prolonged litigation as a result of alleged misappropriations and matters regarding which are *sub judice*. It was not considered advisable to vest the controlled business of these insurers in the Corporation on the appointed day. Hence section 45 laid down that the manner of transfer of the business may be prescribed by rule. A rule was framed that every transfer made by the Administrator in pursuance of this section should be made through an agreement between the Administrator and the Corporation. A detailed examination of the question in the light of the latest circumstances has shown that such a mode of transfer would create a number of problems;

for example, it would be difficult to ensure the applicability to such companies of sections 11, 12, 15 and 16 of the Corporation Act which contain provisions in regard to transfer to the Corporation of the employees of the insurers and chief agents, in regard to compensation payable for acquisition of business, and also in regard to the manner by which the Corporation can obtain relief in respect of questionable transactions of the past. It was also felt that the Corporation could not succeed to the benefit of the agreements between the companies and third parties. It is now being made clear by clause 4 of the Bill that the Central Government may notify that on and from a specified date the controlled business of the composite insurers for whom an Administrator has been appointed will vest in the Corporation and that on such notification being issued all the provisions of the Corporation Act will apply in the case of such companies, as they apply to other insurers. The transfer will thus take place exactly in the same way as in the case of insurance companies which were taken over by the Corporation on the appointed day.

MR. DEPUTY CHAIRMAN: Are you likely to take more time?

SHRI B. R. BHAGAT: Yes, Sir. Five minutes more.

MR. DEPUTY CHAIRMAN: Then we can continue after lunch. The House stands adjourned till 2-05 P.M.

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

The House reassembled after lunch at five minutes past two of the clock, THE VICE-CHAIRMAN (SHRI RAJENDRA PRATAP SINHA in the Chair).

SHRI B. R. BHAGAT: Before we adjourned I had come up to clause 9 of the Bill.

Clause 5 of the Bill seeks to introduce a minor amendment, denning the powers of the Corporation for framing regulations in respect of its employees more clearly.

Before I conclude, I would like to say a few words in general. The Finance Minister has been considering whether the present set-up of the Corporation is the best that we could think of in the circumstances and whether it is adequate for the functions envisaged for it, namely, the popularisation of the idea of life insurance and taking it into the rural areas and functioning generally in a way as to mobilise the savings of the nation for purposes of fruitful investment in the national interest. He considers that it may be necessary to make a few alterations in order that the Corporation may reach a high standard of efficiency. For example, a direct contact between the Branch Offices who are nearest to the potential policyholders and are, therefore, the real producers of the business and the Central Office which is the coordinating and policy-making link in the Corporation is, perhaps, desirable, and that offices intermediate between Branch Offices and the Central Office should function in a more or less supervisory capacity. Members are aware that consequent on the expansion of the life insurance business in 1954 and 1955, a number of the larger insurance companies were working out schemes for decentralisation of functions between the Head Office and the Branch Offices. They had practically worked out schemes where the Branch Offices would function almost independently and finally in regard to proposals of insurance, grant of loans, etc., while the Head Office served more or less as a body for policy making, investment of funds and for conducting actuarial work. If some of the expanding insurers were thinking of such schemes, it would be appreciated that there is urgent need for the Corporation which consists of all the insurers in the past to think earnestly of a decentralisation of authority and functions. It is desir-

able for the Central Office to confine itself largely to matters of policy making, accounting, and actuarial research in addition to such supervision as necessary, while the Branch Offices attend to most of the other business. There are certain other directions also in which it is possible to improve the working of the Corporation and with regard to these we shall advise the Corporation by and by.

Just as the Head Office of every insurer used to attend to the problems of investment of funds in the past, the Central Office of the Corporation also is presently looking after the investments of the Corporation. In this, it is assisted by an Investment Committee set up in terms of the Act. It is felt that it would be more satisfactory to entrust the investment questions to a statutory body or statutory Board composed of financial authorities of standing and assisted, if necessary, by technical experts. We have not as yet completely formulated our ideas on the subject and we hope to place our formal proposals before Parliament in the next session. If this were done, the Corporation will have more time to devote to its main function of expanding life insurance business, which it is now enjoined on transacting, as a monopoly.

A few words to the employees of the Corporation and I shall have finished. We are glad that the negotiations on pay scales which have recently taken place have resulted in a mutual appreciation of the problems facing the Corporation and its employees. The new scales of pay and other conditions of service have been generally welcomed as satisfactory; one should, therefore, legitimately hope that the period of unrest is over. I now look forward to an era of fruitful co-operation between the Corporation and the employees. We are on the threshold of a big experiment, on the success of which national reconstruction largely depends. Through loyalty to the Corporation and promptness and zeal

[Shri B. R. Ghagat.] in their dealings with the policyholders, the employees can achieve a steady expansion in the business of the Corporation. And so doing, they will have proudly played their part in the development of the nation, and also served themselves well.

