# RAJYA SABHA

*Friday,* 26th *August* 1955

The House met at eleven of the clock, MR. CHAIRMAN in the Chair.

## RESULT OF ELECTION TO (1) THE COFFEE BOARD AND (2) THE RUBBER BOARD

MR. _ CHAIRMAN: Shri B. P. Basappa Shetty being the only candidate nominated for election to the Coffee Board, I declare him duly elected to be a Member of the said Board.

Shri V. M. Surendra Ram being the only candidate nominated for election to the Rubber Board, I declare him duly elected to be a Member of the said Board.

## THE CONSTITUTION (FIFTH AMENDMENT) BILL, 195!)

SHRI SATYAPRIYA BANERJEE ("West Bengal): Sir, it has been the convention hitherto that priority is given to the introduction of Bills. I, therefore, beg leave to introduce a Bill further to amend the Constitution of India.

MR. CHAIRMAN: Motion moved:

"That leave be granted to introduce a Bill further to amend the Constitution of India."

THE MINISTER FOR LAW AND MINORITY AFFAIRS (SHRI C. C. BISWAS) : Sir, it is not the convention to oppose a Bill at the introduction stage and I do not propose to depart from that convention in the present instance. But what I should like to inform my hon. friend over mere and the House is that Government will oppose this Bill when it is brought up for consideration. The main ground on which this will be done is that this question had been discussed threadbare by the Constituent Assembly when the Constitution was framed. Nothing has transpired since.....

SHRI SATYAPRIYA BANERJEE: . In which year was it discussed in the Constituent Assembly?

MR. CHAIRMAN: You are not discussing it now. You are merely postponing your opposition to the Bill to a later stage.

SHRI C. C. BISWAS: I am mentioning these facts so that my hon. friend may. if he so desires, withdraw this Bill.

SHRI SATYAPRIYA BANERJEE: I am sorry I cannot oblige you in that matter.

MR. CHAIRMAN: The question is:

"That leave be granted to introduce a Bill further to amend the Constitution of India."

The motion was adopted.

SHRI SATYAPRIYA BANERJEE: Sir, I introduce the Bill.

## THE INSURANCE (AMENDMENT) BILL, 1955

SHRI B. C. GHOSE (West Bengal): Sir. I beg to move:

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

This is a very simple measure but affects very vitally thousands of insurance agents in the country. If the House will accept the Bill. I am sure it will have earned the gratitude of those numerous agent.-, In the country. ■ Under section 44 of the Insurance Act. commission is payable to the insurance agents for the business that they under-write and there is a sub-section 44(2) which says that any commission payable to an insurance agent under the provisions of clauses (b) and (c) of the

[Shri B. C. Ghose.] proviso to sub-section (1) shall, notwithstanding the death of the agent continue to be payable to his heirs for so long as such commission would have been payable had such an insurance agent been alive. This is a very wholesome provision that was introduced in the Act because this made the commission inheritable by the successor of the agent. Formerly that was not so. That having been done, I am sure it must have been the intention of the Legislature that no difficulties should be placed in the way of the successor in receiving the commission but difficulties have arisen on account of the fact that in order to claim this, a succession certificate has to be taken before the successors can claim the right to receive this commission—the property that will accrue to them—on the death of the agents. As you will realise, the property Is not something which is absolutely ascertainable at the time of the death of the agent. Premia are paid over a period of years, 20, 25 and 30, and commission accrues as and when premia are paid; therefore, it becomes difficult to ascertain the value of the property at the time of the death of the agent. There is also another difficulty; this is a very costly process and there are many agents who are poor and for whom it will certainly mean a great hardship if we insist that the successor should produce a succession certificate before he or she is entitled to receive the commission that would accrue to the agent if he were living. This Bill seeks to remedy that situation. I am sure that there will be nobody in this House who will oppose this measure on merits because it is certainly desirable that those people, many of whom are very poor, should not have to face this hardship. You can realise particularly the case of the widows of the agents who are not well off; they cannot receive Mis income because of this—I might say—lacuna in the Act. Therefore, I should think there would be nobody here who would be opposed to this measure on merits. If that proposition is correct, then it would be fair to presume—it will be right, I believe, to presume—that the Government should accept this measure. If the purpose is accepted as valid, then nothing should stand in the way of its acceptance; it might be stated that the provisions of the Bill have not been properly worded or that the language is defective. If it is so, I would request the Government, on the understanding of course that they accept the purpose for which this Bill has been introduced, to suggest such amendments in the wording as would make it acceptable to them. It is sometimes said that legislation should not be introduced piecemeal, that when an Act is there, amendments to various provisions may be necessary and, therefore, all such cnanges should be taken in hand at one time. That is a very desirable proposition and I have nothing against it. I only wish that Government had, long before this, brought up a comprehensive amending Bill to the Insurance Act, I should like to ask, if Government have, for whatever reasons, been remiss in this matter and have not brought in that compre-hensive Bill and if there is some measure which is very vital as it affects the interests of hundreds of people and poor people at that, would it be sound reason to oppose the acceptance of that Bill if it is found on merits to be a sound one, on the ground that this is a piecemeal measure? I suggest that that would not show a reasonable frame of mind. If Government would say that because they felt that there should be no piecemeal legislation as a result of which they have not applied their mind to the language of the Bill that is before them, I should be quite prepared to accept this position that the Bill may be held over and Government may, in the meantime, apply their mind and suggest such modifications in the amendment as they think it desirable to introduce, because my only aim is that this Bill should not be delayed. There are hundred*

of people who are suffering this hardship and it is really extremely regrettable that poor people are not receiving the income to which they are entitled. Now if the Government should be *so* wooden as not to accept even the proposition and if hon. Mem bers would at the same time support such a wooden-hearted Government, then the only alternative that I may suggest is that I should like to have an assurance from the Minister on two points: (1) that he accepts the object or the puipose of this Bill; that these difficulties are very real and should be removed; and (2) that a comprehensive amending Bill would be brought forward, not, as the Government usually say "soon" or "very soon", but within a definite period of time and the time should be indicated. I should like the Government at least to introduce the Bill within this session, if possible; in any case *it* should not be delayed beyond the expiry of this year. That is the least, I believe that I could expect the Government to do. But what I prefer is if the Government feel that the amending Bill is sound in principle, then it might be held over only if they have not yet made up their mind as to how the clauses should be worded. That would be the best suggestion that I can offer. But. if the hon. Minister is not willing to accept it, then I should like to have the assurances that I have asked for.