Sir, with these words, I commend the Bill to the House.

SHRI BHUPESH GUPTA (We3t Bengal): Sir, may I ask him one question? I would like the hon. Minister to state if any agreement had been reached with the field workers of the Life Insurance Corporation.

SHRI B. R. BHAGAT: I think the hon. Member can make his point in his speech. I shall reply.

THE VICE-CHAIRMAN (SHRI RAJENDRA PRATAP SINHA): Motion moved:

"That the Bill further to amend the Life Insurance Corporation Act, 1956, as passed by the Lok Sabha, be taken into consideration."

SHRI PERATH NARAYANAN NAIR (Kerala): Mr. Vice-Chairman, there are certain very disturbing aspects about this Bill which in my opinion merit the serious consideration of this House. Whatever be the justification for this measure, let us make no mistake about the fact that this measure seeks to remove thousands of employees, about 70,000 of them, from the ambit of all trade union legislations. It seeks to take away the insurance employees from the purview of the Industrial Disputes Act. The right of collective bargaining is denied to them. They can no longer insist even on asking for conciliation, adjudication or negotiations.

Clause 2 of this Bill is a sort of omnibus provision which vests in the Government of India almost absolute power to vary not only the pay scales but also the service conditions unilaterally. Now, I ask, Sir, would not

all these have been avoided? The hon. Minister in his speech has explained in some detail the circumstances which necessitated the promulgation of the Ordinance and later the bringing of this Bill before the House. Now I am at one with him in agreeing that there is absolute need to bring about uniformity not only in pay scales but in other conditions of service also. About 270 and odd Insurance Companies were merged into this Corporation, and they all had varying terms of service which the Minister himself has explained, I need not go into those things. It is absolutely necessary that certain uniformity in the conditions of service is called for, but my question is, was the promulgation of the Ordinance and later this measure the only possible way to achieve this end in view?

The hon. Minister himself has explained that this class of employees, 70,000 of them, are the most reasonable people. They themselves have accepted the need that uniformity of conditions must be secured, that there must be some rationalisation of scales of pay. They have shown their patriotism, their desire to make a success of the nationalisation of the insurance business from the very beginning. Later when the Finance Minister sat with them and exchanged ideas across the table, he found that the employees showed a spirit of accommodation which was commendable. They were quite reasonable, and later on the Finance Minister, specially in regard to a large section of the employees, had been able to come to an agreement. But in the initial stages how did the senior officers set about tackling the problem? What exactly forced a section of the employees to approach the High Court and get some decision in their favour? We have to realise that initially there was so much of wrangling, the refusal to trade with the employees collectively and hear them, to pay heed to the very reasonable representations they made. The attempt was to tackle the problem on the basis of master and servant

relationship. There were demonstrations by them, number of representations by them, the officials of the Corporation in the initial stages refused to trade with them honourably on the basis of trade unionism. So, the employees were left with no other alternative. They were obliged to go to the High Court and seek some relief.

Now, from the very beginning we have to realise the reasonableness of the employees, their unions. They expressed their intention to trade with the Government, to sit across the table and negotiate. That right was denied to them, and having been denied that right, they were driven to the necessity of going to the Court. Now, what are you doing? It is not that ordinarily the workers can go to a Court and seek redress, because you know the employees are placed in a very unequal position. The High Court and the Supreme Court have their own rules of procedure. When the parties prefer an appeal, they are asked to deposit by way of security Rs. 2,500 in the case of the Supreme Court and there are the court fees, printing charges, etc. Because of this heavy expenditure and other things, it is very rarely that the workers and employees go to the court; they could not go to the court. That ultimate relief was there and even that you are taking away now. All this is because you refuse to trade with them equally and honourably on the trade-union basis. The hon. Minister said that, the workers having approached the court and got a decision—and the Bombay High Court gave that particular decision—a certain very awkward situation had developed and that they should get out of it. I know, in that situation and with the majority that the Minister has in this House, that he will be able to see this legislation going through. But I have to bring his attention mainly to two points. I am glad that, as a result of discussions in the Lok Sabha, the Finance Minister did consent to make some slight modifications in that very omnibus provision—clause 2. Orig-