MR. CHAIRMAN: Motion moved:

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

Shri Govinda Redely.

SHRI M. GOVINDA REDDY: (Mysore): Sir. the Bill, as the hon. mover has stated, consists of a very simple point. It tries to remedy a very real difficulty. The insurance seents are suffering under some handicaps. I have worked on an insurance committee for several years and I know those difficulties, and it is not quite relevant to mention the difficulties now except the one which this Bill seeks to remedy, and this is a very real difficulty. The present sub-clause which this amending Bill seeks to substitute does provide for the dues to the agents by way of commission *to* be paid to their heirs. But the difficulty is that those dues cannot be paid as a matter of course. In insurance policies, if the insured cues and if the policy amount has to be paid, then in cases where • he policy has a nominee, the insurance amount would be paid without the necessity of the nominee producing a succession certificate. But, if there is no nominee mentioned in the policy by the person insured, then the insurance company does require for the redemption of the policy the production of a succession certificate. A regular suit will have to be filed in a court of law and publication will have to be given effect to. And then evidence will have to be taken if there is any who can object to the succession certificate, and then the certificate will be issued by the court. So it means some time, some delay and necessarily some expense also. So this is all right; this would be not considerable in case of sums which are of very high amounts. But supposing an insurance agent is clue a hundred rupees or two hundred rupees or even five hundred rupees, then everyone should concede that this process of getting a succession certificate is tedious and costly and unjustified in such cases. Mostly the amounts that will be due to insurance agents by way of commission will be small amounts, will not be big amounts because the' insurance agent will be drawing the commission year by year. So, Sir, this is quite unnecessary. Naming a nominee is an accepted principle in insurance companies. So if that is so, the insurance agent may as well be allowed to mention the nominee and the balance that is due to him after hi? death may be allowed to be paid to the nominee. So, Sir. this, without bringing any difficulty in the way of any insurance company, would remedy the position, which is rather an inconvenient position for the heirs

[Shri M. Govinda Reddy.] of an insurance agent. But, Sir, as Mr. Ghose has rightly anticipated, this is a piecemeal measure. This question of nationalising insurance companies and regulating them at. least is before the Government. Now that the Government have conferred a lasting benefit on the country by nationalising banking, the Government also, I am sure, are considering .....

SHRI B. C. GHOSE: Nationalising banking?

SHRI M. GOVINDA REDDY: I mean nationalising the Imperial Bank and bringing into being the State Bank. That is also 'nationalising banking' in a way because all other banks also are 'controlled although they are not owned by the Government.

SHRI B. C. GHOSE: I hope you are echoing Government's wishes.

SHRI M. GOVINDA REDDY: Yes, I also hope that the Government is really considering the question of at least regulating insurance companies.

SHRI C. P. PARIKH (Bombay): Is that point relevant to this amending Bill?

SHRI M. GOVINDA REDDY: It is not quite relevant. I was answering the point that this legislation is piecemeal. In fact I really consider this legislation piecemeal in view of the impending necessity of the Government taking some definite step with regard to the insurance companies.

Sir, insurance companies involve very heavy amounts. They have a business involving Rs. 170 crores, an invested capital of about Rs. 20 crores and premium between 40 and 50 crores of rupees at least, and the country cannot be deprived of the benefit of such a large amount in the economy of the country. I feel convinced that the Government are really considering this matter and probably a Bill is on the anvil. Moreover the hon. Minister, I hope, will concede that the question is before the Government. In view of this fact I would request the hon. mover to withdraw this Bill.

SHRI KISHEN CHAND (Hyderabad): Mr. Chairman, I fully support this measure and, in this connection. I would point out that in the case of an insurance policy, the insured person can assign his policy to any nominee of his choice. Formerly in the case of insurance policies it was decided by the Succession Act, but as it caused a great deal of hardship, the law was changed in the case of an insurance policy and now a person can assign the insurance policy to any person without any restriction. Similarly here it is really a case of succession to the agent who is canvassing the business—that is the whole and sole business of his livelihood—and if he wants that his heirs should get the benefit of this source of livelihood, I think it is quite right and justified that he should have the power to nominate a person as his successor and that person should get the commission on the premiums that have been earned by him.

In this connection I may point out to you, Sir, that in the matter of succession of an intestate person there is another Bill under consideration also which has been referred to a Select Committee. In that case the general policy of our Government is that, as far as possible, people should make a will and divide the property that they are going to leave among their descendants, because we find that the main source of litigation has been always succession cases. It is the biggest source of litigation. It is a well-known thing, Sir, that in the matter of succession half the property left behind is swallowed up in the process of litigation that follows it. And, therefore, it is very essential that, when it is a question of small amounts of money, when it is a question of livelihood of the dependents, they should not be forced to incur this heavy expense of litigation. As was pointed out by an hon.

Member, this is a thing which is to be recovered in 15 years and 20 years' time by annual instalments or quarterly instalments, and an agent does not have only one insurance policy; possibly he has insured 20, 30, 40 or *even* hundreds of people and in their case, as and when the premiums become due some commission also becomes due to this person. These small amounts of commission come in driblets. Then, Sir, it is very difficult to estimate the total value that will be recovered because it is dependent upon the life of the insured person. If the insured person lives .for a long period, the agent gets commission for a long priod; if the insured person dies early, the commission is also only for a short period. Therefore the question of calculating stamp duty to be paid becomes difficult. It leads to all sorts of difficulties and the amount of stamp duty is generally very excessive. Therefore it will be far better that as in the case of the insurance policy this could also be assigned. When the policy can be assigned, I do not see any reason why this commission should not be assigned. I do not agree with the mover of this Bill that there is any difficulty or that there is any complication in the language of the Bill. I think it is a very simple Bill and I think that the Government should accept it. It will be just procrastination if they put forward any excuse and say that the language is not right or that the matter is under the active consideration of the Government. I think it is a simple Bill intended to remove a small lacuna. When the insured persons were permitted to assign the policy, the agents should also have been permitted to assign the commission to their nominees. This being such a simple Bill, I think the Government should come forward and accept it immediately.

SHRI BHUPESH GUPTA (West Bengal): Sir, I generally support this Bill and I do not see why there should be any difficulty. After all, this is only a two-clause Bill and even there it is only one clause that matters, namely, clause 2. As far as I can make out, it has been fairly well drafted but having regard to certain legal technicalities it may be necessary to make slight changes, but that would not be a material change in any case and therefore it should be possible to make the change here. Sir, it is the question of principle which has to be decided first whether we can make such an arrangement nere and now for enabling the successors or nominees of insurance agents to get the due benefits without any difficulty or without going through the normal legal process. Once that is decided, I do not think there should be any difficulty in settling other matters. Now, it is no use saying in this connection that the entire field of insurance law is under review or discussion and that the Government is considering as to what should be done there. We all feel that the insurance business has to be gone into and that the State should take more effective interest in this matter and see how things could be improved. Sir, many things relating to policy and procedure have got to be decided. For instance, one has to decide whether wf should take the entire Indian insurance business in the State sector or we should take over those insurance concerns which belong to the foreigners. As far as we are concerned, we are in favour of taking over in the first instance the foreign insurance companies and bringing them within the State sector. These are matters I need not go into now. Here the Bill deals with a certain matter which falls within the existing insurance law. For instance, it is not the contention of the existing insurance law that the benefit accruing to the insurance agents should not go to their successors. It is recognised in the existing law that it should go, but how it should go is the question. Since the Insurance Act came into force and since that provision was made, it has been the experience of many people in the insurance field especially those who are agents that the benefits are very difficult to be

[Shri Bhupesh Gupta.] availed of. As you know, most of he insurance agents are poor people; roost of them do not live in big cities and towns. After all, we have got very few big cities and towns. They are spread over the entire country. Many of them function in small towns end even in rural areas. I am not saying here that the business from the rural areas is very big; nonetheless we have insurance agents who work in the rural areas and who live there. In their case, it should be understandable, it is difficult to go through the legal procedure and get a, succession certificate before their successors can get the benefits that are due to them by way of succession. Now, if they are rich men, they can hold on for some time till the succession certificate is obtained but since they are mostly poor people, they cannot wait and naturally that makes it difficult for them to maintain their families. Whatever little material position they have got, it is built up only on this business. The moneys that accrue to them do not come in regular instalments. As you know it depends on how a policy is finally determined. Therefore they cannot wait and if some time is spent in getting succession certificate it is not only they who suffer but their families also suffer. In such cases we have found that many of them run into debts. It becomes very difficult for them and they deserve all sympathy and support. Therefore I think the Government should now rectify the position by accepting this amendment. It is also in the interest of the insurance business, because it is these agents spread all over the country who really have built up the insurance business in our land. Those who are connected with insurance business, as I believe my hon. friend has been at one time connected with it. will bear me out that it is these small men all over the land who have worked very hard in the pioneering days and are working hard even today to build up the insurance business. There was a time when in the insurance field we were very backward; practically we did not have any position. Now also we find that in certain fields of insurance the Indian element is very weak. But if you go into the whole thing you will find that it is these ^people who worked really very hard and built up the insurance business of today. Now an hon. Member from that side has given us some figures and if you go into them you will find behind them the toil and labour of thousands of insurance agents who have worked very hard in this field. Therefore from the point of view of the insurance business itself it is necessary that we remove the difficulties that these people are facing and make the conditions favourable to them. Therefore it is not merely from the point of view of certain people who are aggrieved in society or in the busi« ness field that I support this Bill, but I support it also from the point of view of the insurance business itself which should expand in the country. How it should expand is a different matter but it certainly should expand in the country because it has a vital relation to the entire economy of the land.

Sir, I would not be satisfied with mere assurances. My hon. friend is a very respectable person; therefore hp is readily satisfied with assurances. I would be satisfied with assurances if only some earnest is given along with them. How it should be given is for the Government to tell us. For instance, they can say that in two or three months they will bring forward another Bill and that it will more or less embody the principle and the procedure that is sought to be enforced by this proposed measure. If that assurance is given, naturally these unfortunate insurance agents who have waited for so long can, I suppose, wait for another three months or so. If we were merely told that the whole thing is on the anvil, that will not do. I do not know who is hammering out what is on that anvil. I have not got any idea of the anvil or the smith that is working on it. So if we are told

that the whole thing is on the anvil, that does not satisfy us. We are concerned with a simple provision which fits in very well with the existing law which can be amended at once, with-oul altering the bigger structure that is there. For that they can take time; I can understand it. But here it is only a small thing that has got to be done and if the Government is so minded it can be done even before we adjourn here and I hope that the Government will accept the proposal that is made from this side of the House.

DR. SHRIMATI SEETA PARMANAND (Madhya Pradesh): Sir, this is a private Member's Bill and I feel that a private Member's Bill should receive greater vocal support than it has received hithertofore. I feel I should say something on this private Member's Bill particularly because it would be better for the Government to appreciate what the Members feel in connection with this particular Bill and the silence of Members should not be considered as their lack of interest in the Bill. As has been pointed out by Mr. Reddy, this Bill not only deals with what may be called a major means of employment though not an industry, in the country, but it also deals with giving an independ ent occupation to people. And for that reason if this particular source of employment has to create any kind of confidence in the minds of young people, to make them take greater, sincere and lasting interest in the profession—so that they do not talie to insurance business as a side busi ness only—I think there should be some sort of security about their pro fession in their minds with regard to their dependents. Another reason for which we should all extend our support to this Bill—and particularly the women Members of Parliament—is that the dependents are mainly women and children; and in the case of such a profession there is no pro vident fund, no other source of income on which the dependents can rely in the event of the death of the insurance agent.....