nally, that clause provided that the Government, for the purpose of bringing about this uniformity, notwithstanding any provisions in the Industrial Disputes Act or any award given, may, from time to time, alter the conditions of service of the employees. I can understand the Government having this power during the process of integration, as a transitory measure. But, after the discussion there, the Finance Minister was good enough to omit 'from time to time'. I am distressed for this reason that there is absolutely no guiding principle laid down which will restrict this absolute power given to the Government. The Government may use this power and there is likely to be this potential danger that this absolute power may be used to discriminate against particular classes of employees. No guiding principle has been laid down there. So, that is all the more reason why the hon. Minister must give a definite assurance that this process of altering the conditions of service, scales of pay, etc. will not be resorted to, as and when it suits them, during this process of integration, during this transitory period. Especially, now that a situation has been brought about as a result of the judgment, we give them that power, but to use that as they think, because it is in the Statute-Book would be quite unfair from the point of view of the employees and I would ask the hon. Minister to give an assurance on that point. Of course, unilaterally, the Government can now alter the conditions of service. But the hon. Minister has himself realised, has found out, that when he is prepared to negotiate with the employees, when he sits with them across the table and exchanges ideas, an agreement is possible. In the case of a large number of employees, that agreement is already there and as a result of this measure, I am told, the agreement will also be ratified. But there are other classes of insurance employees regarding whose terms of service and scales of pay and other things, no agreement has yet been reached. Shri Bhupesh Gupta has already raised the question whether, in the case of the "field staff,

any negotiations are proceeding and [Shri Perath Narayanan Nair.] any agreement has been arrived at. My own information is that these field employees number about 9,000 and their conditions of service have been valid. But all sorts of conditions are being insisted upon them—for a business of about Rs. 40,000 in the case of urban areas and about Rs. 20,000 in the case of rural areas—and only 900 out of the 9,000 or so are in employment. Now, there is the supreme need for the Government to take up the thread of negotiations and come to an agreement in the case of these field employees also.

There are other categories of employees also, *e.g.*, the drivers. I am told that a vast number of medical examiners who were connected with the various insurance companies have been almost left in the lurch and absolutely nothing has been done to meet their representations. So, the thread of negotiations has to be taken up. Getting this absolute power does not mean that the Government should give up the negotiations, especially when the hon. Minister has found that negotiations have paid and they have resulted in an agreement. An agreement in this case means so much of satisfaction, so much of contentment, among the staff, which alone will make this nationalisation of insurance a success. We want our nationalised insurance business to prosper and we also know that the satisfaction of employees is of foremost importance in getting their help and co-operation in making this venture a success. We have to bear all these facts in mind. Regarding the question of still taking up the thread of negotiations with the other categories of employees, that must be looked into by the hon. Minister. I would say that his power to vary the conditions, especially the right to approach the court or to deny the right to raise an industrial dispute, will not be fair and I think that the hon. Finance Minister will pay heed to these points.

SHRI KISHEN CHAND (Andhra Pradesh):
Mr. Vice-Chairman, I am

glad that this Bill has come, but I am more glad that the hon. Finance Minister entered into negotiations with the workers of the Insurance Corporation and arrived at an agreed solution because, as has been pointed out, it is after all the working enthusiasm of these employees of the Corporation that is going to bring in more business and until and unless they are contented, the business will not increase. So, their contentment is very essential. But when this Bill is brought in, it gives me an opportunity for discussing other points in connection with this nationalised insurance as these points have been referred to by the hon. Deputy Minister who is piloting this Bill.

We have nationalised life insurance from various considerations one of which was that, if we could get the nation's savings and utilise them for the financing of the Second Five Year Plan, it would be very useful. Therefore, it is very essential that this nationalised Life Insurance Corporation should succeed; it should not only succeed, but should enlarge its work and sphere of activity to such an extent that the premium income goes on increasing and that income is utilised by the Government for the financing of the Second Five Year Plan. Sir, in this nationalised Life Insurance Corporation, the Government is not the employer. On paper, it is the Corporation which is the employer, but after all, it is the money of the insured persons that is utilised—and there are lakhs of persons who have taken up insurance policies of this Life Insurance Corporation. You know, Sir, that the average amount of the policy is about Rs. 2,000, and as there will be some large policies, there must be thousands and thousands of small policies also. The Government has very wisely introduced the Janata Policy, and it is going to approach the rural areas where we are going to have insurance policies without medical examination on a collective basis. We must realise that the Government has to look after the interests not only of the insurance employees but of th*