SHRI C. C. BISWAS: Supposing be is a male nominee?

DR. SHRIMATI SEETA PARMANAND: May I hear what the hon. Minister has to say so that I can reply to what he has to say? Sir, I was saying—my sentence perhaps was half lost—that the dependents of those insurance agents also should have some sense of security about their future. It is necessary that this provision should be made. 1 may mention that well established firms, and I know of some cases like the Oriental Insurance Company and other well established insurance companies which even withou* this type of legal provision, have made this arrangement by whien the benefit of their old established agent's business goes to the son; not only in regard to the business but if there is no son to carry on the profession, some sort of gratuity or money is paid to the dependents. So, Sir, what is done actually in practice by well-established insurance companies should be, by legal obligation, done by all companies.

With regard to the assurance that might be given by Government, I would like to say one word with regard to the fate of private Mem-ber's Bills here. Sir. I do not see what objection there could be, even if. Government brings forward a comprehensive legislation on any particular subject, to allow private Members' Bills on any particular clause to go through, because th$_e$ business of the House suffers in no way. There is separate provision of time for private Members' Bills in both Houses; and whatever time is taken for the passage of private Members' Bills, in no way encroaches on other Government business because there are separate days allotted. If private Members are to be encouraged to take more interest in legislation and if the Legislatures are to be really useful in the eyes of the people, I personally feel and a large number of Members of this House and people outside feel that private Members should not be discouraged from bringing forward Bills and asked to withdraw on the

[Dr. Shrimati Seeta Parmanand.] assurance that Government is bringing in comprehensive legislation, but they should be encouraged in doing so. With regard to some drafting lacuna that may be left, I think usually one month's time is allowed before a Bill is allowed to be introduced and the notice of the Bill is given, and in that time the able machinery in the drafting section that Government has should be at the disposal of the Members to point out any flaw. It should not happen, as happened here on the floor of the House before, that at the stage of introduction, Government should come forward to say that a particular clause is not complete, so the Bill cannot' be introduced. For example, the Bill is applicable only to Part 'C States and not to the whole of India; and this Bill seeks to apply to the whole of India, so it is not within the competence of this legislature etc. etc. So, I feel, Sir, if private Members are to take greater interest in legislative business, Government should come forward to give all this type of help and also allow private Members' Bills to go through. In the pre-Independence days many more private Members' Bills, you will find, became law than they have since 1947; and for that reason I would appeal to the Government, because this is such a useful piece of legislation that has been introduced, to accept this. And when they do come forward later on with another comprehensive Bill, they could repeal this particular amendment. Thank you, Sir.

SHRI B. K. MUKERJEE (Uttar Pradesh): Mr. Chairman, while endorsing the sentiments expressed by my learned friend, Mrs. Seeta Parmanand, regarding the treatment of private Members' Bills in this Parliament, I will not be satisfied if any assurance comes from the Government that they will hereafter bring forward a comprehensive Bill to amend the Insurance Act. I do not know how the two previous speakers assumed that position on behalf of the Government.

SHRI B. C. GHOSE: May I, Sir, inform him that the insurance underwriters informed me that that is the information that they had got?

SHRI B. K. MUKERJEE: The priv ate Member introduced the Bill and sent notice for introduction of this Bill in this House many months ago; and the Government did not have time to consider whether they would introduce in the meantime an official amending Bill or not. Since the Government has failed in its own duties, now we are competent, it is our duty to urge the Government to accept this legislation as it is, to remove the lacuna that has been left in the original Act. There is no doubt that when the Insurance Act was drafted, it was drafted by many experts and it was passed by Parliament also. But as we find, no Act goes without any sort of lacuna. We will be dealing with another legislation, probably today. The Bill was passed this year, a few months ago only, and the Government has found enough difficulties to operate that legislation "and it has come for ward to remove those difficulties. But in the case of this lacuna, as it does not touch the rich people, as it does not touch those classes of people who are monied men and managing agents, the Ministers in the Finance department of the Government of India are not at all interested to remove the lacuna which will in fact help the common man of this country.....

SHRI SHRIYANS PRASAD JAIN (Bombay): But there is no managing agent so far as the insurance companies are concerned.

SHRI B. K MUKERJEE: I am sorry my friend did not understand. He does not try to understand because he belongs to that class.....

MR. CHAIRMAN: Order, order. Proceed on th$_e$ Bill.

SHRI B. K. MUKERJEE: Sir, this Bill actually seeks not only to remove the lacuna in the Act, but also it

«eeks to remove the difficulties that ! have been experienced by thousands of insurance workers in this country. So, I should here like to request the hon. Minister, who is going to reply hereafter, to consider the question of the masses, the poorer classes and the middle classes from whom the insurance companies recruit their insurance salesmen. Without the salesmen—the agents, the insurance business cannot thrive in our country and it is these people who are feeling the difficulties because of the lacuna in the original Act. The hon. Mr. Ghose has brought in this amending Bill and I, as one who was associated with the insurance field workers for a pretty long time, congratulate Mr. Ghose on behalf of the field workers of insurance business in this country and I request the Government to accept this amendment. If they want to bring in a comprehensive amending Bill hereafter, they can exclude this clause from that Bill and that will improve the condition of the insurance workers here.

I do not know whether the present Ministers in the Finance Ministry think in the same way as the insurance workers. While drafting the original Act, they had some sort of sympathy for the insurance workers and they afforded them a concession also that, after working for ten years, if they cease to work as agents, they would still be getting their remuneration, which is incorporated in their agreements also. That means that, when a man ceases to be a worker in an insurance company, he will still get the benefit of the work he has put in for that company for 10 years. Thereby, I understand, the insurance agent's commission is earned money. He has got a right to assign that amount to his children or his wife in case of his earlier death. It is but natural that, in our country, whenever anybody earns anything, he thinks first of his family in case of hi? infirmity or his death. So, in "the case of the insurance workers, they do not nare for the remuneration they get in the first year of their business, but they think a hundred times befors joining an insurance company whether they would be creating any asset for their wives and children, in case of their death. So, the amount which accrues to them by putting in their labour in the insurance company is an earned amount. I do not know why the Minister should object to paying the insurance worker that earned money from the insurance company. If he does not get that earned money. I do not know who else can get it, except the directors or the company's managers and these are all already well-paid. They do not require, particularly by legislation, to usurp or use or take the money that has been earned by an insurance worker by putting in more business for that firm. Therefore, it is an earned money. The legislation should make a provision for the facility of payment of that money to the person who has earned it. Therefore, I commend this Bill and request the Government to accept this very small amending Bill and that will not hamper the Government's action if they so choose to bring in a consolidated legislation hereafter.

SHRIMATI LILAVATI MUNSHI (Bombay): Sir, I Should like to support the principle of this Bill. I am a director of an insurance company. I know that, generally, renewal commission earned by the agent lapses when he dies. I personally was never aware of this clause that the heirs were entitled to renewal commission, but as this provision is in the original Bill, I think we should make it easy for the heirs—I mean the widow and the children. The premium income is not a very big one in a majority of cases and so, I think, it is our duty to make it easy for those beneficiaries to get the benefit of this clause.

Sir, here in this Bill it is made quite clear that, if nomination is given iln writing, there could not be any difficulty in giving this benefit. I am quite aware that the Government is

[Shrimati Lilavati Munshi.] going to bring in a comprehensive Bill. But this small piece of legislation does not visualise any big change. It only makes the intention of the former Bill-makers clear and so, it need not wait and can be incorporated when the comprehensive Bill is brought in by the Government or it can automatically lapse then, because some kind of provision will be there. Sir, I do not want to make a long speech, but I feel that it should be accepted by the Government.

DR. P. C. MITRA (Bihar): I also support this amendment, because the maxim is: "Maximum justice with minimum cost."

SHRI T. PANDE (Uttar Pradesh): I want to know whether he is a director or a worker.

DR. P. C. MITRA: So, "Maximum justice with minimum price", that is the maxim. Here, it ia mentioned "Notwithstanding the death of the agent continue to be payable to his heirs." But, who will select the heirs? I suppose the civil court only. But going to a civil court is very expensive. So, "agent's nominee" is quite sufficient. Sir, I support this amending Bill and I hope it will be accepted by the Government.

THE MINISTER FOR REVENUE AND CIVIL EXPENDITURE (SHRI M. C. SHAH) : Sir, while the Government sympathises with the object underlying this present Bill, I am afraid I. will have to oppose the Bill on grounds other than those mentioned by Shrimati Dr. Seeta Parmanand or by my friend, Mr. Mukerjee or by Shrimati Lilavati Munshi. Shrimati Dr. Seeta Parmanand thought that we were going to oppose the Bill because it was a Private Member's Bill. She wants vindication of the rights of private Members to introduce Bills. Government does not oppose Bills simply because they are brought forward by private Members. I would like to disabuse her mind of this misconceived notion.

I DR. SHRIMATI SEETA PARMA-| NAND: How many Private Mem-I bers' Bills have been passed so far?

SHRI M. C. SHAH: Now, Mr. I Mukerjee spoke about the denial to the agents and their heirs of the income which they had earned by hard work. It is not the position. Really speaking, if it was to be denied, the Government in the year 1950 would not have introduced this section 44, whereby agents and in their absence their heirs are entitled to get the renewal commission according to the agreement entered into by the agents with the companies. Mrs. Lilavati Munshi, being a Director, should know about section 44. She has pleaded for the acceptance of the amendment. As I said, while the Government sympathises with the object underlying the Bill and I have no hesitation in saying that there is some justification for having such an amendment in the Act, we must see that here the insurers also are concerned. We cannot overlook the opinions of the insurers and, therefore, when the Bill was introduced, we put the matter before the insurers—eleven associations—and they have pointed out certain difficulties in accepting the Bill as it stands.

SHRI M. GOVINDA REDDY (Mysore): How are the insurers affected?

SHRI M. C. SHAH: If the hon. Member exercises some patience, he will know. They have said that there is a possibility of certain abuses creeping in if this amendment is accepted as it stands. The Select Committee in the year 1950 had considered this clause. This clause was introduced for the first time giving this benefit to the agent. Others like Principal Agents or Special Agents are not entitled to this benefit under the Insurance Act. The Insurers say that an Inspector who is not entitled to get a licence as an agent may get his mother or daughter or somebody else registered as an agent and will do insurance business in the

name of that mother or daughter. An Inspector is not entitled to have any business taken on a commission basis; so, as he is debarred under the Act to get a licence as an agent, what he will immediately do is to take on business in the name of his mother or sister or daughter, thus doing the business of an age^t, and will also get a nomination in his favour for obtaining these renewal commissions. These are the misgivings. An agent can also nominate one or more of the policy-holders as his nominees and thus try to get more business.

THE MINISTER FOR LAW AND MINORITY AFFAIRS (SHRI C. C. BISWAS) : How are the insurers affected?

SHRI M. C. SHAH: The insurers felt that there will be these abuses. Naturally they are not affected. They know they are not affected, but in order to have a healthy development cf the insurance business, it is the duty of the insurers also to point out what will be the abuses.

SHRI B. C. GHOSE: Sir, may 1 ask a question? The point that he makes needs clarification.

MR. CHAIRMAN: He wants some clarification.

SHRI M. C. SHAH: I do not give way.

MR. CHAIRMAN: The point that you have raised is that, in view of the possibility of abuses, we have to be careful. He wants some clarification in that connection.