insured persons who number several lakhs. I think the number of policies is about 60 lakhs and the number of insurance workers is about 60 thousands. The Government has got to look after not only the interests of these 60 thousand employees, but of the 60 lakhs of persons who have been insured and who have put in all their savings in the insurance policies. They look forward to the insurance policy as a safeguard against any emergency that may arise in their life. It is the policy for the benefit of their children and wives, and therefore the Government has to be very careful. After giving due consideration to the demands and the requirements of the insurance employees, the Government should also give due consideration to the needs of the insured persons. It is not like any other nationalised industry. It is not like the Railways where the Government has the entire hold over the capital. It is the Government's capital. In any other industrial concern the Government invests the capital and naturally the employees in that concern can come forward and bargain with the Government. Here, Sir, the insured persons have no representative on the Corporation. When this Bill was introduced, I had requested the Government to give due representation to the insured persons, but that was not done. Therefore these 15 persons who are members of the Insurance Corporation have a great responsibility on them. They have got to safeguard the interests of 60 lakh insured persons. Their money has to be safeguarded. I submit, Sir, that the expenses are going up, and we can go on indefinitely increasing the expenses, but the result will be that after two or three years when the valuation takes place, there may not be any surplus. You know, Sir, that in any insurance company the insured person not only wants his amount to be returned, but he wants a bonus also, and you can only earn bonus provided you keep down your expenses. May I point out to you, that the expense of the best-managed insurance company in India before this nationalisation was not less than 25

per cent. You can compare it with the expense ratio in foreign countries. In U.K. it is only 15 per cent. If you keep a high expense ratio, what will happen? Of course, the Insurance Corporation has got plenty of funds. They can go on increasing the salary of the employees to any extent. And if the desire of a certain hon. member is fulfilled and the insurance employees want to abuse the privileges of collective negotiation, they can paralyse the Insurance Corporation and demand any amount of salary. But that should not be so. I do wish the Government to give them some rights of collective bargaining, but they should be handled in such a way that any unfair advantage is not taken by either party, i.e. the Corporation or the employees, to increase the expenses indefinitely.

I think, Sir, that the Government is now thinking of having a Finance Committee. It is thinking of investing its funds too. The Government cannot take the risk as was taken by the former insurance companies. The former insurance companies were investing at least 20 to 30 per cent, of their income in speculative enterprises so that they could earn 9 to 10 per cent, interest on it, while the remaining 50 per cent, they had to invest in Government securities on which they earned only 3 per cent, return. You know, Sir, that the profit only arises by earning a high rate of interest. The Government is now going to invest only in gilt-edged securities, and if the funds of the Insurance Corporation are going to be invested in the gilt-edged securities, the income will not be more than 3½ per cent. The actuarial calculations are also generally made at 3½ per cent. If the Insurance Corporation was earning 4 per cent, and the actuarial calculations were made at 3½ per cent, there would have been a good margin for profits and those profits could be distributed entirely among the policyholders because there is no other interest involved therein. There are no capitalists and no big businessmen. It is the small policyholder who is

[Shri Kishen Chand.] going to get it. Therefore it is very essential that the Government by its investment policy should try to earn at least an average interest income of 4 per cent, on its funds. I do hope that the Finance Committee will take due note of this and see that the rate of interest is revised. Even the Bank rate has gone up to 4 per cent. When the Bank rate has gone up to 4 per cent., the funds of the Insurance Corporation should earn at least 4 per cent. That is point number one.

The second point is that the expenses should be kept down. When the Corporation Bill was under discussion, Sir, I had drawn the attention of the hon. Minister to the practice which was followed by some insurance companies. They set apart a fixed percentage of the first year's premium income for the Life Fund, and similarly a fixed percentage of the subsequent years' premium income for the Life Fund. And the remaining amount formed the Expense Fund. If we had an Expense Fund and a Life Fund, the policyholders would have been quite safe. I had suggested, Sir, that 25 per cent, of the first year's premium income and 9 per cent, of the subsequent years' premium income should be set apart for the Life Fund and 75 per cent, of the first year's premium income and 7 per cent, of the subsequent premium income should be set apart for the Expense Fund, and the entire expenses should be met from the Expense Fund. Then all, the workers of the Insurance Corporation and the Directors of the Insurance Corporation would have realised that they had only that much amount to spend, and they would have made economies. I had also suggested, Sir, that if there is any shortfall, it should be made good by the Government. The policyholders should not suffer. The result of keeping one fund without any check on the expenses will be that the policyholders will suffer. I therefore hope that the hon. Minister will take into consideration all these viewpoints and give them due consideration.