SHRI M. C. SHAH: What I said was that the insurers have pointed out that there are possibilities of certain abuses creeping in. I don't say that the Government have accepted their statement. It is the duty of the Government to refer the matter also to the insurers and the insurers have pointed out that these are the possible abuses.

SHHI B. C. GHOSE: If the Government do not accept this, it means....

SHRI C. C. BISWAS: I did not understand the insurers' point of view. That did not mean that I did not understand my friend's point of view.

MR. CHAIRMAN: He replies for the Government. Some other Members have already spoken. You interject and he interrogates. It is all very difficult.

SHRI M. C. SHAH: They have pointed out other difficulties also. The Bill, as it stands, is incomplete and requires detailed consideration in respect of several issues, some of which I mention:

(i) Specification of form or manner in which nomination is to be made;

(ii) Whether licence need be required by the nominee for receiving payment of the commission;

(iii) Whether any fee is *to* be prescribed for registration of nomination;

(iv) Provision for subsequent cancellation or alteration of nomination or appointment of a guardian in case the nominee is a minor;

(v) To whom the hereditary renewal commission is to devolve on the death of a nominee; and

(vi) How claims against the agent on his death are to be adjusted by the insurer.

Here the Law Minister may please note how the insurers are affected. The insurers may have some claims against the agent and they may; have to be adjusted.

SHRI V. K. DHAGE (Hyderabad): These are all matters of mles.

SHRI M. C. SHAH: These defects are there in the Bill. If the Government were not willing to help the agents, they would not have agreed to the inclusion of section 44 in 1950 whereby for the first time the agents' successors got this privilege of being entitled to the renewal commission after the agents' death. So we have taken note not only of this 12 NOON, point but also of certain other points and we propose to bring in a comprehensive Bill as early as possible. In that comprehensive Bill we will consider this point and we will have the matter put in a very regular form, safeguarding against the possible abuses, safeguarding against certain objections that the insurers might have to raise. It is not the intention of Government to overlook or not to facilitate the claims of the heirs of these agents. We want to make provision for all that and therefore I would request the hon. Member to just withdraw this Bill on the assurance given now, that we are going to bring in a comprehensive Bill ac early as possible. On my part I can give my hon. friend this assurance that I am very very conscious of the difficulties that may arise in the case of the heirs of the deceased in the .matter of obtaining their just claims.

I don't think I have anything further to say. Of course my hon. friend Shri Kishen Chand wanted to convey something and the impression that I gathered was that he was under the notion that we were denying the right of those people to get their due claims. I may inform him that that is not so. Today also their claims are to be allowed, but they have to obtain a succession certificate, but there are difficulties. And so I say we sympathise with the objective and we propose to provide for these things also in the comprehensive Bill. These will be examined and then they will get a place in that Bill. That is the .assurance that I can give to my hon. friend and I hope his Bill will be withdrawn.

SHRI B. C. GHOSE: Sir, I am thankful to the hon. Members of this House, particularly to Dr. Shrimati Seeta Parmanand and my friend Mr. Mukerjee for their valued and generous support.

DR. SHRIMATI SEETA PARMANAND: May I say one word before the Bill is withdrawn?

MR. CHAIRMAN: No, he is not withdrawing it.

DR. SHRIMATI SE1TA PARMANAND: Without being withdrawn, I suggest it can be kept pending now. It need not be withdrawn now.

MR. CHAIRMAN: Let him proceed.

SHRI M. C. SHAH: It is for the mover to decide.

SHRI B. C. GHOSE: As I said, I am thankful to these hon. Members for their very valuable and generous support they have given to this measure. I am also thankful to Dr. Seeta Parmanand for raising the question of the private Members' Bills. Whatever the Finance Minister might say, there is the feeling that the Government are reluctant to accept a Bill if it originates from a private Member, that so far as Bills are concerned, the Government feel that they should come from the Government and not from a private Member. That, Sir, is not a very healthy thing.

SHRI V. K. DHAGE: Especially not from the Opposition.

SHRI B. C. GHOSE: No, not necessarily from the Opposition; but it appears no private Members' Bill is to be accepted, without the prior approval from the Government and that I am sure is not a very healthy practice.

SHRI C. C. BISWAS: Sir, I would like to rise and contradict that statement, for I have myself got a private Members' Bill passed in the last session, I mean the Muslim Wakfs Bill.

SHRI B. C. GHOSE: To that, may I say that Bill was brought in by a

private Member, 1 understand, in consultation with, and with the approval of, the Government, it may not be of my hon. friend, but of other Ministers. And if it had been just brought in by a private Member, I do not think my hon. friend the Law Minister would have supported it in 1his House.

Sir, so far as this Bill itself is concerned, I do not think any hon. Member was convinced by the arguments put forward by the hon. Finance Minister. What he wanted to say at least I could not follow properly. 1 could not understand what was the point that he was driving at. As the Law Minister very properly pointed out, so far as the insurers are concerned, they have nothing to say in the matter. Something is payable to agents. The question is how it should be paid to them and the insurers do not come in as such, and they should have no say in the matter. The only thing that can be said is that certain forms of payment may have certain undesirable consequences, but these certainly can be taken into consideration by the Government. Here the question is only about the method of payment and I have not found anything to show that the insurers will take objection against the method of payment that I have suggested. That is why, Sir, I wanted to intervene at that particular stage and find out from the hon. Finance Minister what exactly was the point at issue. The hon. Minister also said that he only stated the. point of view of the insurers, but that it did not mean that Government had accepted it. In that case, I take it whatever the insurers have said, the Government have not accepted those points and therefore those points need not be taken into further consideration.

Coming next to the specific difficulties that the hon. Minister mentioned. Of course, he got so much involved in his words that I could not follow them, but I think he said there are special agents and inspectors and so on and that special agents do not get any renewal commission and so on. But anybody who does not take out a licence is not entitled to* a renewal commission. And the question of inspectors and special agents and others really does not arise in this connection.

SHRI M. C. SHAH: They were not. given any special rate as are offered to agents under section 44. When the Bill went to the Select Committee in 1950; though we had taken care of this point, 1 do not know why that provision was not there.

SHRI B. C. GHOSE: It was a very-wholesome provision and Government deserves to be congratulated on having brought in that provision at that time. But does the hon. Minister-mean to say that Bills brought into this House by them are always so well drafted that no future amendments are necessary? Certainly this point was overlooked and that is why it has been brought before the House now.

SHRI LALCHAND HIRACHAND DOSHI (Bombay): Sir, on a point of information. Is there any possibility of the income of the agent which should really go to the legal successors, of the agent going to some other party than the real legal successors of the agent, in case the agent nominates some other party than the legal successors?

SHRI B. C. GHOSE: That difficulty would remain with all other properties also. If you leave your property by way of will not to your wife but to somebody else, what can the Government do? But we are dealing with the generality of cases, with the usual cases, not with exceptional people who have an exceptional bent of mind.

[Shri B. C. Ghose.]

Sir, the main reasons which the hon. Minister urged related to certain matters which as my hon. friend Shri Dhage pointed out, are matters to be provided for in the rules. For example tnere is the question of the specific manner of nominations. What we are providing for is nomination or assignment. How the nomination or assignment should be made is a matter of rules. Also, whether licences should be required or not, can be provided for in the rules, also the fees for the licences. I never could have imagined the hon. Minister bringing these points—whether there should be fee charged for licence and .so on—as reasons for opposing this measure. Whether there should be fees or not for licence is presumably a matter to be provided for in the rules. Provision for subsequent alteration and so on. these are not material matters; but they are matters to be provided for in the rules,

SHRI V. K. DHAGE: And they have the power to make rules.

SHRI B. C. GHOSE: Yes, they have the power to make the necessary rules.

The hon. Minister stated that tney had not sufficiently examined the provisions of this Bill. But why have they not? This Bill was introduced in the last session and Government should have applied their mind to it. I see the hon. Minister probably getting up. If he wants to say anything I will sit down unlike -him.

MR. CHAIRMAN: No, you please go on.

AN HON. MEMBER: He is not getting up. only trying to hear you better

SHRI B. K. MUKERJEE: Or trying to find out exceptional points, not .general toints.

SHRI B. C. GHOSE: Probably there were other important matters, probably the companies Bill. But this Bill was already before them.

SHRI M. C. SHAH: We say that It will be considered.

SHRI B. C. GHOSE: But the hon. Minister said that it has not been sufficiently examined and therefore be was opposing it. I say it was his business to examine it sufficiently when we had given notice of it and introduced the Bill in the House and if he had not examined it, that betrays a very sorry state of affairs.

SHRI M. C. SHAH: Owing to certain set of facts we have not accepted it.

SHRI B. C. GHOSE: Therefore I say, if it is your negligence, you should accept it.

The hon. Minister stated that he will consider it. I want to know definitely as to whether he or the Government feels that this is a difficulty which the insurance agents are experiencing and, therefore, has to be remedied?

SHRI M. C. SHAH: I have already stated that there is justification.

SHRI B. C. GHOSE: You say that it will be considered. I do not understand you.

SHRI R. U. AGNIBHOJ (Madhya Pradesh): On a point of information, Sir. I want to know whether the hon. Minister in charge of the Bill has been able to remove the doubt or suspicion given expression to by the Leader of the House in regard to Government's position on this Bill?

SHRr C. C. BISWAS: The Leader i cf the House is not here.

MR. CHAIRMAN: That has been settled.

The point is whether you are taking into account this factor. You say that there is justification and you also say that you will consider it but he wants to know whether you are taking this principle into account and also embodying it in the comprehensive Bill that you are bringing forward.

SHRI M. C. SHAH: I have already stated Sir .....

SHRI B. C. GHOSE; Can he give *me* this assurance? I will take your word, Sir.

MR. CHAIRMAN: He wants to know whether you are accepting the principle.

SHRI M. C. SHAH: I said that we have taken note of this along with other things so as to improve the lelevant classes.

MR. CHAIRMAN: What he says Is, taking note is one thing a id accepting the principle—not the details—is another.

SHRI M. C. SHAH: I said, Sir, that I want to remove that difficulty.

Mn. CHAIRMAN: He wants to remove the difficulty.

SHRI B. C. GHOSE: What difficulty is he thinking of?

MR. CHAIRMAN: The difficulty that the insurance agents are experiencing.

SHRI B. C. GHOSE: As Mr. Muker-jee pointed out, this Bill was brought forward at the instance of the insurance agents and I have got with me letters from the agents' associations all over the country. The difficulty is not imaginary.

SHRI M. C. SHAH: I have also gox telegrams and letters.

SHRI B. K. MUKERJEE: From the Snrurers, not the agents.

SHRI M. C. SHAH: From the Insurance Under-writers' Association, Calcutta. I get letters about this Bill every week.

SHRI B. C. GHOSE: If I may remind you, Sir, that what the hon. Minister stated in regard to the assurance was that he would consider this point and would have the clause examined but that was not the assurance that I was seeking. I want an assurance to the effect that he accepts the principle embodied in this Bill and that he will do something to remove the difficulties experienced by the agents by making the form of payment simple and not elaborate as it is now. Is that also accepted, Sir?

SHRI M. C. SHAH: I have already stated, Sir, that we want to remove the difficulties experienced by those people.

MR. CHAIRMAN: He is committed, he says, to the removal of the difficulties experienced by the insurance agents.

SHRI B. C. GHOSE: That is much better but the Minister comes slowly with the assurances.

MR. CHAIRMAN: That does not natter.

SHRI B. C. GHOSE: There is one question that I would like to ask of tht hon. Minister. Would he not agree that the Bill be kept pending and not be disposed of today?

DR. SHRIMATI SEETA PARMA-NAND: It is the Member's choice. If he so desires, he can keep it pending.