Then, Sir, I wholeheartedly welcome the redrafting of clause 4. It is quite right that where there was a mixed insurance company and it was under the Controller, its assets and liabilities should be taken over by the Insurance Corporation. Thus there is no quarrel about clause 4. And I suppose there will be no difference about clauses 5 and 6. The only point is about clause 2 where the insurance employees may have a grievance that their trade union rights have been taken away. I do hope that the hon. Minister will make suitable adjustments in it, keeping in view, of course, the larger interests of the policyholders and the new policyholders who are going to come in under the Janata Policy Scheme.

Thank you, Sir.

SHRI BHUPESH GUPTA: I would only like to make one or two observations. I do not wish to cover the ground which has already been touched by the previous speaker. I raised the point immediately after the hon. Minister had made his speech as to whether an agreement had been arrived at with the field staff. I could not get any satisfactory answer from the hon. Minister, and he asked me to raise this point in the course of my speech. That point has also been touched upon by my friend, Mr. Nair. But I would like to say one or two things more on the subject. Ever since the life insurance organisation was launched, the question of relationship with the field staff came to the fore, and there was a lot of discussion between the authorities on the one hand and the field staff and the employees on the other. There had been a lot of ill-blood in the past because the attitude of the Government was not very helpful or friendly in regard to this matter. We know that there was a very strong agitation in the country on the part of the field staff who number, I think, between 12,000 and 13,000 and they felt, because of the behaviour of the Government and the outlook with which they set about the business,

that probably their interests would not be safeguarded and looked after. Now, the Government shifted its position somewhat towards reason, not complete reason, but somewhat towards reason. That happened, and I concede it. But that was due to the terrific pressure and agitation on the part of the insurance employees and the field staff. One should have thought that before formulating a measure like this, the Government would be interested in negotiations not only with its office employees and others but also with the field staff, and that a measure of this kind would have more or less embodied the results of such negotiations.

I attach great importance to negotiations for the simple reason that unless you pursue a policy of negotiation and mutual understanding between the participants in this enterprise, you are not going to achieve the results that you have in your view. That is the reason why I wish to stress the question of negotiations. Even if you have come to some kind of understanding with the employees, it might be interpreted now that the Government is arming itself with this particular Bill in order to brow-beat the field staff and the employees in regard to their terms and conditions of service. It might be interpreted like that. I do not say that it will be so, but it is liable to that interpretation. They may feel that when this Bill is enacted and becomes law, the field staff will not have very much scope to press their points, because they know that the Government has got powers to change the terms and conditions if necessary. That makes things difficult. That creates ill-blood. That comes in the way of friendly relations, mutual relations, which are so essential for the development of life insurance in the State sector. Now, I would like the hon. Minister to clarify the position a little. I would also like the hon. Minister to tell us whether there was any attempt to come to an understanding through negotiations with the field staff in order to allay their misgivings or apprehensions.

Then, the quota for agents has been fixed at 20,000 in the case of mofussils and at about 40,000 in the case of agents operating in big cities. This is not very helpful because it appears that some of them are leaving. Here you have to follow certain principles. The principle is not as to how much one has got. I think such things as the question of emoluments should be taken into account in fixing this thing. Otherwise all kinds of anomalies will arise, complications will arise. Now, I would like the hon. Minister in the course of his speech to clarify the position with regard to the agents. There is bound to be some kind of discontent over this matter.

Then, I don't think that the Government's treatment of the doctors, the medical men, who had been connected with the insurance business, has been a satisfactory one. I wish that they had consulted in this connection the Indian Medical Council before formulating their policies, because they had played an important part and have been in a particular aspect very closely connected with the policy-holders, the agents and others. I do not think that the Government should have summarily disposed of these medical men connected with the insurance business in the way they had done. I think that about 20,000 doctors are affected by the Government's policy. They have been practically chucked out of the picture altogether.

Then, with regard to the staff regulations. Now, I would like to know from the hon. Minister whether the staff regulations are being settled in consultation with the employees, because there is a tendency on the part of our bureaucracy—the bureaucracy tends to rear its head in such sectors of our economy—to formulate such terms and regulations in defiance of the wishes of the employees and, of course, without any consultation with them. Now, this habit of formulating policies and regulations in this man-

[Shri Bhupesh Gupta.] 'ner !s prejudicial to the growth of the public sector and the development of business in this line. It is essential for the Government there-force to enter upon mutual consultations. The staff regulations and rules should be so formulated and should be such that the employees and those who are concerned with them feel that the rules and regulations represent what they want. That feeling should be created.

I understand from the staff regulations that the same kind of prejudice is being adopted with regard to the insurance employees that you get in the railways. Now, it has been said, I understand, in the regulations that the insurance employees cannot take part in politics, cannot be associated with any political party, cannot take part in campaigning—certainly they can vote—in any elections, and all that. I would like to know the reasons as to why such rules are being imposed upon them. Am I to understand that a Communist or a Praja Socialist would not be interested in the insurance business? I should have thought that the Communists or the Praja Socialists who believe in the public sector, who want that sector to develop, who want to utilise the savings of the community for the development of the community, would be more interested in securing policies and would be more interested in getting business for life insurance. I am also speaking for the Congressmen, because hon. Members opposite do not often speak for their partymen because they somehow or other have a feeling that these regulations, undemocratic and somewhat unjust regulations, would not concern them for the simple reason that the followers of the Congress Party men would be exempt from them and that the regulations would not be applied in their cases. That is the reason why hon. Members who sit opposite do not take much interest in these democratic concepts and democratic practices. Well, I will leave it to them to judge for themselves what is good or bad

for them, but I would like to know on what principle or on what basis these regulations are being formulated. I do not think that participation in this life insurance business in the State sector in any manner conflicts with participation in politics. On the contrary, sometimes politics may be very helpful. There are people in the country who follow one party or another. Naturally they *would* be interested in meeting these people, and when they approach them, they would not have any prejudice against them, because the task of developing the insurance business in the country, of tapping the national resources for national reconstruction is a common task in which all of us can participate. Therefore, in this matter, any kind of political discrimination, any kind of political brow-beating would be impermissible and extremely harmful. That is why I am suggesting that such a rule should not be there.

Mr. Vice-Chairman, if we were to accept this principle that whenever you get a public sector, there will be such regulations to ban politics altogether, then soon we will have a situation, assuming that public sector develops, when very many workers or employees are completely cut out from all kinds of political activities. According to them, they say that they are building what they call, the socialistic pattern of society. The fore-< taste of that society we get in Shri T. T. Krishnamachari's budget but we have not got a proper definition of that. Assuming that the socialistic pattern of society presupposes a vast public sector in which more and more people will become Government employees rather than employees of the private capitalists, am I to understand that these people would all be debarred from all political thoughts and activities? Well, then we are heading for a socialistic pattern of society minus politics. We are heading towards a regimentation which would be very very harmful for the development of the country. In any case that will not help the Government.

SHRI AKBAR ALI KHAN (Andhra Pradesh): About regimentation, what is the position in Russia and China?

SHRI BHUPESH GUPTA: I see, the hon. Member does not yet know what is the position. I think that having lived in Nizam's regime and Razakkar regime, he should know what regimentation is not. The hon. Member forgets his past.

Sometimes it is better to return to the past, to get certain definitions and ideas about certain things. I am very sorry for the hon. Member. He is such a lovable person but sometimes he goes off the track and it is difficult to rehabilitate him on the correct rails. Anyway, I say there will be regimentation, there will be security rules, there will be safeguarding rules, there will be all kinds of things; initiative will be crushed; victimisation will start and bosses sitting at the top will continue to frown upon and look upon the employees as if they are mere chattels. I would not go in for such kinds of development in the life insurance business when it is in the public sector. I would rather leave politics to the private individuals to do as they liked, as long as it does not conflict with the duties they owe to the State in the course of employment, in the responsibilities as employees and as co-participants of the State sector. That is how I will view the matter.

I would like the hon. Minister to throw a little light on the subject because such measures are smuggled into the affairs of companies, affairs of the State sector, step by step and you never know where you are ultimately going to land. I would ask the hon. Minister to refrain from such dangerous and harmful courses.

Now I don't know what is going to happen after this. But we all of us wish well to the life insurance business. We wish it all success and when we say that, we have constantly in view those men, employees and field-workers, who, by their sweat and toil, by their devotion and service,

have built up this magnificent business called the life insurance, in this country. Anything that injures their feelings and sentiments, anything that cuts across their vital interests should be considered as something which also strikes at the very foundations of the State sector as far as life insurance is concerned. Therefore I would stress the importance of not only maintaining proper type of relations between the authorities who will be at the leadership in this insurance business on the one hand and the employees on the other. I would also ask the Government to look after the economic and other interests of the employees. In any case they should be given all possible trade union rights and initiative to develop their collective enterprise so that this business which had been free from the financial tycoons could prosper through the care, attention and service of the employees and the field staff.