SHRI B. C. GHOSE: As I stated, Sir, my purpose is not to bring any measure which is a controversial one or to put the Government in the wrong. That has not been my purpose at all; it is really to remove a serious difficulty experienced by agents. If I could get an assurance that it will be removed in the very

[Shri B. C. Ghose.] immediate future, I would withdraw this- Bill. As you know, the time factor is very important and before I withdraw the Bill I should like to have an approximate—not "as early as possible"—time when Government will bring in this amending Bill. I only want an approximate idea, not that I want to bind them.

SHRI C. C. BISWAS: The other alternative you suggest is, accept the principle. That is much easier.

MR. CHAIRMAN: He has accepted the principle. His point is, instead of saying, "as early as possible", could you indicate approximately the period within which it will be brought forward.

SHRI M. C. SHAH: Legislative business is not in the hands of Government. The Bill will have to be prepared, introduced and then the relevant priorities fixed because of a crowded legislative programme. In such circumstances, how can I say anything about the time?

SHRI B. C. GHOSE: The assurance I wanted was with regard to the introduction in which there is not much difficulty.

SHRI M. C. SHAH: I have already stated, Sir .....

MR. CHAIRMAN: He has done it a hundred times.

SHRI B. K. MUKERJEE: May we know if the Government is ready with the draft of the Bill?

MR. CHAIRMAN: What is your conclusion?

SHRI B. C. GHOSE: My conclusion is, unless I get some assurance that Government is really bringing forward that amendment within a measurable period of time. I cannot withdraw the Bill. It is no good saying that they accept the principle.

MR. CHAIRMAN: He is asking not for a definite time but within a. measurable period of time.

SHRI M. C. SHAH: As I said, earlier, we are bringing forward a comprehensive amending Bill. We arc getting so many suggestions about so many sections. We are trying to' have all those suggestions together. The Bill will then be drafted; it will have to go to the Law Ministry and then to the Cabinet after which it will be brought forward before the-Parliament.

DR. SHRIMATI SEETA PARMA-NAND: May I have a clarification from you?

MR. CHAIRMAN: From me? I have nothing to clarify.

DR. SHRIMATI SEETA PARMA-IS AND: Is it not Parliamentary practice to keep a Bill pending at such a,stage? If the Government anticipate to bring it forward later, this-, may be kept pending till then.

DR. RAGHUBIR SINH (Madhya Bharat): That is true.

MR. CHAIRMAN: It is not for you. now; it is left to him.

SHRI B. C. GHOSE: I say that I should be satisfied and would be willing to withdraw the Bill if the hon. Minister would only indicate that all these processes would take six months, three months or whatever it is.

MR. CHAIRMAN: If you indicate that within a period of six months approximately this will be brought forward, he is prepared to withdraw It.

SHRI M. C. SHAH: I cannot say-that; I can only say, "as early as-possible".

SHRI H. C. DASAPPA (Mysore): You can say that you will try your best.

SHRI B. C. GHOSE: It is really difficult, Sir. If the Minister cannot give any approximate date, I am sorry I cannot withdraw it.

SHRI C. C. BISWAS: I would appeal to my friend to withdraw this Bill. Mr. Shah is a little diffident and, therefore, he cannot give that assurance that my hon. friend asks for.

SHRI B. C. GHOSE: I will not bind him to that.

SHRI C. C. BISWAS: Government will bring forward a Bill as early as possible, within the limitations subject to which they have to work.

SHRI B. C. GHOSE: With that assurance of the Law Minister, if not of the Minister for Revenue and Civil Expenditure, I would like to withdraw this Bill.

MR. CHAIRMAN: Has he the leave of the House to withdraw the Bill?

*(No hon.* Member *dissented.)*

i!he Bill was, by leave of the House, withdrawn.

[MR. DEPUTY CHAIRMAN in the Chair.]

## THE STATE BANK OF INDIA (AMENDMENT) BILL, 1955

THE MINISTER FOR REVENUE AND DEFENCE EXPENDITURE (SHRI A. C. GUHA) : Sir, I beg to move:

> "That the Bill to amend the State Bank of India Act, 1955, as passed by the Lok Sabha, be taken into consideration."

Sir, this Bill is to convert the Ordinance passed some time back into an Act of Parliament. When the State Bank of India Act was passed, it was provided that on the appointed date, the Imperial Bank of India will end and that day was fixed by notification as the 1st of July. However, before that date, it transpired that there was a lacuna in the Act This lacuna would have affected the properties of the Imperial Bank located outside India. The Imperial Bank had 11 branches, one in the U. K., one in Rangoon, one in Colombo and 8 in Pakistan. The legal position under the State Bank of India Act would have been that the properties of those eleven branches would have been without owners. There would not have been anybod?/ to transfer those properties to the State Bank of India. The State Bank was to come into existence on the 1st July on which date the Imperial Bank would have died. The process was simultaneous.

So it was necessary to keep the Imperial Bank in existence as a legal entity. In India it will have only a notional existence. From my speech in the other House one paper reported that it will have a 'national' existence. It will have 'notional' existence and not national. It will have no function to do. It will simply exist as a legal formality, but, in the foreign countries, it wfll have some existence in reality also and that existence would primarily be confined to the transference of the properties of the Imperial Bank to the State Bank. On 1st July the assets (excluding business) of the Imperial Bank in those different countries was Rs. 13,62,09,000 and by gradual transfer the value of such property on the 19th August was Rs. 2,92,01,000. So from Rs. 13 crores and odd the value of the assets hat come down to Rs. 2 crores and odd. Gradually the assets are being transferred and we expect that, within a very short time, all these assets will be transferred. As I have stated, in India it will have only a notional existence. There won't be any share holders. The Chairman, Vice-Chairman and the two Managing Directors will form the body corporate, but all the executive power of the Imperial Bank will vest in the Chairman of the State Bank. And, when it is going to have some legal existence and to function as a bank, there must