SHRI B. R. BHAGAT: Mr. Vice-Chairman, I am really thankful to the hon. Members who have spoken, for the kind but qualified support they have given to this measure. The hon. Mr. Nair spoke of some disturbing aspect of the measure. I am sure that if he looks or gives his careful consideration to this measure again, he will not find them as disturbing as they appear to him now. He said "the exemption from the purview of the Industrial Disputes Act" is a serious matter. This is a very legal matter and I think even the legal pandits are not clear in their minds about this but I may assure him, so far as this thing goes, that this applies only to settlement. I must emphasise again that there is actually no point of difference between the point of view which he has raised and which I or the Government hold.

[MR. DEPUTY CHAIRMAN in the Chair.]

We are anxious that the process of negotiation should proceed. We are anxious that a nationalised enterprise like this should take with itself not only the goodwill but the willing support and help of all the employees

[Shri B. B. Bhagat.] So the question of any unilateral action does not arise, nor the question of giving up the usual trade union methods. The Life Insurance Corporation has only recently come into existence and it was passing through difficult stages, from one problem to another and it has not had sufficient time to settle down. He made the point as to where was the need of an Ordinance and he has charged, what he described as, the bureaucratic officials for delaying the matters and not looking to the grievances of employees sympathetically with the result that the employees were forced to go to the court. I think that is not a very fair remark to make. There were the initial difficulties of settling down both in the structure and expansion as well as in opening about 33 divisional offices and about 200 branch offices, setting up men there and selecting them from 200 and odd companies with different pay scales and for all these, naturally, I think, even the worst critic will grant this much time to the Corporation that they took—a few months—to come to some sort of settlement. A point was made that the ordinance was promulgated, with a threat, and the Government armed itself with these weapons to negotiate with the employees. That is not a fact. The fact is that we want to come to some sort of settlement with the employees and because of the complexity, variegated character and nature of the problems, we took some time and it is our greatest pleasure that a very amicable relationship has been established with the employees.

3 P.M.

So far as the point made by my hon. friend, Shri Bhupesh Gupta, who too has been very kind this time, at least on this particular measure, is concerned, I confess, Sir, that for the present we have not considered the question of the field staff in this particular measure or in this settlement. As I said, Sir, the same principle, the same attitude of helpfulness and the same attitude of getting the willing

co-operation of the staff and employees, applies to the field staff also. It is under our constant examination and we shall in due course be considering this question as well.

The question about the drivers and other staff raised by the hon. Member will be examined and with the expansion that is taking place, we will be able to do something about them.

The medical practitioners stand on a different footing than these other people. We have a large number of medical practitioners who were associated with the individual insurance companies. Each insurance company had a panel of medical practitioners. I think they were not entirely dependent upon this work. They had their own independent business and they used to earn from that source. If we distribute on some *pro rata* basis or some other basis, I think each one would get ten or fifteen or twenty rupees per month which will not help them. If there is any particular case or group of cases where earnings have gone down and where the persons were entirely dependent upon this source and where they are in a state of great difficulty, we will certainly look into the matter but I may say that this case is not on par with the case of the other staff, either field or office.

My hon. friend, Shri Kishen Chand, raised a few points while supporting this measure for which I am very thankful to him. The points can only be noted for the present. The considerations mentioned by him were whether the expense ratio could be brought down or not, the creation of some expenditure fund, investment not only in Government securities earning 3 per cent, interest but in other securities which can earn more so that the interests of the policyholders may be secured, etc. I think all these considerations are exactly the same as prompted Government, apart from the question of popularising insurance or taking it to the rural sector, to nationalise insurance. The other consi-

derations were that the insurance companies should be run most efficiently and in the national interest. I think, Sir, he is correct in pointing out that the interests of the policy-holders must be supreme. Most of them are very small men and most of them have put in their savings and so, their interests should be supreme. All these points are under the constant care of the Corporation and Government. So, there is no difference in the emphasis but I can only say that this will take time. The Corporation is settling down now and once business starts flowing and once it achieve the purpose of taking insurance to the rural sector and the masses, we will go into this question.

As far as investment is concerned, as I said, we propose to have a statutory board which will directly concern itself with the investment of the funds of the Insurance Corporation. I might here try to remove one misconception that there is in the mind of people. It is not obligatory on the Corporation to invest the Life Fund in Government securities or gilt edged securities. They can and do invest in the other securities also but the only point is that it should be sound security, sound investment, and must earn more. There is no point of difference about that too.

I am thankful to the Members for the support accorded to this measure. I can also assure you of this fact that we believe that the Corporation can achieve its purpose only when every member of the staff, whether he is in the office or in the field, is contented and it is our policy and objective to have the willing co-operation of all members of the Life Insurance Corporation.

MR. DEPUTY CHAIRMAN: The question is:

"That the Bill further to amend the Life Insurance Corporation Act, 1956, as passed by the Lok Sabha, be taken into consideration."

The motion was adopted.

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

Clauses 2 to 7 were added to the Bill.

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

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

"That the Bill be passed."

MR. DEPUTY CHAIRMAN: Motion moved:

"That the Bill be passed."

SHRI H. P. SAKSENA (Uttar Pradesh) : Mr. Deputy Chairman, it is only one point that has not been mentioned in course of discussion on the Bill that impelled me to rise up and bring it to the notice of the Minister responsible for introducing this measure and it is this that he never mentioned at any stage as to what the trend of the public opinion with regard to getting insured is now as compared to what it was ten or five years back. In simple language, I want to know whether there is ample evidence to show that our countrymen are getting more and more insurance-minded. Unless we try to discover that, it will not be possible to assess the future progress of insurance which is so essential for the future up-liftment and progress of the country as a whole.

Now, Sir, as we all know, the longevity of life of the people of India has been steadily increasing. If you compare the statistics of births and deaths, you will find that births are far more than deaths and at the same time, the period of average life has also increased. That is perhaps one of the reasons why the superannuation age has in very many cases been raised now from 55 to 58 and in some cases even up to 60.

Now, Sir, one thing that disturbs my mind is this. Where is the money to come from for a person getting himself insured? You see, Sir, that

[Shri H. P. Saksena.] all the savings and the money that a person may have tried to put aside have been commandeered in a sense by the Government itself and presented in the name of a very laudable object, the Second Five Year Plan, which we all wish and aspire to get implemented. Now in these conditions it would be very hard for any person to get himself insured and yet at the same time continue paying regularly monthly, quarterly, half-yearly or yearly premiums. With this state of affairs I am very doubtful whether the volume of business of the life insurance work will speedily and largely increase. All the same I hope that every possible encouragement will be given to the field workers whose cause my friend, Mr. Bhupesh Gupta, so ably advocated, because it is they who bring business to the insurance line, and therefore they should be encouraged to continue to do their useful work in a more efficient and enthusiastic manner. With these words, Sir, I conclude.

SHRI B. R. BHAGAT: Sir, at the very outset I must disabuse his mind of any doubt that the business won't go up. As a matter of fact, although for a few months during the initial period when the Corporation was getting on its feet the business did go down, now it is showing up and we are having about Rs. 5 crores a week of insurance business, and it is our expectation, Sir, when our schemes of Janata Policies and others are in full swing and the Corporation is more firmly set on its feet,—also we have now got good and amicable relations with the employees—the business will not only become double but will be more and more. As our economy develops, as more and more income is generated, I think to that extent insurance business also will go up. So I think there is no cause for any concern and the hon. Member may rest in peace that, with the co-operation of the House and the country, we will make this venture a great success.

Thank you.

MR. DEPUTY CHAIRMAN: The question is:

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

**ANNOUNCEMENT REGARDING THE
ESSENTIAL COMMODITIES
(AMENDMENT) BILL, 1957**

MR. DEPUTY CHAIRMAN: Before we go to the next Bill I may mention that a new Bill has been circulated to the hon. Members. It has been introduced in the other House to-day and it will come here to-morrow, and if the House agrees, we can take it up to-morrow afternoon and hon. Members can send in amendments even after coming to the House to-morrow. Even till the last minute the amendments will be accepted. If there is objection to this procedure we will have to sit on Saturday, which may cause much inconvenience to many hon. Members. So I want the opinion of the House if it can be taken up tomorrow.

Hon. MEMBERS: Yes, yes.

MR. DEPUTY CHAIRMAN: Very good; to-morrow afternoon we will take it up.

SHRI J. S. BISHT (Uttar Pradesh): What is the Bill, Sir?

MR. DEPUTY CHAIRMAN: The Essential Commodities (Amendment) Bill, 1957. It is expected to come here to-morrow morning; it may come here by 11 O'clock. It will be laid on the Table of the House immediately and hon. Members can send in amendments.

SHRI J. H. JOSHI (Bombay): What time will be allotted to this Essential Commodities (Amendment) Bill?

MR. DEPUTY CHAIRMAN: Tomorrow afternoon, say, after the lunch hour, we will take it up.